

AUGUST 31, 2020

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, AUGUST 31, 2020 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 5:00 P.M.

CITY COMMISSION PRESENT:

Sam R. Fugate, Mayor
Edna Lopez, Commissioner
Hector Hinojosa, Commissioner
Arturo Pecos, Commissioner
Dianne Leubert, Commissioner

CITY STAFF PRESENT:

Mark McLaughlin, City Manager
Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
Derek Williams, IT
Ricardo Torres, Police Chief
Janine Reyes, Tourism Director
Uchechukwu Echeozo, Director of Planning & Development Services
Juan Adame, Fire Chief
Susan Ivy, Parks & Recreation Director
Deborah Balli, Finance Director
Charlie Sosa, Purchasing Manager
Emilio Garcia, Health Director
Bill Donnell, Public Works Director
David Solis, Risk Manager

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 5:00 p.m. with all five Commission members present.

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

The invocation was delivered by Mrs. Courtney Alvarez, City Attorney, followed by the Pledge of Allegiance and the Texas Pledge.

MINUTES OF PREVIOUS MEETING(S)

None.

****AUDIENCE AND PRESENTER SOCIAL DISTANCING AND PUBLIC TESTIMONY AND PUBLIC HEARING INPUT AT PUBLIC MEETINGS OF THE CITY COMMISSION.** To reduce the chance of COVID-19 transmission, public meetings will be held in a manner intended to separate, to the maximum practical extent, audience and presenters from personal contact with members of Community, City Staff, and City Commission. Public testimony and public hearing input for Public Comment and all items on the agenda at public meetings of the City Commission shall be provided in written format and presented to the City Secretary and/or designee prior to the start of each meeting of the City Commission. This testimony and/or public input shall be in accordance with the City Secretary's instructions, which shall be posted on the City Secretary's outdoor public bulletin board at City Hall and on the City website and allow for electronic submission. The written public testimony shall be provided to members of the City Commission prior to voting on measures for that meeting. Written testimony shall be limited in accordance with the City Secretary requirements and shall be placed into the record of each meeting. This written testimony shall serve as the required public testimony pursuant to Texas Government Code section 551.007 and shall constitute a public hearing for purposes of any public hearing requirement under law. The meeting may be held telephonically or via videoconference; and, if so conducted, the public may participate remotely by following the instructions of the City Secretary which would be posted on the City Secretary's outdoor public bulletin at City Hall and on the City website.

II. Public Hearing - (Required by Law).¹

None.

III. Reports from Commission & Staff.²

"At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to the following: Planning & Zoning Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, Tourism, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, Keep Kingsville Beautiful, and Texas Municipal League. Staff reports include the following: Building & Development, Code Enforcement,

Proposed Development Report; Accounting & Finance – Financial & Investment Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports; Police & Fire Department – Grant Update, Police & Fire Reports; Street Updates; Public Works- Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Water And Wastewater Rate Study Presentation. No formal action can be taken on these items at this time.”

Mr. Mark McLaughlin, City Manager gave an update on the construction of Miller Ave. street. He further stated that the collective bargaining negotiations for both the Fire Department and Police Department have come to an end. Now all that is needed is for Commission to consider approving both agreements, which will be done at a later meeting.

Mrs. Courtney Alvarez, City Attorney stated that the next Commissioner meeting is a special meeting scheduled for Tuesday, September 8th. Monday, September 7th is a City Holiday and office will be closed in observance of the Labor Day Holiday. The next regular scheduled Commission meeting is scheduled for Monday, September 14, 2020. The deadline for staff to submit their items for the September 14th meeting is Thursday, September 3rd.

IV. Public Comment on Agenda Items.³

1. Comments on all agenda and non-agenda items.

Mrs. Mary Valenzuela, City Secretary read a public comment received by Isabel Leander of 904 W. Ave. F. The comment read as followed: “Would y’all please consider putting speed bumps or other similar on the 900 block of W F Avenue. People coming from and going to the University Square apartments race down that street and I have children that play in the front yard and a son with Down Syndrome that has actually ran to the street a couple of times and have been fortunate to have caught him in time before anyone passed through there. Also, I had parked one of my vehicles on the curbside of my home and a passerby hit the driver side rear view mirror and police never found out who it was. I ended up placing two cameras in the front of our home for this reason and other. Please, please consider speed bumps or other on this street. I would hate for some form of casualty or other to happen, due to negligent drivers speeding through here. Thank you, thank you for all you do for our City!”

V.

Consent Agenda

Notice to the Public

The following items are of a routine or administrative nature. The Commission has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Commission Member in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.

CONSENT MOTIONS, RESOLUTIONS, ORDINANCES AND ORDINANCES FROM PREVIOUS MEETINGS:

(At this point the Commission will vote on all motions, resolutions and ordinances not removed for individual consideration)

None.

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

1. Consider a resolution authorizing the submission of a Texas Community Development Block Grant Program application to the Texas Department of Agriculture for the Main Street Fund; authorizing the Mayor, City Manager to act as the City’s authorized representatives in all matters pertaining to the City’s participation in the Texas Community Development Block Grant Program. (Director of Planning & Development Services).

Mr. McLaughlin stated that the application is for \$500,000 of grants funds to provide for the replacement of deteriorated sidewalks, construction of sidewalks, curb & gutter, construction of new ADA compliant ramps, addition of street lighting, renovation of road intersections and for drainage improvements along Kleberg Avenue between 4th and 5th Street. There is a cash match of \$51,500 as well as \$36,000 in in-kind services.

Commissioner Leubert asked for the total amount of the grant. Mr. McLaughlin responded that the grant is for \$500,000.

Motion made by Commissioner Pecos to approve the resolution authorizing the submission of a Texas Community Development Block Grant Program application to the Texas Department of Agriculture for the Main Street Fund; authorizing the Mayor, City Manager to act as the City's authorized representatives in all matters pertaining to the City's participation in the Texas Community Development Block Grant Program, seconded by Commissioner Hinojosa. The motion was passed and approved by the following vote: Lopez, Hinojosa, Leubert, Pecos, Fugate voting "FOR".

2. Consider a resolution authorizing the submission of a Texas Community Development Block Grant Program application to the Texas Department of Agriculture for the Planning and Capacity Building Grant; authorizing the Mayor, City Manager to act as the City's authorized representatives in all matters pertaining to the City's participation in the Texas Community Development Block Grant Program. (Director of Planning & Development Services).

Mr. McLaughlin stated that the application is for \$75,000 of grant funds to provide for services that include planning studies towards the preparation of a new Comprehensive Master Plan for the City of Kingsville. There is a cash match of \$18,750 in cash for services that include planning studies towards the preparation of the new plan.

Motion made by Commissioner Pecos to approve the resolution authorizing the submission of a Texas Community Development Block Grant Program application to the Texas Department of Agriculture for the Planning and Capacity Building Grant; authorizing the Mayor, City Manager to act as the City's authorized representatives in all matters pertaining to the City's participation in the Texas Community Development Block Grant Program, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Hinojosa, Leubert, Pecos, Lopez, Fugate voting "FOR".

3. Review and discuss proposed fiscal year 2020-2021 budget for departments of the City of Kingsville. (City Manager).

Building Security Revenues:

This fund pays for the bailiff for the Court. It is being proposed at \$10,000, which is the same dollar amount that was budgeted for Fiscal Year (FY) 2019-2020. On pace to finish FY 19-20 with revenues of \$9,867.35 and on pace to finish FY 19-20 with expenses of only \$6,865.68.

Municipal Court Technology Fund 031:

Proposed budget for expenses of \$11,000. Up to \$4.00 on every conviction is used for technology updates, to include Incode. This fund is on pave for revenues to be \$11,088.19.

Debt Service Funds:

Proposed I&S tax rate of .15181 which is dedicated to paying fund debt. Debts that are to be paid off are GO Refunding Series 2013; CO Series 2013; CO Series 2016; Limited Refunding Series 2020; and paying agent fees and continuing disclosure fees.

CO Series 2011, original issue of \$10,000,000 which is split between the General Fund and Utility Fund. This fund has nothing left to spend; therefore, it is being paid off.

Fund 011, CO Series 2013, original issue of \$1,260,000. The maturity date is September 30, 2023. Fund balance in this CO is \$0.

CO Series 2013, original issue of \$5,230,000 which is split between the General Fund and Utility Fund. This CO primarily used for drainage projects. Maturity date for this CO is September 30, 2033. Beginning fund balance is \$1,912,039. Mr. McLaughlin stated that these funds are to be used within the first five years, as per our Financial Advisor. He further stated that beyond that time frame, you get into the issue of possible audit by the IRS. It is highly unlikely that we could be audited, as the money will get used.

Fund 011, CO Series 2016, original issue of \$6,740,000. Maturity date is September 30, 2036. Total principal and interest remaining is \$5,807,275. Beginning fund balance is \$120,179. The amount will all be used but \$11,000 this year. There will be \$30,000 spent for irrigation around City Hall; \$66,000 for Downtown revitalization; \$25,000 for a fence which will separate the Train Depot and the Railroad and will payoff the tree project for Santa Gertrudis. Some monies will also be used for the Golf Course.

Fund 011, CO Series 2009, original issue of \$4,270,000. Maturity date is September 30, 2021. Fund balance in this CO is \$0. This will be paid off this year.

Utility Fund Debt Service, CO Series 2011, original issue of \$10,000,000 which is split with General Fund. Maturity date is September 30, 2032. Fund balance is \$0.

Utility Fund Debt Service, CO Series 2013, original issue of \$5,230,000 which is split with General Fund. This is for the drainage program. Maturity date is September 30, 2033. Beginning fund balance is \$1,912,039.

Limited Tax Refunding Bonds Series 2014, this is a refunded of an original CO Series 2005. Original issue is \$9,040,000 with a maturity date of September 30, 2025. Beginning fund balance is at \$0.

Debt Service Maturity, total debt balances at end of FY 20-21 is \$21,000,000. Everything the City pays this year will be a total of \$1,620,213 of all the principal and interest of which \$1.3 million is of the \$1.6 million is targeted against the general fund. Total debt balances at the end of FY 20-21 will be \$20,052,158.

Mrs. Deborah Balli, Finance Director presented the transfers. General Fund to Golf Course Capital Maintenance Fund 026 \$48,659.61, contract requirement of 3% of golf revenues. General Fund to DOG JAG Grant Fund 050 \$13,325 recurring charges for grant equipment. General Fund to Utility Fund 051 \$51,879, 50% of Facilities Staff; \$255,154; 50% of Engineering Staff; \$7,500; 50 % of Engineering Software. General Fund to Park Maintenance Fund 093, \$25,000 annual transfer for Park Maintenance items. General Fund to Economic Development Fund 098, \$52,890 estimated Sales Tax Incentive Payments; \$100,000 additional contribution for Economic Development Efforts. General Fund to TASA Grant Fund 100; \$20,694 Grant Cash Match. General Fund to Vehicle Replace PD Fund 105; \$10,000 annual transfer for vehicle replacement. General Fund to Vehicle Replace PW Fund 106, \$10,000 annual transfer for vehicle replacement. General Fund to Insurance Fund, 138, \$53,547 additional contribution to Shore Up Fund. Tourism Fund 002 to General Fund 001, \$42,340, 50% cost of Downtown Manager; \$35,000 for Administrative Annual Allocation. Tourism Fund 002 to Insurance Fund 138, \$291 additional contribution to Shore Up Fund. Tourism Fund 002 to Façade Grant Fund 202; \$30,00, Facade Grant Funding. Texas Historical Fund 013 to General Fund 001, \$56.76 to close out fund. Golf Course Maintenance Fund 026 to General Fund 001, \$5,416.16 for Capital Lease Payment for new Backhoe. CO Series 2002-2002A Fund 039 to Vehicle Replacement PW Fund 106, \$5,266.37 to close out fund. Utility Fund 051 to General Fund 001, \$1,350,000 for administrative annual allocation. Utility Fund 051 to Debt Service FD 012: \$1,111,633 - Debt Service Payments; \$195,000 additional fund balance funding; and \$1,250 continuing disclosure. Utility Fund 051 to UF Cap Projects FD 054, \$87,563, Various CIP Maintenance Projects. Utility Fund 051 to CO Series 2011 UF FD 066, \$82,905.01 to assist cost of Pit Pumps. Utility Fund 051 to DEAAG Grant Fund 084, \$200,000 for partial grant cash match.

Mayor Fugate asked what it is that the City is looking for as this is coming up. Mr. McLaughlin responded that the application deadline is October 31st. The DEAAG Grant Fund came down, cutting by half making this grant to be very competitive. He further stated that there is \$16 million dollars available and we are asking for \$3 million dollars with a 20% match, which will give the city extra points by doing this type of match. McLaughlin further stated that once you are awarded the grant you have two years to start spending it. Staff is beginning to build on the match for the next couple of years, which would essentially be \$600,000. If the grant is not awarded, staff would like to continue building the fund and go into Plan B which is taking the South Wastewater Plant and rebuilding it.

Mrs. Balli continued with the transfers presentation. Utility Fund 051 to TASA Grant 100, \$56,908 for share of grant cash match. Utility Fund 051 to Self-Insurance Fund 138, \$13,781 additional contribution to Shore Up Fund. UF Capital Projects Fund 054 to Utility Fund 051, \$2,836.20 to clear remaining funds. Storm Water Drainage Fund 055 to UF Debt Service Fund 012 \$292,800 debt Service Obligation. CO Series 2005 Fund 062 to Utility Fund 051, \$1,137.58 to Close Fund. SW Capital Projects Fund 087 to General Fund 001, \$68,309 for John Deere Capital Lease Payment. SW Capital Projects Fund 087 to GO Debt Service Fund 001, 48,029 Debt Service Obligation. SW Capital Projects Fund 087 to Landfill Closure Fund 090, \$96,472 for City Hall Payback Payment. GF Capital Project Fund 091 to General Fund 001, \$64.58 to close out fund. Street Fund 092 to General Fund 001, \$150,000 for partial cost of Street Construction Crew. Vehicle Replacement Fund 097 to General Fund 001, \$12,348.04 for Command Vehicle Capital Lease Payment. Economic Development Fund 098 to Self-Insurance Fund 138, \$386 additional Contribution to Shore Up Fund.

Fund Balance Review:

Mrs. Balli stated that on the General Fund we are looking at 26%, which meets the minimum 25% requirement. This includes the \$300,000 that is always put in for General Fund as well as for the Utility Fund. Fund 051, Utility Fund is at 36.1% which is above the 25% minimum requirement. Mrs. Balli commented that the bottom-line total for fund balance at the end of next fiscal year is \$17,739,475.06.

Mr. McLaughlin commented that it could be lower than the \$17 million dollars should the money be used for drainage; this fund could be down by \$1 million dollars.

Mrs. Balli continued with the presentation, Fund Balance Proposed (Deficit) Surplus. General fund between revenues and expenditures has a deficit of \$1,152,826; Utility Fund between revenues and expenditures has a positive of \$232,997; Tourism between revenues and expenditures has a positive of \$2,011; Parks between revenues and expenditures has a deficit of \$413,948; and Golf Course between revenues and expenditures has a deficit of \$263,317.

Mr. McLaughlin presented on tax rate. The current tax rate is \$.85304 with the proposed tax rate, for next year at \$.85208 from \$.85209 which is the voter approved tax rate, due to rounding issues after an update was applied to the tax office software. The difference between the voter approved tax rate and the proposed tax rate is \$90.43 which is in the general fund.

Water and Sewer Rates:

Water rates, for FY 18-19, water rates were increased 2%. Fiscal Year 19-20, Utility Rate Study recommended a 1% increase, of which both were done. Fiscal Year 20-21 there as no increase done. Sewer rates, for FY 18-19, sewer rates were increased 18%. For fiscal year 19-20, Utility Rate Study recommended a 16% increase, of which only an increase of 8% was adopted. For FY 20-21, no increase in sewer rates. Mr. McLaughlin stated that the Commission adopted the 18% for FY 18-19 but did not adopt he 16% instead adopted only 8% for FY 19-20. This makes the city 8% behind the wastewater utility rate study recommendation. It is being recommended that for next year there be a 2% increase than the year after that another 2% and after that a 3%. If the city decides not to increase for this upcoming year, and with the city already being 8% behind and add another 2% which will make the city behind 10%, in order to catch up. McLaughlin stated that if the city was to increase wastewater only by 5% would mean that for a residential customer using 5,000 gallons of water, the rate today would be \$25.72 for the 5,000 gallons. If the Commission was to adopt a 5% increase to wastewater in order to close the gap by half, the rate would only increase by \$1.29 additional to \$25.72 for a total of \$27.01.

Commissioner Leubert asked that if they increase wastewater sewer rates by 5%, what is the average usage for a home. Mr. McLaughlin responded that it would be between 5,000 and 8,000 gallons. Leubert further asked, that if the city increases the rate, what does this buy the customer and why are there CO's to take care of the Water and Wastewater Plants.

Mr. McLaughlin responded that what it buys the customer is a new South Wastewater Treatment Plant and there is no more CO's to buy a new Wastewater Treatment Plant. A Wastewater Treatment Plant is around \$9.00 to \$10.00 per gallon of treated water. A Plant that can do a million gallons a day, you are looking at 10 million gallons. McLaughlin further stated that if we wanted to increase our 1-million-gallon per day Plant and take it to 5 million gallons, it could be \$40 million dollars to build a new Plant.

Commissioner Leubert asked how many residents will it take to go up to 40 million and what do we need now for the rate of growth our city has now? And how is the City going to sale this to the public? Leubert further commented that the city also has CO's that are paying for this as well.

Mr. McLaughlin commented that this is correct, but there is no CO's left for this, all that is left is for drainage.

Commissioner Leubert further asked what is the goal for this. Mr. McLaughlin responded that he would need to work with the City Engineer and look at what size increase is needed. He further stated that at this time we are at 52%. If both North and South Wastewater Treatment Plants were combined into one, we would have a 4 million gallon per day capacity and at this time we are using 2 million gallons per day that it is treating. He further stated that at 70% the city would need to start looking into designing a new Plant and at 90% it would have to be built. The South Plant is already at 67-69% capacity limit right now, so technically the city is pretty close to designing something new for the South Plant. He further stated that the South Plant would have to be the one with the most capacity, which would be on the same property as the existing one, plus the growth of Kingsville is on the southside.

Mayor Fugate commented that when the city hires the experts to tell the city what it is that needs to be done, the city needs to listen. He further stated that last year the Commission decided to cut the recommended increase of 16% by half and only increase 8% for this year, then do the 8% for the following year, but it is being recommended to do only 5% of the 8%.

Commissioner Leubert commented that the city can still catch up the next few years, if it is decided to increase 5% this upcoming fiscal year.

Mayor Fugate commented that the issue with these Plants was brought up to the Commission by staff about 4 years ago and the Commission has been aware of this since then and it is the number one issue in this city at this time. With the capacity being at 67-69% capacity, the city needs to start thinking of its next step. Fugate further stated that the 5% increase is a good idea.

Commissioner Hinojosa commented that he also agrees with the 5% increase.

Mrs. Alvarez commented that a good selling point would be that this would also help in avoiding some TCEQ penalties for not moving on it, as we further invest it in the city and not TCEQ.

Compensation Plan Changes:

Mr. McLaughlin stated that some of the changes are doing a 2.5% COLA for all Non-Civil Service positions. Longevity pay at \$3 per month per year of service capped at 25 years. Additional health plan funding of \$195,000 came down to \$68,600 would be split between the general fund and utility fund which is due to the factor of 10%-90% premium split. Additional certification pay for CDL Licenses.

Mrs. Balli commented that more people are using e-checks and since Incode will be doing all of the city's e-checks, there will be a fee of \$1.25 for the processing of e-checks. Staff has been discussing the fee and passing the fee over to the customer or does the city want to absorb the fees.

Mr. McLaughlin commented that he is in favor of passing the \$1.25 e-check fee to the customer.

Mrs. Balli stated that she is working with Incode as she is not sure how the mechanism will work at this time. She further stated that she is hoping to get it setup that it gets billed or charged directly to the customer without the city being in the middle.

Commissioner Leubert asked if the options to pay would be paying with a regular check, auto draft, credit card, and e-check. Mrs. Balli commented that there is the option to use the Kiosk, drop box or pay by person in cash, which wouldn't cost the additional fee.

Mrs. Balli asked if the Commission was ok with passing on the \$1.25 fee to the customer.

Commissioner Leubert commented that she is not ok with it, but it looks like there is no other choice.

Mayor Fugate asked what the total amount would be if the City absorbs the fee. Mrs. Balli responded that on credit card fees, with the previous City Manager not wanting to pass on the additional fee to the customer, the city was paying close to \$100,000 annually.

Commissioner Leubert commented that she is ok with passing on the fee to the customer.

Both Commissioner Hinojosa and Commissioner Lopez also agreed to pass the convenience fee to the customer.

Mr. McLaughlin commented that this would need to be done by ordinance.

Mrs. Alvarez stated this would require an ordinance which would be brought to the Commission at a future meeting.

Commissioner Leubert commented that she doesn't want to do this, but she doesn't see that the Commission has a choice.

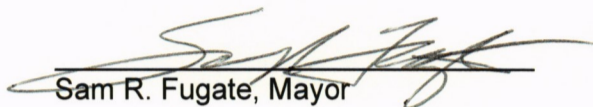
Commissioner Lopez commented that this is the only way as it is charged to the tax payer as they are the ones using the service which is not fair.

Mr. McLaughlin stated that he had a meeting with Commissioner Hinojosa to go over some of the revenues. He further stated that it has already been incorporated, which include four changes to the revenues; lowered the garbage sales by \$100,000 from 2.8% down to 2.7%; lowered the water sales down \$50,000 to \$4.8 million; late fees dropped by \$30,000 to \$210,000 which what the city is on pace for this year; and wastewater sales down \$75,000 to \$4.15 million dollars which will change once the 5% increase is programmed in. One other thing that was discussed with Commissioner Hinojosa was the golf carts. Golf cart rates are good overall, but what is not being factored in is that the golf carts are the new ones. Right now, the fee for a golf cart is \$11.00 for 18 holes and \$7.00 for 9 holes. This year alone, 1,880 golf carts for 18 holes were rented which adds up to \$20,000. It is being

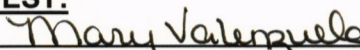
proposed to increase the golf cart fee, being that they are the new carts, to \$15.00 for 18 holes and \$10.00 for 9 holes. What this would mean is that the normal income on golf carts is about \$47,000 in our current rate, and if it increased to \$15.00 for 18 holes and \$10.00 for 9 holes the revenue would increase to \$67,000, just in golf cart fees. This is where the number needs to be to offset the golf carts. This does not impact any of the green fees or golf ball fees.

VII. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 5:58 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary