

SEPTEMBER 4, 2018

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON TUESDAY, SEPTEMBER 4, 2018 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 6:00 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
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
Diana Gonzales, Human Resources Director
Susan Ivy, Parks Manager
Janine Reyes, Tourism Director
Ricardo Torres, Chief of Police
Stacie Pena, Accounting Supervisor
Emilio Garcia, Health Director
David Bodiford, Accounting Manager
Israel Vasquez, Interim Golf Course Manger
Pete Pina, Landfill Supervisor
Frank Garcia, Waste Water Supervisor

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 6:00 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)

Special Meeting- August 20, 2018

Special Meeting- August 22, 2018

Regular Meeting- August 27, 2018

Special Meeting- August 28, 2018

Motion made by Commissioner Lopez to approve the minutes of August 20th, August 22nd, August 27th and August 28, 2018 as presented, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Lopez, Hinojosa, Leubert, Pecos, Fugate voting "FOR".

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

1. Public Hearing on a proposed tax rate increase from \$.84220 to \$.90500 for Fiscal Year 2018-2019. (Finance Director).

Mayor Fugate announced and opened this public hearing at 6:02 p.m.

Mayor Fugate announced that this is a public hearing and if anyone would like to speak on behalf of this item may do so now with a five-minute time limit. Additional time cannot be extended by City Commission.

Mrs. Deborah Balli, Finance Director stated that the proposed tax rate is \$.90500, which the budget is based on the current tax of \$.84220.

Mrs. Courtney Alvarez, City Attorney stated that following statement: The vote to adopt the City of Kingsville's 2018-2019 fiscal year tax rate will take place on Monday, September 10, 2018 at the City Commission meeting at 6:00 p.m. in the Helen Kleberg Groves Community Room, City Hall, 400 W. King Ave., Kingsville, TX.

There being no comments made, Mayor Fugate closed this public hearing at 6:04 P.M.

2. Public Hearing on proposed Fiscal Year 2018-2019 budget. (Finance Director).

Mayor Fugate announced and opened this public hearing at 6:04 p.m.

Mayor Fugate announced that this is a public hearing and if anyone would like to speak on behalf of this item may do so now with a five-minute time limit. Additional time cannot be extended by City Commission.

Mr. Jesús Garza, City Manager gave a recap of the overall budget of final numbers that will be proposed. To the change order, staff has added an additional 1% to the increase that was being proposed making it a 2% COLA increase. This will be about \$69,000 that will be added to the General Fund, in order to add the additional 1%. Other funds were available so staff added funds for other projects. One big item on the Utility Fund side is the primary clarifier at the South Plant. Garza stated that staff would like to be proactive with this project as the last time it was replaced was due to it breaking down, so staff would like to avoid this happening again. Other additions to the budget were made which include \$10,000 for Animal Shelter software. Staff is recommending having a Special Election in May 2019 for a Venue Tax.

Commissioner Leubert asked what would be the total cost for the Special Election?

Mr. Garza responded that what is being budgeted is \$30,000 which will be a split between the Tourism Fund and Economic Development Fund.

Mr. Bill Donnell stated that staff is requesting to use utility funds to repair the clarifier. The clarifier was replaced back in 2001 with a second clarifier added in 2013, as per TCEQ Rule 217.153. Engineer probable cost is \$745,000, to replace the entire components of the clarifier. Donnell displayed a detailed spec sheet showing the cost estimates. He further displayed pictures of the clarifier showing how the components work.

Mr. Garza stated that staff wants to be proactive rather than waiting for it to fail. Staff wants to make sure that there are two well-functioning clarifiers. Garza further commented that with the additions made to the change list, the budget for the upcoming fiscal year is \$45,886,452.00. With this being said, the fund balance requirements continue to be met. The reserve percentage is at 29% for the Utility Fund, which is still above the required 25% which equates to about \$400,000 above the minimum. General Fund is at 26.51% for reserves, which is at \$300,046.00, making it \$46.00 above minimum.

Mayor Fugate asked what the time frame would be for the new clarifier. Mr. Donnell responded that it would be around 6 months.

Commissioner Hinojosa asked that on the beginning fund balances in the general fund and utility, are these the audit numbers; 5.9 and 3.6? Mr. Garza responded that it should be. Mrs. Balli commented that these are the audited numbers for last year, 2016-2017, as the new audit for this fiscal year has not been done.

There being no comments made, Mayor Fugate closed this public hearing at 6:15P.M.

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, Utilities Billing Update; Police & Fire Department – Grant Update, Police & Fire Reports; Streets Update; Public Works; Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation. No formal action can be taken on these items at this time."

Mr. Garza reminded everyone of the grand opening for the Splash Pad scheduled for Wednesday, September 12th at 5:00 p.m. Garza thanked Stacie Pena and David Bodiford of the Finance Department for their hard work and dedication to the City of Kingsville. Both Ms. Pena and Mr. Bodiford will be departing the City of Kingsville on Friday, September 7th to pursue other opportunities.

Mrs. Alvarez commented that the next regular meeting is scheduled for September 10th. She further commented that there is a Trash Off scheduled for Saturday, September 15th from 8:30 a.m. to 12:00 p.m.

IV. Public Comment on Agenda Items.³

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

No 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. Consider introduction of an ordinance adopting the City Manager's budget, as amended, of the City of Kingsville, Texas, and appropriating funds for the fiscal year beginning October 01, 2018 and ending September 30, 2019 in the particulars hereinafter stated. (Finance Director).

Commissioner Hinojosa stated that he is concerned about the sales tax as it has been budgeted \$5 million dollars for the whole year. For the last five years the city has not hit the \$5 million dollar mark, so this concerns him that the city might not be able to make it. He stated that he took the liberty of figuring out some figures which were provided to Mr. Garza. Hinojosa further stated that he is concern that the city might not meet the \$5 million dollar mark. He also stated that with regards to the tax rate, which has it at \$.84 in the budget, he would like for it to go down to \$.82. He stated that this can be achieved by not eliminating 3 or 4 positions, but by freezing the 4 positions for the upcoming fiscal year. These positions would include the Staff Accountant, which will save \$67,000; Parks Director, savings of \$106,000; Golf Course Manager for \$89,000 savings, for a total savings of \$262,000, which would allow the city to drop the tax rate by \$.02. He further stated that the other position he would like to see frozen for the year is Capital Improvement Manager saving the city \$85,000, but this would be the City Manager's decision to make.

Mayor Fugate asked how the Golf Course would be manned without a Golf Course Manager?

Commissioner Hinojosa responded to keep Mr. Israel Vasquez at the Golf Course and provide him with a small increase in his salary.

Mayor Fugate asked the City Manager if he feels that the city will hit the \$5 million dollar in sales tax? Mr. Garza responded that staff is basing it on growth as there is some work that Mr. Manny Salazar is working on regrading retail development. Garza further stated that he doesn't disagree with Commissioner Hinojosa that historically the city hasn't met that mark, the \$5 million dollar is being based on future verses on history. He stated that it is a questions of priorities for the Commission on the level of risk that the Commission wants to take verses the operational impact of holding positions frozen. From staffs perspective, staff finds value in the positions that are currently there now, or they wouldn't be there. Garza gave an example by stating that the Capital Improvement Manager position help achieve certain grants that historically the city wasn't pursuing, such as the CDBG Grant.

Commissioner Leubert asked if the Capital Improvement Manager is coordinating grants if the city receives them?

Mr. Garza responded that they are currently involved with grants, for example, the Parks Department received a Parks grant, and certain components of that application was done by the Capital Improvement Manager.

Commissioner Leubert further asked if the city could get these grants without a Capital Improvements Manager?

Mr. Garza responded that it is important to have people involved with the implementation of these projects.

Commissioner Leubert commented that she can see where Commissioner Hinojosa is coming from regarding freezing some positions, but there are some that need to be filled.

Mr. Garza commented that for clarification, the Capital Improvement Manager position is not fully funded by the General Fund. It is a split funded position between the Utility Fund and General Fund.

Commissioner Hinojosa commented that he doesn't mind collective bargaining and he will back away from the Capital Improvement Manager position. He also commented that the \$5 million dollars, staff is looking into the future and looking at collecting the taxes for businesses that are not here. He further commented that the city needs to be conservative.

Mayor Fugate asked what has been collected so far. Mayor Fugate read off a document that was provided to him by Commissioner Hinojosa and stated that the city has collected \$4.7 million dollars, as of September, and the city still has a month to go.

Mr. Garza stated that staff is estimating \$4.8 million dollars. He further stated that in 2016 it was \$4.799 million; 2017 it was \$4.77 million; and what is being estimated this year is \$4.866 million. Over the last three years, there has been an increase of over \$100,000. Garza state that when staff says \$5 million, it is not because the city reached \$5 million last year but historically, numbers show that it has increased.

Commissioner Hinojosa commented that he would rather be conservative on the sales tax.

Mr. Garza commented that if it is the feel of the Commission to adjust that number, they would need to keep in mind that staff would need to cut something, and staff could always look into that, if it is something that needs to be done.

2. **Consider introduction of an ordinance establishing and adopting the ad valorem tax rate for all taxable property within the City of Kingsville, Texas for fiscal year beginning October 01, 2018 and ending September 30, 2019, distributing the tax levy among the various funds, and providing for a lien on real and personal property to secure the payment of taxes assessed. (Finance Director).**

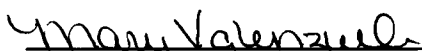
Commissioner Lopez commented that she also agrees with Commissioner Hinojosa regarding lowering the tax rate by \$.02 and not touch the Capital Improvement Manager position.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 6:35 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary