

**MIDLAND CITY COUNCIL
MINUTES
July 5, 2011**

The City Council convened in a Special Session in the basement conference room, City Hall, Midland, Texas, at 9:00 a.m. on July 5, 2011.

Council Members present: Mayor W. Wesley Perry, Mayor Pro Tem Michael Trost (District 4), Council Member Jerry Morales (At-Large), Council Member Jeff Sparks (District 1), Council Member Vicky Hailey (District 2), and Council Member John James (District 3).

Council Members absent: Council Member Scott Dufford (At-Large).

Staff members present: City Manager Courtney Sharp, City Attorney Keith Stretcher, Deputy City Manager Tommy Hudson, Assistant City Manager Jim Nichols, City Secretary Amy Turner, Development Services Director Rick Crownover, Utilities Director Stuart Purvis, Community Services Director Tina Jauz, Solid Waste Director Morris Williams, Fire Chief Robert Isbell, General Services Director Robert Patrick, Administrative Services Director Beth Mosley, Comptroller Brenda Brown, HR Manager Stephanie Young, and Public Information Officer Tasa Watts.

SPECIAL SESSION

Conduct a budget work session for the purpose of reviewing and discussing the proposed 2011-2012 City of Midland budget.

Director of Finance Bob McNaughton presented an overview of the 2011/2012 budget noting that the estimated General Fund balance is expected to be \$34,254,234. He explained that the Water and Sewer Fund had decreased, that the Sanitation Fund is in the hole due to the Smith Road collection center, the Golf Course Fund continues to do well, the Airport Fund is expected to be lower because of ongoing projects, the Sports Complex Fund remains steady, and the Garage Fund is recovering.

He reviewed a comparison of Ad Valorem Tax rates to other similar cities, looked at overall burden of all taxing entities, and viewed a historical look of taxing entities in Midland. He explained that the proposed tax rate is 46.75 cents per \$100 which is down but the effective rate is up by 1.95%. City Manager Sharp clarified that these are guestimates and that actual valuations would not be received until July 20.

Mr. McNaughton reviewed general fund revenues and major sources of fluctuations and noted that sales tax levels are approaching the 2008 level. He suggested that the effective rate plus 3% keeps the city safe.

City Manager Sharp reviewed the proposed 4-year capital outlay for paving and maintenance. Discussion ensued about other funding sources and road maintenance. Mr. Sharp noted a 3% across the board COLA was budgeted and that 6 additional firemen would be hired for three consecutive years in order to staff the new fire station. He also spoke to the proposed outdoor warning system modifications, a code red phone notification system and addressed the rising health insurance costs.

Mr. McNaughton reviewed non-personnel expenditures from Fiscal Years 2007 through 2011, anticipated fund balances, and property tax collections from 2005-2012. He noted that he anticipates issuing debt in 2012, spoke about the impact of the drought on the Water and Sewer Fund, noted he anticipated a 2.5% increase in the water rate, and stated that total revenues will be down in the Water Fund by 1.51%. A discussion ensued regarding water usage.

(Council member Hailey left at 9:57 a.m.)

Mr. McNaughton reviewed the revenues and expenditures in the Sanitation Fund, Golf Course Fund, Airport Fund, and Garage Fund. He reviewed the Medical/Dental Self-Insurance Fund and showed how Midland compares to industry standards. He reviewed the Hotel/Motel Fund and Scharbauer Sports Complex Fund. He concluded by reviewing upcoming meeting dates relating to the budget process and noted that the rate advertised will not be the rate adopted but the maximum rate.

City Manager Sharp noted that he and Finance Director McNaughton were available to answer questions and to review the budget one on one.

A discussion ensued about the Hotel/Motel Fund and the SEAM process.

All of the business at hand having been completed, the meeting adjourned at 10:46 a.m.

PASSED AND APPROVED the 26th day of July, 2011.

W. Wesley Perry, Mayor

ATTEST:

Amy M. Turner, City Secretary