

**MINUTES: CITY COUNCIL WORKSHOP MEETING
JULY 7, 2008**

**PRESENT: Councilman Glenn Ervin, Councilman Patton, Councilman Andy Garza,
Councilman Mike Walker, Councilman Thomas Muir**

MEMBERS

ABSENT: Mayor Joe Higgs

OTHERS

PRESENT: City Manager Mike Brice, City Secretary/Asst. City Manager Rose Chavez

1. Call Meeting to Order.

Glenn Ervin, Mayor Pro-Tem called meeting to order.

2. Review and Discussion of 2009 Budget and Tax Rate.

City Manager addressed Council with an overview of the budget. He emphasized that there have been some major changes in the budget. The most important reason for having the workshop is to get the Council's input on the budget. The General Fund and the Enterprise Fund budgets are both in balance.

City Manager advised that on the time line for the budget calendar, it might be necessary to change the August 4th meeting for a later date due to the calculation of the effective tax rate by the County Tax Office. A brief discussion concerning the debt portion that is obligated by the tax rate. In this budget, debt portion will be higher than last year.

The power point presentation covered the budget highlights as follows: expanded and standardized line items to be able to track expenses, true electric cost in all the departments, fuel cost increases in all departments, in personnel there will not be any full time employees, one additional contract medic, a proposed 3% COLA, and a proposed merit increase benchmark of 3%. City Manager gave an explanation on the process of the merit increase. He continued with an explanation concerning step increases in the Electric Department that are based on training and certifications. The Electric Department will continue to proceed in this manner until those employees reach the required steps.

The City Manager gave a brief explanation of his SWOT Analysis. He encouraged Council to read the budget message. Lengthy discussion concerning revenues and the need for an operating reserve. City Manager discussed the important points in the budget as follows: revenues are estimates and a conservative approach was used due to the economy, if there is a revenue shortfall then expenditures are cut, set costs are unchangeable and includes our bonds and lease payments. The automated costs can't

be controlled and includes life insurance, workers' compensation, health insurance, and property insurance. The current costs are what it takes to maintain current service levels and what is left is used for capital improvements, increased personnel benefits or increased service levels.

The budget review continued regarding percentage of gross revenues by departments for the services provided.

Discussion concerning the Enterprise Revenues versus costs to operate.

An overview of the economic development funds 4A and 4B. City Manager discussed the transfer from each fund to the General Fund of \$25,000 to cover advertising and administrative costs.

Lengthy discussion continued with an overview of all the departmental expenses and organizational changes in the General Fund.

3. Adjournment.

Mayor Pro-Tem adjourned the meeting.