

City of Sweeny

October 2014 Newsletter

Scheduled Recurring Official Meetings for City Business:

- *Sweeny Economic Development Corporation - 2nd Monday of each month - October 13, 2014*
- *City Council - 3rd Tuesday of each month - October 21, 2014*

This month the newsletter will focus on the recently approved tax rate, utility service rates and budgets. The complete budget is linked below on the Home Page of the web site, and we encourage everyone to review.

*There are in fact two separate budgets which combine for a total of **\$3,557,669.05** for the Fiscal Year beginning October 1, 2014 through September 30, 2015.*

- *The Enterprise Fund will be referred to as the Utility Account (**\$1,751,050.00**). This account receives its monies through "service rates" (Gas, water and sewer), which this year did not increase.
 - *A common misconception is that many believe the garbage service is a part of the utility account as the service fee is included on the monthly statement of charges. **It's not** a part of the utility account, but rather a part of the General Fund account, and monies received for this service are posted to General Fund, as are its expenses.**
- *The General Fund is set at **\$1,806,619.05**, and the services provided include, police, fire, streets, drainage, garbage, parks, library and municipal court. Its monies have several funding mechanisms (see complete budget for details), but the big three are Property Tax, Sales Tax, and Garbage fees.*

*Council for the upcoming Fiscal Year **did not** increase gas, water, or sewer rates, but did increase the tax rate to \$0.908000 per hundred dollar valuation. We do realize this rate is high, but it generates less than half of the total General Fund budget -- \$859,609.84 or 47.581%. Other big earners for the General Fund are Sales Tax and Garbage Service; however the expenses for the garbage service nearly equal its income, almost creating a sum zero account. Council also opted to continue services in the General Fund at their current levels.*

The expenses in the General Fund are pretty straight forward with the majority going for salaries, which does include a 3.5% pay increase for employees, also approved for personnel expensed to the utility account. As our area continues to employ new workers at a fast pace, we need to reward our employees accordingly. Our benefits package is very generous, but we do need to be aware of the hiring environment. Three notes for the General Fund:

- It does not address road or drainage issues in a meaningful way.*
- \$.13166 cents of the tax rate (\$124,700.00) will go to pay past debt. A significant portion of the debt will be repaid at the end of Fiscal Year 2016 - September 30, 2016. At which time we should be able to start addressing some of the road and drainage problems.*
- It will receive a transfer of \$46,107.00 from the Utility Account. As a percentage of the total General Fund the number is small. And, as previously indicated services were maintained at their current levels. To eliminate the need for a transfer, Council would have had to eliminate one position. The workforce is stretched thin, and citizens want the services currently provided, so the decision was made to maintain.*

*The Utility Account has many short- and long-term problems. Our City Engineer estimates that it would cost in excess of \$22,000,000.00 if everything were replaced today. Does everything have to be replaced today? **No!** Do we have the reserves to do it? **No!** Part of the reason there are no reserves, is that for many years the City used monies earned in the Utility Account to balance the General Fund. That did keep taxes lower, in the past, but it left the Utility Fund with the inability to make needed repairs and upgrade on a continuing basis.*

We absolutely have to create a path that will allow the City to make needed repairs and upgrades to our Utility system. This budget starts that process! It again reduces the amount of transfer to the General Fund, and it puts \$400,000.00 towards improvements in its systems. The majority of that amount, and an additional \$190,000.00 of grant monies (not a part of the budget) will go to replacing pumps at six lift stations (waste treatment), and electrical upgrades and pump replacements at the waste treatment facility. These actions are critical if we are to remain compliant with environmental standards. Some limited funds will be directed to the water and gas systems.

The above fixes are short-term must haves. They do not address any of the long-term requirements for our water system. Repairs to this system have been defensive in nature and do not address the root cause, and that is, it's an old system which has not been maintained for the future.

Without being overly dramatic, think of the Federal Government, and its IOUs to Social Security. At some point there is a price to pay!

For our utility systems we, as a community, need to figure out how to start making repairs and improvements without incurring new debt, and for the General Fund, how to be self reliant without taking additional monies from the Utility system.

To lower the Tax rate now and in the future we absolutely need to expand the tax base, or lower the level of services provided. We will see some expanded tax base through the efforts of the Sweeny Economic Development Corporation in attracting occupants for the Industrial Park. One tenant, Apache Oil, is in with temporary facilities, and in the process of building its permanent supporting structures, and Phillips Pipeline is in the process of locating operations here. Both will bring value to the City!

The challenge is daunting, but with every challenge there is an opportunity to succeed. We need to succeed and can do so! Success will be accomplished through the community spirit that has bound us as one since the early 1900s. Your thoughts on how best to meet our needs, now and into the future, are always welcome.

Other items of interest:

- *Council changed the reconnect fee policy. See Minutes, August 2014 - link from the Home Page to City Council and then select minutes.*
- *Second, don't forget, the City does offer direct debit from your checking account for payment of your Utility account.*
- *Lastly, the splash pad was well utilized this past summer, which is great for our youth. Unfortunately, some of the pea gravel used in the park ended up in the drain system. Although the gravel is a tempting novelty for the young, parents are encouraged to monitor their children to avoid the need for maintenance as that reduces the total time for all to enjoy.*

Recycle dates for October are the 2nd, 16th and 30th - three dates this month.

If you have a suggested topic for the newsletter, please let us know.

*Rodney Weems, Mayor
City of Sweeny Texas*

*Cindy King, City Manager
City of Sweeny Texas*