

AUGUST 28, 2018

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON TUESDAY, AUGUST 28, 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
Adrian Garcia, Fire Chief
Stacie Pena, Accounting Supervisor
Charlie Sosa, Purchasing Manager
Emilio Garcia, Health Director
David Bodiford, Accounting Manager
Israel Vasquez, Interim Golf Course Manger
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)

Invocation and Pledge of Allegiance waived.

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.”

No reports made.

IV. Public Comment on Agenda Items.³

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

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).

Mr. Jesús Garza, City Manager gave a brief highlight on what was to be discussed in the this meeting; Miscellaneous Funds, Debt Service Funds, Change List, and Compensation.

Mrs. Deborah Balli, Finance Director reported on the following different types of funds for the City of Kingsville.

Miscellaneous Funds**Building Security - Fund 025**

Revenues History are as followed: Fiscal Year (FY) 14-15 Budgeted was \$11,000 with Activity \$14,504; FY 15-16 Budget \$11,000 with Activity \$11,067; FY 16-17 budgeted \$12,000 with Activity \$9,787; FY 17-18 budgeted \$10,000 with activity \$10,500. For fiscal year 18-19 the proposed budget is \$10,000. Revenues: \$3 on every conviction if governing body has passed required ordinance establishing building security fund; to be used only for security personnel, services, and items related to buildings that house the operation of the municipal court. Expenditures: Police Overtime for Court - \$10,000.

Municipal Court Technology - Fund 031

Revenue history, FY 14-15 budgeted \$14,500 with activity of \$19,458; FY 15-16 budgeted \$20,000 activity \$14,779; FY 16-17 budgeted \$15,000 activity \$13,019; and FY 17-18 budgeted \$13,000 activity \$13,000. For FY 18-19 proposed budget is \$13,000. Revenues: up to \$4 on every conviction if governing body has passed required ordinance establishing the municipal court technology fund; to be used only to finance the purchase of or to maintain technological enhancements for the municipal court. Expenditures: Professional Services - \$12,000; Court notification calls; Court component of Incode; Operating Lease - \$5,000, for copier.

Debt Service Funds - 011**GO Debt Service**

Revenues: I&S Tax Rate, Expenditures – Tax Supported Debt Issues: CO Series 2011 – \$10,000,000; Original Issue Maturity Date – 09/30/2032; Total Principal & Interest Remaining - \$8,575,765; Payments split with UF (53.8504%-GF, 46.1496%-UF); 2019 Principal - \$525,000 x 53.8504% = \$282,715; 2019 Interest - \$268,425 x 53.8504% = \$144,548. CO Series 2013 (GORB) - \$1,260,000 Original Issue. Maturity Date – 09/30/2023; Total Principal & Interest Remaining - \$530,450; 2019 Principal - \$100,000; 2019 Interest - \$9,100; CO Series 2013 – \$5,230,000 Original Issue; Maturity Date – 09/30/2033; Total Principal & Interest Remaining - \$1,140,900; 2019 Principal - \$50,000; 2019 Interest - \$24,800. CO Series 2016 - \$6,740,000 Original Issue; Maturity Date – 09/30/2036; Total Principal & Interest Remaining - \$7,525,875; 2019 Principal - \$615,000; 2019 Interest - \$147,950; CO Series 2009 - \$4,270,000 Original Issue; Maturity Date – 09/30/2021 ;Total Principal & Interest Remaining - \$172,188; Split Funded (GF-15.831%, FD 087 – 84.169%); 2019 Principal - \$50,000 x 15.831% = \$7,916; 2019 Interest - \$6,000 x 15.831% = \$950.

UF Debt Service

Revenue Supported Debt Issues CO Series 2011 – \$10,000,000 Original Issue; Maturity Date – 09/30/2032; Total Principal & Interest Remaining - \$8,575,765; Payments split with GF (53.8504%-GF, 46.1496%-UF); 2019 Principal - \$525,000 x 46.1496% = \$242,286;

2019 Interest - \$268,425 x 46.1496% = \$123,877. CO Series 2011 – \$10,000,000 Original Issue. Maturity Date – 09/30/2032; Total Principal & Interest Remaining - \$8,575,765; 2019 Principal - \$525,000 x 46.1496% = \$242,286; 2019 Interest - \$268,425 x 46.1496% = \$123,877; CO Series 2013 - \$5,230,000 Original Issue; Maturity Date – 09/30/2033; Total Principal & Interest Remaining - \$4,380,150; Funded by transfer from Fund 055 Stormwater; 2019 Principal - \$195,000; 2019 Interest - \$95,200. Limited Tax Refunding Bonds Series 2014; 9,040,000 Original Issue; Maturity Date – 09/30/2025; Total Principal & Interest Remaining - \$6,428,275; 2019 Principal - \$790,000; 2019 Interest - \$126,650.

Transfers

Tourism Fund to General Fund 001: \$33,700 for ½ cost of Downtown Manager; \$6,947 for ½ cost of Maintenance Tech; \$35,000 for administrative annual allocation; Tourism Fund to Utility Fund 051, \$6,947 for ½ cost of Maintenance Tech; Tourism Fund to Façade Grant Fund 202, Façade Grant Funding. Utility Fund to General Fund 001, \$1,350,000 for administrative annual allocation; Utility Fund to Debt Service Fund 012, \$1,283,313 for debt service payments, \$100,000 – additional funding for interest only payment, \$195,000 – additional fund balance funding, \$1,250 – continuing disclosure; Utility Fund to UF Capital Projects Fund 054, \$646,000 Various CIP Maintenance Projects. Stormwater Fund to UF Debt Service Fund 012, \$290,450 for CO Series 2013 Debt Service Obligation; Solid Waste Capital Projects to General Fund 001, \$68,308 for John Deere Capital Lease Payment, \$47,135 for CO Series 2009 Debt Service Obligation; GF Capital Projects to General Fund 001, \$3,616 to close fund; Street Maintenance to General Fund 001, \$50,000 to offset additional cost of Street Construction Crew. Economic Development to CLG Grant Fund 085, \$20,000 for grant cash match on design guidelines; FEMA to General Fund 001, \$70,228 for grant reimbursement received.

Fund 033 – CO Series 2016

Project Listing For FY 18-19: \$200,000 – Downtown Revitalization; \$116,372 – City Hall Complex Landscaping; \$600,000 – Fire Department Apparatus Pumper; \$2,300 – Health Department AC; \$8,552 – Health Department parking lot restriping and seal coating; \$13,750 – Health Department connectivity project; \$150,000 – City Green Parks Phase; \$145,000 - Parks Playground Equipment; \$110,000 – Brookshire Pool Decking & Sand Filter; \$90,000 – Dog Park; \$197,000 – Transfer out to TPW Grant for cash match; \$17,500 for Kiosk for Municipal Building.

Mrs. Balli stated that the Train Depot canopy was a project that was budgeted for next year, but will be finished within this fiscal year. This frees up \$17,500 for the Kiosk, and the difference for the \$28,000, \$6,000 will be funded out of Fund 051 and \$5,068 from Municipal Court Technology Fund.

Commissioner Hinojosa asked staff if the canopy has been installed at the Train Depot? Mrs. Balli commented that the project hasn't been completed, but it is set to be finished this year. Hinojosa further asked if there was money available for the Kiosk. Mrs. Balli responded that this was correct. Hinojosa stated that in the budget, it list \$17,500 for the canopy. Mrs. Balli commented that there was funds left over from this year, without staff having to touch the \$17,500, so staff is repurposing it and shifting things around to provide funding for some other things.

Mr. Garza went over the Change List. Change List is attached to the minutes as "Exhibit A".

Mr. Garza commented that staff budgets with a \$300,000 cushion, above 25% minimum. This would give staff the ability to do budget amendments that are needed throughout the fiscal year and any projects that come up, without going below the 25% reserve requirement. Garza stated that staff never spends above the budgeted expenditures, so it hasn't been an issue. But for budget purposes, the city has always had the practice of budgeting the \$300,000 cushion. For purposes of the budget, the budget that has been given to the Commission has a cushion of \$339,000 which was an intention on staff since they knew that things always come up through the budget workshops such as additions or missed items. This will make things easier for staff, because if staff doesn't have the extra cushion, then staff would have to look for ways to cut. Mr. Garza continued to talk about the Change List (Exhibit A).

Mr. Garza went over the fund balances. He stated that there is the 25% fund balance requirement for General Fund and Utility Fund. With this, the city is above minimum with \$395,000. If the city wanted to stay with the \$300,000 cushion, it would leave \$95,000 in the General Fund. Garza stated that because staff was able to fund the Utility Fund budget without dipping into the reserves, it allowed for that fund to stay at a healthy rate. Historically, the city was dipping into that reserve to budget and run the operation, so that reserve was taking a hit every year and having to be built up every year. He further stated that for the Utility Fund, there is \$1.3 million above the requirement of 25% fund balance reserve. If the same approach is taken as in the General Fund, a cushion of \$300,000, it leaves \$1 million dollars in fund balance available, should the need to address any issues that may come up with the Utility Fund. The Utility Fund shows \$36,000 in the positive, in terms of being balanced for next year. On the General Fund side, it is not balanced due the Parks and Golf Course deficit. Garza stated that the way this sits is that it is \$548,000 budget deficit. The operational deficit that the General Fund carries is close to the value of what the Golf Course and Parks deficit are, which has been this way for several years.

Commissioner Hinojosa asked for the breakdown on the deficit for both the Golf Course and Parks.

Mr. Garza stated that as it was stated in his budget message, the number that is listed on his budget message for the loss for the Golf Course Fiscal Year 2019 is budgeted at \$284,000.

Mr. Garza moved on to discuss Compensation. He stated that there is \$95,000 above the \$300,000 cushion in the General Fund. However, a deficit still remains due to the Parks. Depending on what the Commission would like to do, staff can take the \$95,000 and use it to lower the deficit or take it and use it for compensation. On the Utility Fund side, it is \$36,000 in the positive, due to staff removing the Kiosk from Fund 051 and also eliminated the redundancy in the Polymer.

A handout was passed out to the Commission. The handout is labeled, 5 Year Plan Proposal – Status Update. This Plan is attached to the minutes as “Exhibit B”.

Mr. Garza moved on to discuss compensation. He stated that what he would like to do with the funds that were just previous discussed, is changing Classes 1, 2, & 3 to Classes 2, 3, & 4. This would provide the 71 employees with a 5% increase, because at this point, it would be the 1% COLA plus the 4% increase that could come with the reclassing of those positions. This amount would be close to \$60,000. The amount is split between the General Fund and Utility Fund. As these positions operate in different areas. Another change was changing Equipment Operators II, and III's across the board. This fiscal year there was a change to the classification to the Lead Telecommunication Operators but not Telecommunication Operators, so it was included. Other change being recommended is to the Maintenance Tech. All these changes equate to \$95,000 in the General Fund and \$36,000 as possible available funding in both of these funds. This would increase the overall total fund spent on compensation and benefit enhancement to \$485,000 for fiscal year 2019. How this would compare to previous years, this current year the city did \$441,000 and previous year it was \$629,000. There would still be some items that would remain pending to possibly be addressed in fiscal year 2020. These items would be exempt employees and adjusting personnel to 100% of midpoint of longevity pay, which could be taken a look at next year. Garza stated that the direction that staff took from the last conversation regarding compensation was to consider keeping the cost of living adjustment (COLA) and taking a look at some of the lower paid positions. He stated that he is basing his recommendation based on recommendations that came from the study as well as some of the recommendations that were made by the Commission. A result that would occur, by making this change is that it would make minimum wage increase from \$10.00 to \$10.40 an hour, which is a 4% increase. So for those employees that are in Classes 2 and 3, they would be receiving a 5% increase, to include the 1% COLA. This change would impact 73 employees. For Equipment Operator II it would impact 25 employees; Equipment Operator III it would impact 7 employees; Maintenance Techs it would impact 4 employees; Lead Maintenance Tech would impact 1 employee and 12 Telecommunication Operators. This is based on conversations that occurred last week. This \$95,000 from the General Fund and \$36,000 from Utility Fund, which could be a 2% COLA across the board. Garza commented that there is a lot of things that can be done with this money, but it all boils down to what the priorities are and where the city wants to spend it.

Mayor Fugate asked that if a 2% is done across the board, does this affect the contract with the Firefighters.

Mrs. Diana Gonzales, Human Resources Director commented that under the Police contract there is no matching as there is no me to clause. Under the Fire Contract there is a me too clause for fiscal year 18-19 the increases range from 1% to 3.5%. If there is an additional 1% COLA increase, which would make it a total of 2%, it would impact one position within the Fire Department, which is the Fire Marshal position, they would get the additional 1%.

Commissioner Hinojosa asked that if the \$95,000 included all the fringe benefits. Mr. Garza commented that from his understanding it should include that.

Commissioner Lopez asked that if this was by giving the employees a COLA of 1% and doing the other changes.

Mr. Garza responded that this was correct, as it is already inclusive of the 1%. He further commented that for the employees that are in Classes 1, 2, & 3 even though the Class change equates to a 4%, they would receive a total of 5% as they would be receiving the 1% COLA plus the change that comes with the reclassification.

Mayor Fugate commented that he understands that some of the entry level employees are close to market right now but still need some help, but he hates to single out one segment of the city's employees. He further commented that he would prefer the idea of 2% COLA across the board.

Commissioner Leubert asked if the Mayor was saying a 2% across the board and no other changes. Mayor Fugate commented that what was mentioned was the 2% COLA across the board or the 5% changes including COLA.

Mr. Garza stated that the 1% COLA is \$87,000, so if they are to do a 2%, you can multiply that amount times 2 and add \$1,000 or whatever the impact would be for the one Fire Marshal position that would need to be addressed with the 2% COLA.

Mayor Fugate commented that he would like to see a 2% COLA across the board as oppose to making the changes to classes. Fugate further asked for each Commissioner to voice their opinion on this.

Commissioner Leubert stated that if she is understanding correctly, Mayor Fugate is recommending a 2% COLA across the board with no other changes. Mayor Fugate responded that this was correct, this is his recommendation.

Mayor Fugate asked Mrs. Alvarez for her opinion on how the Commission should take action on the decision on compensation. Mrs. Alvarez responded that for clarification, she would like to mention that the Street Operator adjustments are separated and apart and so they are still budgeted as well as other non-monetary changes to the compensation Plan.

Mayor Fugate asked staff if the Commission needs to decide on only doing a 2% COLA or doing the changes to the Classes.

Mr. Garza commented that it can be a combination of the two. The total value of both together is \$131,000, which you only need \$90,000 to make the 2% COLA. This would still leave close to \$40,000.

Mrs. Balli commented that she is wondering if the \$86,000 for the COLA includes benefits or was it right off the salary fringe schedule for just the 1%. Mr. Garza responded that it should have included it.

Commissioner Hinojosa commented if it didn't, he would still like to follow the Mayors recommendation of a 2% COLA across the board, as the city has a healthy fund balance and doesn't mind using it on employees.

Mayor Fugate asked Mrs. Alvarez how should the Commission handle making the decision, and asked if they should vote on it.

Mrs. Alvarez responded that no vote can be taken as there is not action item on the agenda for this. The Commission can state their personal preference so that the City Manager has information with regards to a consensus of where the Commission stands. All of the changes with regards to the budget would need to be decided tonight so that staff has time to run the numbers and prepare the ordinances that have to be placed in the packet at the end of the week for introduction on Tuesday.

Mr. Garza commented that he understands the comment about not singling out certain positions, but there are some critical positions that sometimes we run into issues. For example, this current fiscal year the pay for the Lead Telecommunication Operators was increased as the University increased their pay and so we have to compete with them in order to keep the positions filled. He stated that at one point, certain positions will have to be singled out for the purpose of retention and recruitment. As COLA are good and needed, it doesn't address some of the gaps that exist throughout the organization and comparison to the market, hence the recommendation from the study.

Commissioner Hinojosa commented that during a workshop it was mentioned to give employees three extra holidays, will this affect the Collective Bargaining Agreements or the Public Works Department as far as call outs go.

Mrs. Gonzales commented that regarding both Collective Bargaining Agreements, for both the agreements the holidays are listed. The Fire Agreement has a different number of holidays and Police has 11, as the city currently does. She further stated that if there is any change to the non-civil service or non-collective bargaining unit, it would be separate. The non-civil service employees, the number of holidays can be increased without affecting the current contracts.

Commissioner Hinojosa asked if the only additional cost for these holidays will be for Public Works.

Mrs. Gonzales responded that there are some non-civil service employees that happen to get called in, it would be considered a call-out if working on a holiday, which will be considered overtime.

Commissioner Hinojosa asked if this would be a large amount. Mrs. Gonzales responded that Manager's should manage their overtime, when they can.

Mayor Fugate asked for each Commission member to give their opinion on what they would like to see be given to the employees of the City of Kingsville.

Commissioner Hinojosa commented that he would like to give a 2% across the board.

Commissioner Lopez commented that she agrees with a 2% COLA across the board.

Commissioner Pecos made a comment that was not picked up on the audio.

Commissioner Leubert commented that she would like to see the changes to the Classes and a 2%.

Mr. Garza commented that there isn't enough money to do both.

Commissioner Leubert further commented that a 2% is a good idea, but would like to do the Class changes as well.

Mayor Fugate commented that the majority of the Commission would like to see a 2% across the board.

Commissioner Leubert asked how long is the city anticipating paying for the Parks and especially the Golf Course in the amounts that staff is looking at? She commented that she is aware that the city will not break even, but it is a lot of money that is going to the Golf Course that can be used for something else.

Mr. Garza commented that from staffs perspective, they are simply following the agreement that was approved by the Commission, which the agreement is a 20 to 15 year agreement.

Commissioner Leubert further asked that when does the city look at revenues increasing to the point where it is not going to be \$300,000 over budget.

Mr. Garza commented that the Commission has already approved the fee increases for the Golf Course but it is to be determined to see what that does for us this fiscal year. Even though you increase the revenues so are the expenditures as well.

Commissioner Leubert asked how many people is the Golf Course servicing with the amount of money the city is spending out there.


Commissioner Hinojosa commented that Golf Courses are not going to make money. They are simply a quality of life that the city is providing for the community.

Mayor Fugate commented that with the improvements being made, the possibility of the Winter Texans coming back is great. Fugate commented that the process for the budget workshops this year compare to last year, was a better and easier to understand. Fugate stated that the city is blessed to have great leadership and further thanked staff for all they do for the community.

As no further discussion is needed on the upcoming fiscal year budget, the Commission agreed to cancel the August 30th Special Meeting.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 5:16 P.M.



Sam R. Fugate, Mayor

ATTEST:



Mary Valenzuela, TRMC, CMC, City Secretary