

AUGUST 22, 2018

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON WEDNESDAY, AUGUST 22, 2018 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 4:15 P.M.

CITY COMMISSION PRESENT:

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

CITY STAFF PRESENT:

Jesus Garza, City Manager
Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
Kyle Benson, IT Manager
Tom Ginter, Director of Planning & Development Services
Bill Donnell, Public Works Director
Rudy Mora, City Engineer
Deborah Balli, Finance Director
Derek Williams, IT
David Solis, Risk Manager
Diana Gonzales, Human Resources Director
Susan Ivy, Parks Manager
Cynthia Martin, Downtown Manager
Janine Reyes, Tourism Director
Ricardo Torres, Chief of Police
Adrian Garcia, Fire Chief
Stacie Pena, Accounting Supervisor
Charlie Sosa, Purchasing Manager
Emilio Garcia, Health Director
David Bodiford, Accounting Manager
Jessica Storck, Legal Assistant
Andrew Lugo, Intern
Israel Vasquez, Interim Golf Course Manger
Manny Salazar, Economic Development
Julian Cavazos, Lieutenant
Brad Allen, KPD
Bradley Lile, KPD
Pete Pina, Landfill Supervisor

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 4:15 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.

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."

Mrs. Courtney Alvarez, City Attorney announced an event that will be taking place at the Conner Museum. She further reported that the next regular Commission meeting is scheduled for Monday, August 27th with a budget workshop to begin at 4:15 p.m. and regular meeting to begin at 6:00 p.m.

IV. Public Comment on Agenda Items.³

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

No public comments made.

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. Review and discuss proposed fiscal year 2018-2019 budget for departments of the City of Kingsville. (City Manager).

Economic Development Fund 098

Mr. Jesús Garza, City Manager stated that they EDC was created about two years ago. The purpose of this was to give the city an opportunity to separately have a conversation about economic development and separately to track some of the revenues that have always been intended for economic development purposes. Historically the in lieu of tax payments that are received from Celanese and the Housing Authority has always been allocated towards to economic development activities. He stated that there is also a transfer from the General Fund to pay for an existing agreement with Texas A&M University-Kingsville. The agreement is for a payment to the University of \$25,000. This money is used for sporting events marketing. Garza mentioned some of the highlights for this department. In revenues, \$106,000 in lieu of tax payments which come from Celanese and the Housing Authority. Notable changes/additions, \$15,000 for a special election in May 2019 for a Venue tax for the JK Northway and declassification of park land. This election will be a split funded coming from Tourism and Economic Development funds. There is a decrease in funds to incentive payments to Wildwood Trails due to expiring agreement. Garza stated that declassification of park land was recommended in the 2016 Parks Master Plan, to declassify Kenedy Park from being a park due to under use, overlapping with other neighborhood parks and potential for economic development due to its location. Minor designated park areas in existing neighborhoods will be considered for declassification as well.

Mayor Fugate commented that this is property that was donated to the City by the King Ranch and by declassifying Kenedy Park as a park, it would then need to go back to them. Fugate asked for Mrs. Alvarez to look more into this.

Mr. Garza commented that staff will look into it. He further stated that one big component is the partnership the City has with the EDC that began in 2015. Under this agreement the city includes the EDC Director in its compensation plan and contribute \$65,000 towards the personnel expenses for that position. The balance the city invoice the EDC and pay the balance. The initial term was for 2 years, from 2017-2019, with automatic annual renewals.

Commissioner Hinojosa asked what the \$44,617 was for? Mr. Garza commented that this is the difference and is what the city bills the EDC. Garza stated that the total personnel expenditures for this position are over \$100,000 and since the city's contribution is \$65,000,

the city bills them for the \$44,000. The EDC receives this money from their fundraising efforts.

Manny Salazar, Economic Development Director state that the EDC does not have an operational budget from the city. They don't access to economic development fund or a travel budget from the city. Everything that they do is done through fundraising, which they raise a little over \$100,000 to cover their operations. The money that the city allocates for the EDC is for salaries. The EDC sends a check to the City of \$44,000 to cover the salary and benefits difference. Salazar further commented that there has been some conversations on the renewal of their agreement and still working through this at this time. Salazar updated the Commission on what the EDC is up to in the past few months.

Tourism 107.0

Ms. Janine Reyes, Tourism Director reported that for fiscal year 18-19, the proposed budget revenue is \$525,000. She further stated that as for the personnel changes in her department, there are the same as all other departments. Operations within her department, approved supplemental for \$1,000 for Geofence Digital Advertising for Ranch Hand Festival. Also there is an approved supplemental for \$15,000 for the Special Election for the Venue Tax for the JK Northway, as previously mentioned by the City Manager. This election will be a split with Tourism and EDC Department. She also stated that also approved is a supplemental for \$4,370 for a multi-color digital sign at the Visitor Center.

Mayor Fugate asked that if staff has already received the ok for the digital sign from the Naval Base. Ms. Reyes stated that she has already spoken to the Naval Base and they are ok with it.

Ms. Reyes further stated that there is a decrease in supplies, maintenance, repairs, and operating lease. The façade grant budget was removed from this fund and transferred to Fund 202. Museum obligation was increased due to the increase estimation of revenues. As for venue tax, existing Hotel Occupancy Tax of 13%, State 6% and City 7%. Staff is proposing a venue tax of 2% for a total of 15%, which is consistent with total HOT of Corpus Christi market, but would require a special election. The financial advisor would assist in determining amount that would assist in determining amount that could be financed and that amount would determine scope of work and project. Ms. Reyes continued with an update on the Conner Museum. She stated that per agreement between the City and Conner Museum that dates back to 1979, the city provides the Conner Museum with 14.28% of revenues out of the 15% allowed for the arts. This is estimated to be \$74,970 in fiscal year 19. She further stated that the funds are part of the 15% that we can use towards the arts per state law. The City had an audit finding for Fiscal year 15, for spending more than 15% on art related activities.

Mr. Jonathan Plant, Museum Director presented the budget for the Conner Museum. Carry over from last year was \$14,310.65; deposits to date from hotel occupancy are \$83,531.10 for a total revenue of \$97,841.75. Of this amount, the bulk went to salaries, \$69,621.09. Exhibits and supplies was \$4,878.02 and in advertising \$1,061.50 for a total of \$75,560.61. The balance at this time is \$22,281.14 with estimated revenue is \$74,970.00 and total estimated revenues is \$97,251.14. Of that amount, \$62,000.00 is for salaries in amount of \$62,000, \$6,000 for exhibit expenses and \$6,000 for advertisements. Total projected operating expenses of \$74,000. He further stated that museum attendance for this year was 7,013, almost a 10% increase over last year's attendance figures. Winter Texans groups have started to return to the Museum. Groups visiting the Museum come from Brooks, Cameron, Duval, Hidalgo, Jim Wells, Kleberg, Maverick, Nueces, and Victoria Counties. He stated that the Museum had four temporary exhibits this past year. He stated that the State Legislature reduced their allocated funds by 76%, causing the Museum to draw salaries from accounts normally used to fund Museum operations and greatly reducing their ability to engage in programming and promotional marketing. He further stated that their curator has resigned at the end of this fiscal year, and they are continuing with a professional staff of three. He stated that the Museum participated in the Ranch Hand Festival and other events. Total outreach attendance for the Museum was 6,550. Conner Museum collaborated with the City of Kingsville Tourism Department on an advertisement in the Winter Texas Guide. Plant further stated that they are currently seeking grant funding which will allow them to make significant improvements in their permanent exhibits and working on various fundraising initiatives with the University.

Commissioner Hinojosa asked if the curator position would be filled? Mr. Plant responded that they will not be filling that position in the immediate future.

Police Department 210.0

Mr. Ricardo Torres, Chief of Police reported on the Police Department budget. In Patrol Division for personnel, the highlight changes are the same all other departments. The is an increase in supplies of \$670. This is for replacement of thermal paper, fingerprint kit supplies, copy paper, supplies for cadets to attend regional police academy. The is \$4,550 for ticket writer, printers and radars. Zebra printers for ticket writer replacements at \$900 each times 5. There is \$500 for forms; family violence forms, DIC, Notary renewals, book for cadets attending regional police academy and \$4,000 increase in vehicle maintenance. Highlights for Communication Division, same changes to personnel and in operations,

