

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, AUGUST 19, 2019 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 4:00 P.M.

CITY COMMISSION PRESENT:

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

CITY STAFF PRESENT:

Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
Kyle Benson, IT Manager
Susan Ivy, Parks Manager
Deborah Balli, Interim City Manager
Tom Ginter, Director of Planning & Development Services
Charlie Sosa, Purchasing Manager
Diana Gonzales, Human Resources Director
Emilio Garcia, Health Director
Adrian Garcia, Fire Chief
Ricardo Torres, Police Chief
Bill Donnell, Public Works Director
Robert Rodriguez, Library Director
Cynthia Martin, Downtown Manager
David Soliz, Risk Manager
Rudy Mora, City Engineer
Derek Williams, IT Department
David Bodiford, Accountant
Israel Vasquez, Golf Course Manager
Mary Ann Trejo, Interim Community Appearance Supervisor
Joe Casillas, Water Production Supervisor
Jennifer Bernal, Parks Manager
Victoria Butler, Municipal Court Supervisor

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 4:00 p.m. with all four Commission members present. Commissioner Pecos arriving at 4:10 p.m.

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.”

No presentations.

IV. Public Comment on Agenda Items.³

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

No comments were received from the public.

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 2019-2020 budget for departments of the City of Kingsville. (Interim City Manager).

Mrs. Deborah Balli, Interim City Manager gave a summary on the budget workshop schedule. Balli further announced that the City of Kingsville has received the Distinguished Budget Presentation Award from GFOA for the current FY 18-19. Interim City Manager further stated that the FY 2020 budget overview has the same tax rate of \$.83000. Total proposed budget is \$84,966 more compared to FY 19; total budget \$45,849,327.94. Operating vs. Capital Expenditures for all funds, total deficit equals \$4.1 Million dollars and Operating deficit is \$1.1 Million dollars.

Commissioner Hinojosa asked Interim City Manager Balli if this was the total budget before the adjustments. Mrs. Balli responded yes.

Mrs. Balli continued and stated that the FY 20 budget overview is as followed, fund balance requirements are met at 25%; General Fund at \$287,674 above minimum requirements; Utility Fund at \$324,027 above the minimum requirements. Utility fund revenues, proposed budget does not include any rate increase, however, large consumption reduction for FY 18-19 and utility rate study recommended an increase for FY 2019-2020. Not deficit budgeted for second time since FY 11 for Utility Fund. Sales tax for FY 18-19 activity estimated at \$4,975,000 and for FY 19-20 proposed budget \$4,975,000. Balli talked about the organization & staff review. Funding Golf Course Manager 100% at the Golf Course. Facilities Manager not funded but stipend provided to Purchasing Manager for additional duties. Community Appearance reorganized: Equipment Operator for Recycling moved to Sanitation; remaining Equipment Operators, which are two employees, moved to Facilities; Police Officer working abandon vehicles and moved back to Patrol; Inspectors and Admin Assistant will be relocated to the Cottage Building for efficiencies.

Mayor Fugate asked if the move of the Community Appearance to the Cottage Building had already taken place? Mrs. Balli responded that the move will be taking place and they will be housed in the Planning Department conference room.

Commissioner Lopez asked if the Planning Department had no use for the conference room? Mrs. Balli responded that conference room located inside city hall would be available to the Planning Department. Commissioner Lopez further commented that the offices at the Cottage Building are already too small for so many employees.

Commissioner Hinojosa asked if the Community Appearance had to KPD Officers. Mrs. Balli responded that there was only one officer but has gone back to KPD. Balli further stated that the Recycling Center will be moved to the Public Works Building.

Mrs. Balli spoke about the tax rate as currently being \$.83000 which is the rate that was used for the proposed budget. The effective tax rate is \$.81247, and the rollback tax rate is \$.89361. The Legislative change was the passage of S.B. 2, which caps the municipalities at 3.5% versus the 8% which is the current cap. The mission has not changed, the purpose of local government regarding the safety & quality of life of our citizens is the same as it's always been. S.B. 2 will not change what we do but may affect when and how we do it. Debt and debt services will need to be more closely managed. Since the debt service tax rate does not have a rate cap, there will be temptation to migrate

expenditures towards debt and debt service over time and in difficult years. Balli further stated that there are some things to set the tone for the upcoming period. General fund reserve policies will need to be reviewed. The reduction of flexibility and the inevitability that both franchise and sales tax revenues will likely drop in a recession. This makes a reexamination of the adequacy of financial reserves prudent. Fees for service, reexamination of all expenses for service in the General Fund, including cost recovery targets will help understand the revenues and opportunities to reduce dependence on the three main revenue taxes. One area suggested was to review and revamp building permits. Long-term financial planning needs to think long term on both capital and operating side of the budget. New programs will need longer lead times to implement and tax elections may become more necessary to acquire needed capital funding. Balli further stated that this will be the last year before the cap takes effect. Should the City increase the tax rate to ensure future needs will be met or in the future risk a possible reduction of employees, service levels or both. The scenarios play as followed, Tax rate \$.83000 to \$.84000 increase M&O tax revenues by \$86,045; Tax rate \$.83000 to \$.84220 increase M&O tax revenues by \$104,975; and Midway between effective rate (\$.81247) & rollback rate (\$.89361) - \$.85304 would increase M&O tax revenues by \$198,247.

Insurance Fund:

Current Budget estimates a deficit for revenues over expenditures of \$410,773. Claims estimate at \$2,940,000; Admin & Fees estimate at \$460,000; Stop Loss Premiums estimates at \$500,756; Stop Loss Reimbursements \$82,887 vs \$604,956 for FY 18-19; Estimated ending Fund Balance for FY 18-19 is \$906,259.

Proposed Budget estimates a deficit for revenues over expenditures of \$544,30. Additional contribution of \$181,399 to shore up fund; Claims proposed at \$3,100,000 with plan design changes; Admin & Fees proposed at \$504,000; Stop Loss Premiums proposed at \$559,008; Proposed Budget includes 15% increase in employee premiums; Estimated ending Fund Balance for FY 19-20 is \$361,958.

Last FY 18-19 plan design changes included, Increased Specific Stop Loss from \$75,000 to \$100,000 to reduce stop loss premiums by taking on additional risk for ongoing higher cost claims; Increased employee premiums; Increased coverage tiers from 2 to 4; Increased network to include First Health for additional providers in the Christus Spohn Network area (Corpus Christi). For FY 19-20 plan design changes recommended: Monthly deductible increase from \$250 - \$350; Increase employee premiums by 15% (already included in proposed budget); Increase generic co-pays from \$10 to \$15; Increase brand name co-pays from 30% to 35%; Eliminate First Network and replace with Referenced Based Pricing (Non network providers); ER Co-Pay of \$250, then 100% co-insurance instead of deductible (network providers); Currently if not admitted - \$75 co-pay plus \$250 deductible – If admitted total is \$250, co-pay is waived; Proposed if not admitted - \$250 out of pocket and then insurance picks up the remaining cost – if admitted, deductible \$350.

The Insurance Plan Design Proposed Changes are as followed:

Plan Design	Current	Scenario 1.2
Co-Insurance	100%	100%
Deductible	\$250	\$350
ER Co-pay	\$75 + deductible; if admitted deductible of \$250 only	\$ 250 Co-pay then 100%; if admitted deductible of \$350 only
Urgent Care Facilities Co-pay	Deductible Only \$250	\$ 35 Co-pay then 100%; no deductible
Generic Prescriptions	\$10	\$15
Name Brand Prescriptions	30%	35%
Referenced Based Pricing - Out of the Christus Spohn Network Area	None - Utilizing First Health Network	Eliminate First Health as out of the area network (Claims paid at certain percentages over medicare rates; approx. 130% over medicare for physicians and 150% over medicate for facility charges)

The rates for the insurance plan design are as followed:

Current Employee Premiums	Monthly	15% Increase	Employee % Cost Coverage	Monthly Employer Costs	Employer % Cost Coverage
Employee Only	\$46	\$53.00	8.95%	\$507.50	90.54%
Employee Child	\$90	\$104.00	10.00%	\$936.25	90.00%
Employee Spouse	\$126	\$145.00	12.75%	\$991.92	87.25%
Employee Family	\$166	\$191.00	12.28%	\$1,364.59	87.72%

Number of Coverage Types	
Employee Only	89
Employee Child	38
Employee Spouse	34
Employee Family	106
Total Employees	267

The insurance plan design changes summary, reality of not addressing plan design changes, additional funding of \$1.1 million would be required. If proposed design changes are approved along with additional employers' contributions of \$181,399 and increased employee premiums of \$53,208, both of which are included in the Proposed Budget, we will be short by \$264,311. This shortfall is projected to be covered by:

Plan Design Components	New Design Changes	Projected savings
Deductible		\$350 \$ 32,980.00
ER Co-pay	\$ 250 Co-pay then 100%; if admitted deductible of \$350 only	\$ 246,015.00
Urgent Care Facilities Co-pay	35 Co-pay then 100%; no deductible	
Generic Prescriptions		\$15 \$ 46,458.00
Name Brand Prescriptions		35% \$ 33,427.00
Referenced Based Pricing - Out of the Christus Spohn Network Area	Eliminate First Health as out of the area network (Claims paid at certain percentages over medicare rates; approx. 130% over medicare for physicians and 150% over medicare for facility charges)	\$ 44,825.00
		\$ 403,705.00

Mrs. Balli continues with the presentation of department budgets.

City Commission – proposed budget. This budget remains the same as in previous year. There is an increase in overall services category: 1% COLA adjustment, anniversary increases, and addition of longevity pay, which is included in all departments.

City Manager's Department – 101.0, There are no changes. Remains the same as in previous year.

City Special – notable changes and additions: \$37,500 increase in credit card fees. These fees are for Municipal Court and they are expected to continue to increase. Currently the City does not charge a convenience fee for use of credit cards. Tyler Technologies used to charge customer \$1.50 but as we moved to other payment processors, we stopped charging customers. Included in the budget is a \$2.50 convenience fee which is estimated to bring in \$25,000 in revenues for Municipal Court based on an estimated 10,000 credit card transactions and \$45,000 in revenues for Utility Billing based on an estimated 18,000 credit card transactions. Between the two funds, credit card fees are estimated to be \$125,000.

Human Resources – Increase in employee recognition supplies and safety incentive supplies. Decrease in educational materials for Risk Manager. Removed prior year supplemental from professional services \$12,500.

Legal Department – budget remains the same as previous year.

Planning & Development Services – decrease in supplies and educational materials. Removed prior year supplemental request for professional services \$4,800. Removed prior year supplemental request for professional services software maintenance \$3,750.

Building Services – Increase in educational materials, communications and professional services GPS. Decrease in professional services and printing & publishing and increase in communication and professional services-GPS.

Community Appearance – moved operators to facilities maintenance. Move police officer back to Patrol. Recycling tech position no longer budgeted in this division. Approved supplemental request for Inspector certification pay.

Downtown – approved on-time supplemental request for supplies \$300. Approved permanent supplemental request for Public Art Program for \$5,000. Approved one-time supplemental request for Tree Trimming services \$8,000. Approved permanent supplemental request for bandstand utilities \$936. Approved one-time supplement request for AEP light pole pig tails \$8,000 and removed prior year supplemental request for Catering for Imagine the Possibilities Tour for \$200. Mrs. Martin, Downtown Manager stated that the design guidelines should be done by the end of the fiscal year.

Mayor Fugate called for a break at 6:00 p.m. to allow staff to have dinner.

Mayor Fugate reconvened the meeting at 6:20 p.m.

Finance – same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, decrease in group health and changed Accounting Supervisor position to Accounting Assistant position. In Operations, overall services category, increase in subscriptions and training & travel, decrease in memberships and dues.

Municipal Court - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, decrease in group health. In operations, overall supplies category, decrease in minor equipment and increase in subscriptions.

Facilities Maintenance - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, and moved Community

Appearance Equipment Operators to Facilities. In operations, overall supplies category, decrease in supplies, increase in motor, gas & oil, approved supplemental request for uniforms & personal wear \$2,100, approved supplemental request for minor equipment \$2,100. There is an increase in communications, increase in vehicle maintenance and equipment maintenance. Removed prior year supplement request in building maintenance fire station door for \$1,678; removed prior year supplemental request in building maintenance for Police Department ceiling tiles for \$2,992; removed prior year supplemental request in building maintenance for City Garage fuel tank protection for \$6,250. Approved supplemental request in building maintenance for Garage fans \$6,250 and decrease in utilities.

Technology Services - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, decrease in group health. Operations highlights for the new fiscal year: operations, approved supplemental request proximity readers for time clock for Parks, \$2,200; approved supplemental request for server software upgrade, \$9,000. In overall services, approved supplemental request for city website redesign, \$14,935; approved supplemental request for OpenGov software maintenance \$12,000; approved supplemental request for Operative IQ annual renewal for Fire, \$5,500; approved supplemental request for Agenda Management software for \$7,400; and approved supplemental request for IT e-learning subscription for \$1,200.

Health - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, decrease in group health, approved supplemental request for certifications, and increase in overtime. Operations approved supplemental request for shirts for staff, \$600; removed prior year supplemental request for radios, \$398; decrease in computers & associated equipment. Remove prior year supplemental request for shelter software, \$10,000; approved supplemental for rabies vaccinations, \$2,000. Removed supplemental for one-time repair of air conditioner, \$2,300; approved supplemental request for building maintenance \$1,000. Approved supplemental request for (2) cat cages – (½ City, ½ County), \$5,413.

Parks & Recreation - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, increase in group health, 2 maintenance employees moved into Admin Division due to various work assignments. Two maintenance workers were moved into the Parks Admin division due to varying assignments. Trying to move budgets around to support the different activities became challenging and we felt that it would make more sense to have their budget in a central division.


Golf Course Pro Shop - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, decrease in group health, and Golf Course Manager Position funded 100%. Golf Course Maintenance: same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, increase in group health.

Parks Maintenance - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, decrease in group health, and approved supplemental request for pesticide certification pay. Park Maintenance revenues, \$25,000 transfer from General Fund. This fund was setup to set aside funding for projects related to the Park System. The proposed budget includes the annual transfer from General Fund.

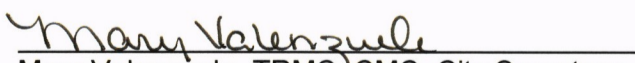
Library - same notable changes as other departments, 1% COLA adjustment, addition longevity pay, anniversary increases, decrease in group health. Overall highlights for this department: increase in supplies, decrease in minor equipment. Decrease in training & travel and increase in other services. Increase in vehicle maintenance and increase in equipment maintenance and decrease in building maintenance.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:14 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary