

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON TUESDAY, AUGUST 27, 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
Derek Williams, IT
Susan Ivy, Parks Manager
Deborah Balli, Finance Director
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
Cynthia Martin, Downtown Manager
Janine Reyes, Tourism Director
David Soliz, Risk Manager

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 4:00 P.M. with all five Commission members present.

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

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

MINUTES OF PREVIOUS MEETING(S)

None.

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. Alvarez mentioned the upcoming City Commission meetings.

Commissioner Hinojosa asked that on the \$100,000 home valuation, it's been at this value forever, he would like for that appraiser to come and appraise his house so that he can keep it at \$100,000.

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

Mrs. Balli that at yesterday's meeting, there was some discussion about contractor versus city crews doing some projects. She had an RFP from 2018-2019 pulled to give the Commission some information on what staff was finding with the RFP's. She stated that to do the installation of a 6-inch base material, the contractors came in at \$36,280 and a second contract came in at \$63,465. The cost for city crews to do the same work is \$11,500. To do the removal of existing base and asphalt material, one contractor came in at \$21,660 and a second contractor came in at \$40,950. With city crews doing the same work, it would cost \$2,500. She further commented that there is several other types of work that it would cost more than what it would cost if city crews would do it.

Mrs. Balli continued with her presentation of the proposed budget. She started by stating that she verified the Tourism, Parks, and Golf Course, what she has found out after taking into consideration the change list, the Tourism Fund would be an actual deficit budget of \$60,343; but she stated that she has found some additional revenues that would bring in about \$20,000 to offset that deficit. For Parks, there was about \$6,500 on the change list, so the deficit for the Parks would be \$306,592.

Commissioner Hinojosa asked that in the Tourism fund, it was mentioned that there would be a deficit? Mrs. Balli responded that this would be between revenues and expenditures, yes. Commissioner Hinojosa further commented that this was discussed the other day, that at a minimum on the advertisement we had to spend 14.58% and on the other one, the 15%, he asked that what if the city can't afford it and the fund balance is not able to support it, can the city not spend all the advertising money? He also asked what is the penalty if the city does not spend the required amount? Mrs. Balli responded by saying that there are State guidelines that say that you will spend no less than 15% on advertising, so the city doesn't have a choice in that matter. She further commented that there are other places that the city can cutback, but with this matter, it has to be done.

Commissioner Hinojosa again asked what is the penalty if the city does not spend it? He stated that he had asked an individual that was here a while back, and he doesn't think there is any penalty.

Mayor Fugate commented that he rather spends the money for advertising as it is good for the community.

Commissioner Hinojosa commented that he agrees with the Mayor, but the city needs to cutback somewhere. He further commented that if the city doesn't have the money, how can it be spent.

Mrs. Balli asked the Commission to give her some direction as far as to what they would like for the tax rate to set at.

Commissioner Pecos asked what the rate was that staff was purposing. Mrs. Balli stated that what was proposed what right underneath the rollback rate so that we would have room to work with. She stated that it can be set at anything between the effective tax rate of \$.81247 and the rollback rate it was said that we would go \$.89000.

Mrs. Alvarez commented that the city could only go between the proposed rate and the effective rate.

Mayor Fugate asked Mrs. Balli what she is recommending the rate be? Mrs. Balli commented that it would make sense for the city to go half way between the effective rate and the rollback rate at the \$.85. She stated that she is aware that this is a jump from the \$.83 but the city is looking at \$23.04 for a \$100,000 valuation home.

Commissioner Hinojosa commented that he doesn't have a problem with the \$.85 but it will be more than \$23 that will be increased.

Mayor Fugate asked what this would add to the budget? Mrs. Balli responded that it would bring in about \$198,000 more that could be set aside in a separate fund that would not be touched and would only be able to be used in the case that something happened. She stated that the tax rate that the city had a year ago at the \$.84220, it would bring in \$104,000.

Commissioner Pecos commented that he would like to go with Mrs. Balli's recommendation of \$.85000.

Commissioner Leubert asked if it was \$.85 or \$.85304. Mrs. Balli responded that it is \$.85304. Leubert commented that she would be going with Mrs. Balli's recommendation as it is her job to tell the Commission what the city needs to have in order to make sure residents and the citizens of Kingsville get what they need, such as services and safety. She further commented on the fact that a lot of our citizens are on some type of assistance, but they will be ok with the increase.

Commissioner Hinojosa commented that he doesn't mind going up to the \$.85304, as his increase will be \$131. He further stated that some citizens will be uncomfortable as they will be comparing us to the County as they went down on their taxes, but they don't realize that the city picked up the JK Northway and the Golf Course. He stated he understand that city needs the money therefore he doesn't have a problem with the \$.85. Mrs. Balli asked if he was stating the \$.85304 or \$.85000? Commissioner Hinojosa commented that he would like to go with what was being recommended by staff.

Commissioner Lopez commented that everyone agrees. She doesn't like increasing the taxes or anything else but the explanation that Mrs. Balli gave about next year doesn't really give any other choice. She further commented that this is a hard decision to make and doesn't feel that she has the votes to change it, therefore she will vote with whatever is good for the city, as she always does. She hates that the city is increasing insurance premiums on the employees as this is another hit on them. She stated that these are things that need to be thought of as well.

Commissioner Hinojosa commented that the effective tax rate may be able to be decreased next year as the city's tax value will be increasing, which is why he does not have an issue going up to the \$.85304.

Commissioner Lopez commented that so long the additional is put away in a separate fund for emergency needs.

Mayor Fugate commented that what the Commission is doing right now, most cities are doing the same.

Mrs. Balli then reported on the proposed budget. She continued with the Insurance plan changes. The monthly deductible increase is from \$250 to \$350. Increase employee premiums by 15%. Increase on generic co-pays from \$10 to \$15. Increase brand name co-pays from 30% to 35%. Eliminate First Health Network & replace with Referenced Based Pricing (Non-network providers). Emergency co-pay of \$250, then 100% co-insurance instead of deductible. Balli mentioned the rates that would be coming from the employees: employee only will go from \$46 to \$53; employee/child from \$90 to \$104; employee/spouse from \$126 to \$145; and employee/family from \$166 to \$191. She further stated that the COLA increase and longevity that will be given to the employee will offset some of the increase. This would be based on the employee's salary. She further stated that something else that was suggested was an Insurance incentive program, due to the financial health to the Insurance Fund, instead of offering a reduction in health premium cost for an employee who goes and gets an annual physical exam, we would set up an incentive program: There would be certain offerings, 3 days off, 2 days off, 1 day off (would not cost the city) a Fit Bit and/or other health related items. There would be certain activities that would get them an entry into the annual drawing for the above items.

Mrs. Balli further discussed the water and sewer rates. She stated that for FY 18-19, water rates were increased by 2%. The utility rate study recommended a 1% increase for FY 19-20. Fiscal Year 18-19 consumption decline that is estimated to be \$392,000 shortfall in water revenues. She further asked if the Commission will be doing any type of rate increase. She further stated that for FY 18-19, sewer rates were increased 18%. Fiscal year 19-20 utility rate study recommended a 16% increase. Fiscal year 18-19 consumption decline that is estimated to be \$262,000 shortfall in revenues. Mrs. Balli asked for recommendation from the Commission regarding the rate increases.

Mayor Fugate asked for Mrs. Balli's recommendation. Mrs. Balli recommended a 1% on the water rate and 8% on the sewer rate. This would be a total of 9% increase overall.

Commissioner Hinojosa asked that on the rate study, the 16% is only for commercial. Mrs. Balli responded no.

Mrs. Balli went over the compensation plan changes. There is a 1% COLA increase for all non-civil service positions. Longevity of \$2 per month per year of service capped at 25 years. New part-time Audio/Video Specialist for Police Department (29 hours/week).

Additional health plan funding of \$181,399. Safety incentive for indoor employees reinstated. Separation pay for non-civil service positions revised: increase timeframe for leave payouts from 6 months to 9 months; create tiers for vacation payouts ranging from 80 to 200 hours; reduce number of eligible vacation hours for persons separating with less than 2 years of service from 120 hours to 80 hours; eliminate exclusion of exempt staff from regular sick leave payout (results in same benefits for all non-civil service employees). Additional certification pays.

Mrs. Balli stated that with the certification pay, there was some discussion about maybe making something in between the \$13.85 and \$18.47 for three of the certifications. What staff came up with is a \$16.00 certification pay the code enforcement officer, Municipal Court Deputy Clerk, and Paralegal. She stated that those three were at the \$13.85. This would affect seven employees and approximate 470, as she hasn't added it to the budget yet as she wanted to make sure the Commission was ok with those changes. Balli further spoke about the credit card convenience fee. Credit card convenience fee, \$2.50 per credit card transaction; Credit card fees are estimated at \$125,000 in cost; new fee would bring in estimated \$75,000 in revenues.

Commissioner Leubert asked that every time someone uses a credit card, it cost the city a fee, costing the city \$125,000 per year. She further asked if the what this would do is recoup some of the cost. Mrs. Balli responded yes.

Commissioner Lopez asked what the charge will be for the customer that will be using a credit card. Mrs. Balli state that the fee will be \$2.50 per charge. Lopez further asked if the both the city and customer will be paying a fee. Mrs. Balli responded yes. The city's fee will be a flat convenience fee.

Mrs. Balli stated that the Golf Course fees, annual green & cart fee go from \$2,500 to \$1,920; and locker fee go from \$180 year to \$100 per year.

Commissioner Leubert asked how much do the TAMUK Girls Golf Team pay for locker fees?

Mrs. Alvarez responded that it is not stated in the contract. It states that whatever the rate is at that time. Commissioner Leubert asked if it would come down to \$100. Mrs. Alvarez stated that if they were to add a new locker, once the new rates in play, they would pay the rate that it is at that time. Commissioner Leubert asked that if this fee changes that are being proposed are only for the year or can be changed later.

Mrs. Balli commented that the fees can be revisited at any time.

Mayor Fugate commented to go with staff's recommendation then revisit it at a later time.

Mrs. Alvarez commented that the golf course fees will come back in the form of an ordinance at a meeting in September.

2. Consider final passage of an ordinance amending Chapter XV-Land Use, Article 3-Subdivisions, section 15-3-1 through 15-3-19, revising platting procedures. (Director of Planning & Development Services).

Motion made by Commissioner Hinojosa to approve the ordinance amending Chapter XV-Land Use, Article 3-Subdivisions, section 15-3-1 through 15-3-19, revising platting procedures, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Lopez, Hinojosa, Leubert, Pecos, Fugate voting "FOR".

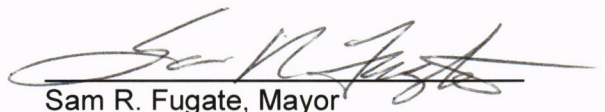
3. Executive Session: Pursuant to Section 551.074, Texas Government Code, the Personnel Exception, the City Commission shall convene in Executive Session to deliberate the appointment, employment, and duties of the City Manager. (Mayor Fugate).

Mayor Fugate read the executive session and convened the meeting into closed session at 4:42 p.m.

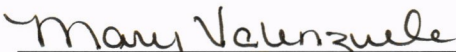
Mayor Fugate reconvened the meeting into open session at 5:57 p.m.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 5:57 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMG, CMC, City Secretary