there is an increase in supplies. For the Investigations Division, the highlights are in personnel, same as all other departments. There is some notable changes and or additions, such as \$2,000 for swabs and cleaners for ION scanner. Ion Scanner needs swabs, cleaners, cotton gloves purchased. This verifies particles of narcotics on different items. There is also \$1,235 for cameras for investigators. This will replace some old cameras in this division. There is also \$3,240 for sit-stand desk risers for detectives. This will improve work productivity and better health. These will be similar to the dispatchers, but not as high-tech. In the Community Service, the personnel changes are the same as all others. There is \$670 for training of new employees. This will keep up certifications for TASER, ASP, and Pepperball. Also there is \$10,337 for increase in ammunition. Increase due to bi-annual qualifications being implemented. In the Warrant Enforcement Division, the same in personnel changes. There is a notable change and or addition of \$2,000 increase in vehicle maintenance. The 2011 GMC seizure vehicle will need repairs and tires. In Chapter 59 Fund, \$25,000 is given in charitable donations to the following organizations in amounts of \$5,000 each; Boys & Girls Club, Boys Scouts of America, Communities in School, Palmer Drug Abuse Program and the Kingsville Boxing Club. These donations are done annually. Other notable changes and or additions, \$63,131 for power edge servers & 30TB storage array project. This existing servers reached end of life, ever expanding need for storage, RMS/CAD reside on servers, Domain Controller for security of systems, and HelpDesk Phone Systems Services. Also in Chapter 59 \$1,900.00 for PTZ Camera upgrade for building security to upgrade cameras on exterior of building; \$10,511.00 for Desktop Computers refresh old computers; \$380.00 ACU 1000 Universal unterminated cable interoperability cables to connect 800MHz/700MHz/VHF/UHF. \$6,319.00 for SWAT Uniforms Tactical ripstop pants, rapid assault short sleeve shirts and L/S shirts for 16; \$22,740.00 – SWAT Tactical Body Armor Replace old tactical body armor w/Protech FAV AWS IIIA; \$6,600.00 SWAT Helmets to replace old helmets w/Protech Delta 4; \$13,172.00 SWAT Tactical Team Shields, (1) Paraclete Phalanx IIIA+ and (2) Paraclete Aspis Bellator IIIA+; and \$5,723.00 – SWAT Sniper Rifle and Equipment, AI:AT 308:AT Rifle, NIGHTFORCE: C429. Torres stated that there is also \$10,500 for badges and commendations bars and \$14,673.00 for World Wide K, K-9 Setina full size K-9 container for 2019 Tahoe, Alarm & Remote Pager, Runner for home. There is the \$300,000 for the Lenco Bearcat G-3, which is on a future agenda for approval. Chief Torres continues on with his budget regarding Operation Stonegarden, Operation Borderstar, PD STEP Grant, CJD Governor's Grant and Homeland Security project LETPA.

Commissioner Hinojosa thanked the Chief of Police for putting the bad guys money to good use.

Mayor Fugate asked if KPD is able to use the shooting range. Chief Torres responded that they do have access to several shooting ranges. Mayor Fugate thanked Chief Torres on the great work his department have and continue to do for the community.

Fire Department 220.0

Mr. Adrian Garcia, Fire Chief presented that budget for the Fire Department. Personnel changes are the same as all other departments. The \$330,422, removed prior supplemental o initial Stryker Lease Agreement Recordation. This is done for as an accounting practice in order to close the books. Increase of \$10,000 for medications and medical supplies. Price on these items is trending upwards by 10% to 15% on medications and medical supplies. There is also \$12,000 for fire apparatus fleet maintenance, to maintain aging and worn fleet to insure adequate services are being provided to the Community. As for the Volunteers Division, personnel changes are the same as all others. Notable changes and or additions are \$4,800 for new tires for Brush 2; pre-purchase specialty military tires for Brush 2. In case of tire damage, this will ensure a quick return to service time. This vehicle will be used for high profile water vehicle. As a specialty vehicle, the vehicle takes special tires.

Commissioner Hinojosa asked how many tires does this vehicle have. Chief Garcia responded that this would purchase four tires for the vehicle, which is what the vehicle has; the \$4,800 would purchase four spare tires for this vehicle. As for the vehicle replacement fund, about a year and a half ago, they asked to become part of the Ambulance Supplement Program through the State and Federal. They participated in this in 2017 for six months, today he has finalized and signed all the documentation to submit. Next month they should be receiving between \$105,000 to \$200,000 in revenue that they would like to place in this vehicle replacement fund in order to assist them in placing some of their ambulances next year. Chief Garcia stated that these are estimates as they don't know as it is all based on how much Medicaid runs they bring in. He stated that all the documentation, with the assistance from the Finance Department and a State Agency, they have been able to submit that.

Mr. Garza commented that the vehicle replacement fund was created about two years ago and the intention behind it was that the Fire Department doesn't have the benefit of a Chapter 59 situation as the Police Department does, but the Fire Department has very important fleet that is critical to the public safety of our community. This fund was created in a way to try and build up money to replace the fleet. The first year, staff was able to, from the general fund, transfer \$50,000 into the vehicle replacement fund. When allowed, more money is transferred into the fund for the purpose of building the fund up. The program that Chief Garcia referenced is going to be a huge help as it is six figures that staff will be able to put into the vehicle replacement fund. The department has three

ambulances, which one was replaced about two years ago, with two others that need to be replaced as well.

Commissioner Lopez asked about the pumper and when does staff planning on getting it repaired.

Chief Garcia responded that the additional funding that was requested was sent over to Atlas Transmission in Corpus Christi. He stated that the spoke with the Garage Supervisor and it is approximately 85% complete in repairs. He is hoping he can take it back by Friday or Saturday. Prior to putting it back in service, staff will need to test the pump and make sure it is working properly.

Commissioner Lopez asked if there was an EOC Fund within the Fire Department for the Fire Chief's travel.

Chief Garcia stated that the does not have a separate Emergency Management account. All emergency management travel & training is pulled from the Fire Department account.

Commissioner Hinojosa asked if the Fire Chief was done with all those trainings, as he noticed a big drop on his travel from one year to another. He stated that it was only budgeted \$5,000 for this year.

Chief Garcia commented that this past year he was under \$5,000 in his travel.

Commissioner Hinojosa commented that there was about \$28,000 in that travel.

Mr. Garza commented that what staff did was split it up. For departments in general, that has various divisions, rather than all the travel being with the admin division, it was split up amongst the various divisions for the next year. He stated that the money is there, but it is in different places.

Commissioner Lopez commented that this is what she wanted to see, it being split up so that she can see how the travel is being spent.

Commissioner Hinojosa asked that under memberships & dues it went up from \$5,500 to \$13,000.

Chief Garcia commented that the reason for this is that he is moving a lot of their memberships such as ERS and Texas Commission on Fire Protection that has to be paid as this is how they maintain their Firefighters license to be Firefighters. They have their ERS which is their reporting system which is also being utilized for inspection program. Chief Garcia further commented that they are trying to purchase a new Engine to replace the 1999 model. He further stated that specs have been done and they are trying to utilize some CO 2016 Series money in order to do this. This should be an item on the agenda for this upcoming City Commission meeting.

Mr. Garza commented that this would be a request from CO 2016 Series to take \$600,000 from the original \$1 million dollars that was allocated for downtown to go towards public safety.

Mrs. Alvarez commented that also on the agenda will be authorization to purchase the vehicle through a BuyBoard Purchasing Cooperative.

Commissioner Hinojosa asked staff if the city had received permission from legal counsel to move this money? Whenever the CO was awarded, it specifically states what that money is to be used for. He further asked if the city received something in writing from special counsel to do this? He stated that he is all for this, but he would like to make sure that monies from the CO 2016 can be used for this. He commented that he would like to see something in writing from special counsel that voted the CO.

Mrs. Alvarez commented that there's nothing obtained from Bond Counsel, which is probably what Commissioner Hinojosa is referring too, with regards to this particular purpose, but when the 2016 CO's were initially done, it list multiple items of anticipated uses and item number 6 on that list is emergency vehicles and equipment, so this could qualify under that.

Commissioner Hinojosa responded that he hasn't seen that.

Mrs. Alvarez commented that staff has included, in the agenda packet, a cover sheet from the official statement that shows a breakdown of all the authorized items for that CO.

Mr. Garza stated that staff has already utilized CO 2016 funds to purchase vehicles within the Fire Department. The fund was used to replace the one ambulance that was replaced two years ago.

Mayor Fugate called for a break at 5:48 p.m.

Mayor Fugate reconvened the meeting at 6:00 p.m.

Compensation & Benefits

Mr. Garza gave a brief overview of his philosophy and approach on compensation. He stated that for Commissions in general, it has always been a priority to focus and emphasize on the city's front level employees (non-exempt employees). He stated that prior to his arrival with the city, there was the increase of the minimum wage, but when he arrived, there was high interest from the Commission, at that time, to look at compensation overall. Garza commented that from his perspective, compensation is not something that is personal. Compensation is something that is equally looked at across the organization. He stated that in his experience, things can get very personal when discussing compensation. He stated that he wanted to lead the focus coming into Fiscal Year 2017 and focus more on position and the organization as a whole, oppose to focusing on the individuals. In order to do this, at that time, it was a good time to do a compensation study, as one had not been done in a while. The City contracted with Public Sector Personnel Consultants to provide a salary study. The following cities/organizations were selected, by the financial advisor, for comparison: Balch Springs, Belton, Big Spring, Kingsville ISD, Brownwood, Denison, Eagle Pass, Kleberg County, Pampa, San Benito, and Alice. The consultants recommended a three year plan. Year one was achieved in Fiscal Year 2017. At that time, the Commission was focused on the non-exempt employees, and even with the year one recommendation, over 65% of the funds that were allocated towards the compensation of year one, was towards the hourly non-exempt employees. In fiscal year 2017, the compensation plan was changed to make it more consistent. It was consistent at 4% between classes and 3% between steps, which it wasn't consistent before. Additional classes were created, in order to move personnel closer to the rates they were supposed to be at. Some classes were combined, as there was some overlap. On the exempt side, they did a comparison of salaries that ranged from minimum to maximum. He stated that the city has always had a compensation plan that for exempt employees there is always a low to a high range. The consultant looked at all the comparison cities in order to develop the mid-point for exempt employees. Staff then altered the ranges based on that mid-point. The goal was in year 1 was to take some of the salary positions that were well below the mid-point and get them at 95% of that mid-point. There were some positions that through the study proved that they were already getting paid what they should be getting paid. The study also showed that there were some that were above the mid-point. He stated that they wanted to focus on those positions that were below the mid-point. He further stated that what was supposed to happen in fiscal 2018, was do class corrections, which would center around the employees that are in the bottom classes. Then, it was proposed to address the Animal Control Specialist, which is being proposed this in this upcoming fiscal year 2019, it also talked about improving Equipment Operator I, II, III, which are front level employees, the estimate at that time was \$121,000.00. The plan had also shown changing the classes for Telecommunication & Lead Telecommunication Operators as well as Maintenance Technicians & Lead Maintenance Technicians. The plan also showed as for exempt, those positions that were not impacted the prior year. The total impact for year two was \$251,000.00 back then. At that time, Commissioner Garcia did bring up that this was a lot of money in year 2, which it proved to be that way. Year three was the year that they intended to provide a COLA and consider longevity pay. Garza stated that the reason these were in year three was because when you do a COLA it doesn't fix the disparity in pay. The updated compensation strategy is to take the recommendations provided by the consultant and convert the initial three year plan into a five year plan.

Mr. Garza showed the Commission the Compensation Plan Recommendation and see how they could turn this three year plan into a five year plan. Garza stated that in fiscal year 2017, the city spent \$187,000.00 of the plan recommended changes. Other things that the city spent an additional \$131,000 in additional contributions to the health fund. With collective bargaining and other things that the city needed to spend money on was a total cost, for fiscal year 2017, \$629,000.00 on compensation and benefits. Fiscal year 2018 was the year the city couldn't do anything. The only change was for the Lead Telecommunication Operators. This is also the year that the city spent an additional \$238,000 for health insurance, which was not shared with employees. Garza stated that for the upcoming fiscal year, he would like to talk about the possibility of some type of compensation. Garza continued with giving some examples of the reclassification of certain positions and given a COLA this upcoming fiscal year. One recommendation is to increase the percentages of anniversaries for years 10, 15, and 20 years from 2% to 3%. Garza went on to say the with the new health insurance contributions for the new year, which is not included in the budget is \$50,000. This amount can come from fund balance or come from departments and update the budget for the new fiscal year.

Mayor Fugate asked Mr. Garza what he would like to do.

Mr. Garza stated that there is pros and cons to both scenarios. If it is taken from fund balance, it can be done, but there is a risk involved with anything that is decided. This would depend on the long term philosophy is from the Commission, on the topic of insurance. Over the last two years, there has been a required contribution for insurance, as premiums increase every year. This is something that the city cannot control. If the city wants to keep premium expenses down, then the city would need to cut benefits, which is an options, but to keep the same benefits that the city has now, it will cost more money every year. Garza stated that another situation is that the \$50,000 impacts everyone differently as every

insurance in each department is different. Some department would need to cut \$8,000 an other may only need to cut \$500, so every department would need to cut a different amount, as every department's insurance is different. Garza stated that the budget that has been prepared does not account for the additional cut. He stated that for the preparation of fiscal year 2018, He asked staff to cut 3% to 10% from their budget. His approach for the new fiscal year 2019 is to not ask staff to cut. His approach for the new fiscal year is that he would rather have less employees, and have those employees have the tools and resources that they need to do their job, oppose to keeping more employees and having them cut on things that they will need to perform their duties. Garza stated that for fiscal year 2019, the city has \$350,000 proposed in the budget for compensation and benefits. In year 4, which will be fiscal year 2020, the only thing for that year is \$40,000 for collective bargaining, as the city collective bargaining agreement with the Fire Department was for four years and for Kingsville Police is was three year. He stated that maybe the city can try an address some of the changes in years 2020 or 2021 or if the Commission would like to have a discussion on what else staff can do for fiscal year 2019, this would be the time to have that conversation. Staff put some financial impacts on some pending items for non-exempt employees as staff realizes that non-exempt employees is a priority to the Commission. No cost impacts were done for exempt employees.

Mr. Garza went over some of the scenarios that staff worked on to give the Commission an idea on the financial impact to the city would be. Cost impact for reclassifications: Equipment Operator II, Scenario A from Class 6 to Class 8 with the estimated cost with benefits of \$82,000. Scenario B from Class 6 to Class 7 with the estimated cost with benefits of \$40,000. For Equipment Operator III: Scenario A from class 9 to Class 11 estimated cost with benefits \$26,786 and Scenario B: from Class 9 to Class 10, estimated cost with benefits &13,115. If the Commission was to choose scenario A, the cost would be around \$108,000 and for scenario B, \$53,000. Mr. Garza commented that these numbers are based off of snapshots, so these number can change.

Commissioner Hinojosa asked that for the Equipment Operator II and III positions, was this focused on the Street Department or all departments? Mr. Garza responded that this is all across the board. Commissioner Hinojosa asked if these departments had collective bargaining? Mr. Garza responded no.

Mr. Garza stated that staff also took into account the bottom three lower classes and moving them up one level. This would increase starting pay from \$10.00 per hour to \$10.40 an hour. This would impact 71 employees and the cost for this would be around \$62,000. He further stated that also coming from the study is the Telecommunication Operators. The scenarios would move them from Class 6 to Class 9 for a cost of \$40,000 and scenario B would be from Class 6 to Class 8 for a cost of \$24,958. All of the recommendations that came from the study come with an increase. Garza stated that staff needs to decide which of these items are of bigger priority to the city and in what order will they be taken care of. Garza provided the Commission with total cost for non-exempt pending changes. Scenario A changes only total to \$149,329; Scenario B changes only total to \$77,956; Scenario A changes plus changes to classes 1, 2, and 3 total to \$211,179; and Scenario B changes plus changes to classes 1, 2, and 3 total to \$139,806. He further stated that what is in the budget is \$87,000 for a 1% COLA across the board.

Commissioner Hinojosa asked that with all these changes, does it include the fringe benefits or is it gross salary? Mr. Garza responded that it was his understanding that they do include the fringe benefits.

Commissioner Leubert stated that just for clarification, that staff is giving them all these scenarios and what it would cost the city of non-exempt, and these are the frontline people, lower paying positions. She stated that any type of raise would be a bigger impact for them than anyone else. She further asked about the exempt and what is the cost of the exempt. She stated that staff is giving the Commission all the scenarios and the cost of each, but what did it cost for the exempt to get caught up to the standards. Leubert commented that her concern is the lower pay employees are the ones with bigger impact for small amount of money. She stated that with the COLA being requested of 1% across the board, which is great for everybody, but when you have two people working in an office and one is going to receive \$1,000 and the other is going to get \$300, its those disparities that really concern her. The other is the part-time employees going from \$10.00 to \$7.50 an hour.

Mr. Garza commented that he would like to clarify two points. One is that the original plan from the consultant was to address these disparities first before doing a COLA.

Commissioner Leubert commented that this was done for the exempt.

Mr. Garza responded that some corrections were done for exempt compensation in year 2017.

Commissioner Leubert further commented that last year nobody got anything.

Mr. Garza responded that there were those with anniversary increases that employees receive.

Commissioner Leubert commented that the City Manager also received a raise for his contract last year.

Mr. Garza commented that this was correct, although he doesn't remember when it went into effect, but he did receive a contract renewal in December of 2017.

Commissioner Leubert stated that last year, the telecommunicators received it, but this time staff is looking at a COLA across the board of 1%, which is great when someone is making a great amount of money, but when you are only making \$10.00 per hour, it's something, but 1% for someone making \$10.00 per hour verses \$20.00 an hour, there is a problem. She further stated that she was hoping that they could help the people that need it the most, which are the frontline employees.

Mr. Garza commented that he understands, but if the city had the money, the issue with the frontline employees would be addressed first, before doing a COLA. Staff is recommending a COLA as one hadn't occurred in several years. He stated that his priority as City Manager aren't just the non-exempt employees but all of the employees with the organization. He stated that from his perspective, the COLA was something that hit everyone.

Commissioner Leubert commented that every employee deserves what they earn.

Mr. Garza commented the purpose in showing the Commission the different options on the cost is because, if the Commission is not comfortable with an increase of 1% COLA, it will leave \$87,000 to be used for a different option he has presented. It is staff's recommendation to do a 1% COLA increase for the upcoming fiscal year.

Commissioner Leubert commented that she is not saying that a 1% COLA is not a good thing for employees. But the 1% for exempt and higher paid employees is a big increase for them. A 1% for the lower paid employees is someone's night out.

Mr. Garza stated that depending on the conversation that the Commission has this evening, there is a certain amount of money that staff has to work with. The purpose for the budget workshop is so that the Commission can all come into an agreement on whether to give a COLA increase or not which will give staff the opportunity to go back and make changes to the budget prior to bringing it back for adoption.

Commissioner Lopez commented that her concern is the lower paying positions are going to have to pay higher premiums now, so the 1% they will receive will not see it as they have to pay higher premiums. This will effect 119 employees.

Commissioner Leubert commented that the employees are receiving a good health plan, because if they go anywhere else for health care the premiums would be much higher.

Mr. Garza commented that the change of reclassifying 1,2,3,&4, it would impact 71 employees. He stated that in order to do this, 71 employees, which are lowest paid would see a 4%.

Commissioner Leubert made a comment this would be \$.40 an hour. Mr. Garza responded that this would depending on where they are at on the pay scale.

Commissioner Lopez commented that this was not good enough for her and further commented that their pay is too low.

Commissioner Leubert stated that she is looking at the type of work these employees are doing for \$12.50 an hour. She further stated that these employees work really hard for that hourly wage.

Mr. Garza commented that he agrees with what Commissioner Leubert is saying, and the study doesn't disagree with that either which is why it was recommended making these changes. The question is where to get the money from.

Mayor Fugate commented that nobody disagrees with comments made by Commissioner Leubert, but the questions is, where do you find the money? He further commented if what is being asked is for staff to cut the budget on things that are needed in order to operate on.

Commissioner Leubert commented that they have a job with good benefits which is something that needs to be taken into account. She stated that the information that is being given to the Commission tonight, because if you don't have the monies to do these things, there will be no job for them. She further asked if the employee is receiving this information so that they understand why the city cannot pay them as much.

Mayor Fugate commented that other cities and counties in the surrounding areas, are still paying minimum wage. Fugate further commented that he is not saying that employees don't received more, but the question is, where do you get the money?

Commissioner Leubert commented that a 1% is better than nothing, and the higher paid employees work really hard as well.

Commissioner Lopez asked Mrs. Alvarez if there giving a higher COLA does the amount have to be the same as it is a COLA increase? Mrs. Alvarez was not able to answer the question, as Commissioners continued to make comments.

Commissioner Hinojosa commented to give lower paying positions a 3% and as you go up on the hourly rate, give them lesser percentage.

Mayor Fugate commented that it is the same issue, where do you find the money to do this? He stated that it can said to give them more hourly money, a better COLA, but the question remains, where do you find the money to do this?

Commissioner Lopez commented that this is the reason for these workshops so that questions can be asked and maybe the City Manager can come up with a plan.

Commissioner Leubert asked, where did the Commission find the money for the City Manager's raise that was given last year when there was no money?

Commissioner Lopez also asked where was the money found for the raise?

Mayor Fugate responded that it was in the budget, and the raise that was given to the City Manager was money well spent and stated that everyone attending this meeting does a great job for the city, not just the minimum wage employees, it's everybody and the city must pay them all.

Commissioner Leubert commented that no has said that they don't work as hard.

Mayor Fugate commented that instead of spending time on discussing one class of employees when everybody deserves more money.

Commissioner Leubert stated that what she is saying is that everyone deserves a COLA increase.

Mayor Fugate stated to the City Manager that what is being asked from the Commission is for him to come up with a plan, so come up with a plan and more money for the Commission that is requesting these particular changes.

Mr. Garza asked if it is the Commissions desire for him to come up with this, this fiscal year? Mayor Fugate responded that it would be for this fiscal year.

Commissioner Leubert commented that what she is asking is that if staff can come up with one of the scenarios that was just mentioned as it is important to some of them as it is important to those employees that if by not having them, this work could not get done.

Mayor Fugate asked the Commission how they would like to see everyone that is in attendance at the meeting gone. He commented that the Commission is talking about one class of employees that the city has, when everybody deserves more money.

Mayor Fugate commented that the City Manager will come up with a plan.

Mr. Garza commented staff will look at what can be done for fiscal year 2019 in trying to address the lower paying positions. Garza commented that the plan is to come up with a 1% but for certain individuals, they would be receiving a 3% as staff is already accounting out of the \$87,000, them getting a 1%. Garza stated that he will provide some options to the Commission on things to cut make this happen.

Commissioner Hinojosa commented that he is aware of certain vacant positions that have not been filled, and is there any way that when employees leave not to fill that position. This would not include Fire, Police or Street, but any other department, if they have a vacancy, not fill it and do more for less.

Mr. Garza commented that staff already does this, after an analysis is done.

Commissioner Hinojosa commented that staff will need to still focus on the contributions to health care.

Mr. Garza commented that if the position has an employee there, that employee is contributing his/her part. If the position is vacant, then the city has to observe the entire cost for that position. Garza spoke about the compensation plan. What is to expect to see on this is a 1% COLA, change to Animal Control Specialist, creation of Equipment Operator 1 and rename them to Street Equipment Operator 1. Also included is the move accounting assistant from class 8 to class 9; move HR Admin II from Class 9 to Class 10 and title change to HR Specialist; move equipment operator II in Streets from Class 6 to Class 9 and rename the Street Equipment Operator II; change 1 Equipment Operator III position Class 9 to Class 14 and rename to Street Foreman. Also change other position starting rate from \$10 to \$7.50 (for high school students that are hired for part-time position Other proposed changes is add full-time Maintenance Worker (Facilities); Add part-time Animal Care Attendant, PT Maintenance Worker (Parks); Change part-time Equipment II (Landfill) to Full-time; exempt anniversary increases standardized to 3%; rename Facilities Manager to Facilities Supervisor and change Class from ML6 to ML7; Police and Fire Collective Bargaining Agreements – increases range from 1% to 3.5% depending on ranks; and additional Health Plan funding of \$50,526.

Mrs. Diana Gonzales, Human Resources Director spoke about the Health Insurance Plan. The Stop Loss reimbursements was \$14,079.00 in July, 2018. For 2018, the total plan income is \$3,294,000.00 and total plan expenses is \$3,643,000.00, as of July. Notable changes and additions are the creation of 4 tiers for Employee premiums and expansion of Network availability to allow First Health in Christus Spohn Network Area at reduced co-insurance of 80/20. This will increase by \$5.15 per employee on the plan.

Policy changes for the upcoming proposed changes are to include three holiday; President's Day, Columbus Day, and New Year's Eve. Also included is the creation of a sick leave pool for employees to contribute sick leave hours for individuals with catastrophic illness. Employees would have specific times during the year to contribute leave to the pool. All employees would be eligible to apply utilize sick leave pool hours upon meeting specified criteria.

Commissioner Hinojosa asked that questions on certain figures that were presented to them on the fiscal year snapshot on the total health funding of \$3.5 million dollars and asked if this figure will replace the \$3.4 million dollars in the budget.

Mr. Garza responded that this was correct.

Commissioner Hinojosa further asked that with regards to the expenditures, and asked if 584 is stop loss premiums? Mr. Garza responded yes. Hinojosa further asked that the 570, shouldn't the expenditures be the same as the money that is being contributed to the fund, the \$3.5? Hinojosa stated that he did receive a breakdown of the 570, but his question was that the other fees that the city is paying out, such as generic prescription program and asked if these figures were negotiable?

Mrs. Gonzales responded that the generic program is based on, employees can purchase any generic medication. They pay their copay and all cost is covered. She further stated that if everyone use the generic cost, the city would only be paying a certain amount for medication. This is their fee based on our utilization.

Commissioner Hinojosa asked that the claims the city pays on the medicine, is that part of claims with the Health Insurance?

Mrs. Gonzales responded that there is another component of the medication. Brand name medication is billed separately. It has two components, there is the fee for the generic then you have the cost, which is an unknown number on the brand name medication, which results 70% on the city. Gonzales stated that they could only provide the information to the city based on the experience they have with the city, so they come up with those numbers.


Commissioner Hinojosa further stated that his question is there is \$3.5 million dollars are coming in and expenditures of \$570,000 less \$584,000, so the balance should go into the claims, where there is \$3 million dollars?

Mr. Garza commented that the true number spent this fiscal year is \$2.6 million dollars and projected to spend \$3 million for these claims. For staff to budget \$3 million for claims is a true historical numbers. Should that number be less, staff doesn't seem to think so, based on the history of how much the city is spending on claims this current fiscal year.

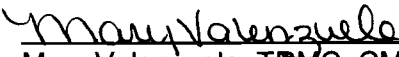
Mayor Fugate asked that it would be better for Commissioner Hinojosa to meet with staff, at a later time. This will allow staff to gather information to better answer his questions.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:02 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary