

AUGUST 20, 2019

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON TUESDAY, 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
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
Cynthia Martin, Downtown Manager
David Soliz, Risk Manager
Rudy Mora, City Engineer
Derek Williams, IT Department
David Bodiford, Accountant
Janine Reyes, Tourism Director
Joe Casillas, Water Production Supervisor
Julian Cavazos, KPD Commander
Monica Flores, Communications Supervisor
Bradley Lile, KPD Commander
Manny Salazar, EDC Director
Rick Salinas, Volunteer Fire Department Chief

I. Preliminary Proceedings.**OPEN MEETING**

Mayor Fugate opened the meeting at 4:05 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.”

No presentations made.

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).**

Mr. Tom Ginter, Director of Planning and Development Services gave a brief update on Bureau Veritas. On the scope of work on Property Condition Assessment Inspection it states that inspections will be conducted as required by the City of Kingsville's code of ordinances related to property condition assessments and the city's adopted construction codes. BVNA will conduct a visual inspection of the building and the surrounding yard. Items inspected include foundation, roof covering, exterior and interior walls, interior ceilings, windows, doors, plumbing and electrical. Structural inspections are not part of this scope. At the conclusion of each inspections, BVNA will provide a report containing findings of the inspection with pertinent photos. Mr. Ginter continued to report on the cost for each inspection. Fee per initial or subsequent inspection, \$150 per inspection. Preparation for and/or attendance at any court proceedings, \$150 per hour including inspector's travel time. Mr. Ginter stated that this is a contract that is worthwhile to consider.

Mayor Fugate asked Mrs. Alvarez, City Attorney if she has reviewed the agreement. Mrs. Alvarez responded that she received the agreement at the same time as the Commission. Mayor Fugate asked for Mrs. Alvarez to review it.

Commissioner Hinojosa asked if this is the only company that does this type of work. Mr. Ginter responded that there is one other company that he has attempted to contact but received no response.

Mrs. Deborah Balli, Interim City Manager began the budget workshop.

Economic Development – revenues for this fund there is \$106,000 in lieu of Tax Payments, Celanese and Housing Authority. There is a \$25,000 transfer from General Fund for existing agreement with TAMUK. Balli stated that this fund was created so that it has all the expenditures that the City expends for Economic Development. She stated that on the changes to this budget it is an overall total of \$5,000 for incentive agreements for Starbucks. Per the agreement initiate in 2015 the City includes the EDC Director in the compensation plan and contributes \$65,000 towards personnel related items for the EDC Director. The balance is paid by the EDC. The initial term of two years is from April 2015 to April 2017 with automatic annual renewals thereafter. The EDC office was relocated to the City Hall Building from the Cottage Building. Mrs. Balli's comments at this time are not picked up on the audio.

Commissioner Hinojosa stated that there was a townhall meeting yesterday and asked how this was going to be working if the EDC Director moves out, will he no longer be part of the City retirement system and health system?

Mrs. Balli responded that she has not received any information that is going to change the agreement that the city has with them on covering the \$65,000 threshold. She further stated that she has been included in these discussions.

Mr. Manny Salazar responded that it is the EDC goal and intent to get them in a financial position where he can roll-off from being a City employee. He stated that both the Chamber and the EDC are working together to try and consolidate their resources so that they can

operate more effectively. He stated that it is firmly believed that a 21st century Chamber of Commerce does economic development whether it is small business development. He further stated that during last night's townhall meeting, it was the first time this message was heard by community members. There were a lot of questions, concerns and the fear of the unknown as they had not heard what the plan was. He stated that there is a Board meeting scheduled for tomorrow morning where they will be voting on this and it is his belief that his Board will be favorable of this. The Chamber of Commerce will be meeting on this item on Thursday morning to have a vote but won't speculate on how that vote will turn out. He also commented that this is something that will be good for the community and operating under one banner is good for the community. This will not have an impact on economic development activities as it is his intent to continue doing the things that are he is doing now.

Commissioner Lopez asked which Board takes over once the merger take place?

Mr. Salazar responded that both Boards would be disbanded in its entirety as there about 40 Board members between both organizations. He stated that the idea is to disband both Boards and setup a program to create a new Board. The initial Board would be setup of six donors who give \$5,000 or more would have an automatic seat, which are currently represented on both Boards now, and six dedicated spots to other members who range from the \$250 membership to \$4,999 membership. Both the City and County positions will not be affected as they will maintain their positions on the Board.

Commissioner Hinojosa stated that his initial question was if once the move is made, will the EDC Director be part of the City's retirement system and health system?

Mayor Fugate commented that he thinks it will stay in place.

Mr. Salazar responded that he would still maintain the same role with the City but may need to adjust it to provide some flexibility.

Commissioner Hinojosa commented that he would like to have a legal opinion on this matter.

Mrs. Courtney Alvarez, City Attorney commented that when Mr. Salazar approached her with this a few weeks ago with the potential of a merger, once the Boards figure out what it is that they are going to do then staff can bring back what ever agreements need to be modified to the Commission. She further commented that she has already reviewed the agreement with the EDC for the \$65,000 as well as the agreement for the lease for the office space at City Hall. She also stated that as this point it hasn't been determined if or how soon the original agreement might need to be changed and with regards to the agreement currently with the EDC, what the name of the entity might be that the city would still be contributing funds for. Alvarez stated that at this point it is her understanding from some preliminary discussions that no action has been taken by either Board, that he would continue on as a City employee. The City would still be paying the \$65,000 to which ever group would be doing economic development work for the city until such time they can fully take over the \$65,000 that the city is contributing for the position such at one point he's no longer be a city employee and on TMRS or city health insurance.

Commissioner Hinojosa commented so yes, he will be a city employee but no he won't be a city employee?

Mrs. Alvarez responded no, he will continue to be a city employee until such time.

Mr. Salazar commented that he will continue the same role during economic development but just in a different banner. It will be under the Chamber of Commerce in opposed of Economic Development Counsel. Nothing on his day to day is going to change in terms of economic development.

Commissioner Hinojosa commented that there will be no accountability on the city side. Mr. Salazar commented that it doesn't change what is there now. Commissioner Hinojosa commented that to him, there is no accountability, which is his main concern. Hinojosa asked where would the city's accountability come from?

Mayor Fugate commented that it would be the City Manager. Commissioner Hinojosa responded that the City Manager does not have any control and further commented that he is an employee but he's not.

Commissioner Hinojosa requested a legal opinion from TMRS as other cities have done this and that individual would need to be a city employee before receiving all of the city's benefits.

Mrs. Alvarez commented that Mr. Salazar is a city employee that is loaned out to the other entity. She further commented that the Finance Director can work on getting the other information that Commissioner Hinojosa is requesting regarding TMRS. But contractually for the purpose of the agreement that the city currently have with the EDC, this is the way the position is set up. With regards to moving forward, whether the new group is the Chamber or the new group continues to be the EDC or if the new group has a new name,

once this is determined then the city would go about coming back before the Commission with updated agreements for both the \$65,000 and the rental of the office space located inside City Hall.

Mayor Fugate commented that his go back as far back as when Mr. Capell, past City Manager. The City agreed to pay \$65,000 to EDC with the understanding that the County do the same, which they did not follow through. He further commented that it was Mr. Capell's idea that in order to make the job more appealing, the city would offer the benefits as well and make that position a city employee. It was also understood that the city would lend out this individual to the EDC and work at their discretion. The city doesn't give more than \$65,000.

Mrs. Alvarez commented that the city pays \$65,000 and the EDC covers the rest of the cost for the employee's position.

Commissioner Hinojosa commented that he understands about the \$65,000, but as he has worked for other cities, they have had the same problem. They couldn't get anybody as they didn't have any retirement system or benefits. He stated that it is being said that the City is on the hook for \$65,000, but he disagrees on that.

Mr. Salazar commented that he writes a check to the City for \$45,000 every year, to make up the difference.

Mrs. Balli commented that the city pays Mr. Salazar's salary and benefits upfront. In the budget is \$65,000 which is the net that the city covers, and Mr. Salazar gives the city a check for the difference in salary and benefits minus the \$65,000.

Mr. Salazar commented that this provides some flexibility, but he is always at the city's disposal should the city need him for anything.

Mayor Fugate asked for Mrs. Alvarez to check with TML and see if what the city is doing regarding this matter is legal.

Mr. Salazar further mentioned some projects that are upcoming this year. Starbucks was announced earlier today which will be going in the area between the Holiday Inn Express and IHOP, which will create 20 to 25 jobs. Marshall's will be coming in next month as well as the Halloween Spirit store. Others are Dollar General and the possibility of new pad sites in front of Southgate Mall. Salazar mentioned other projects in the city.

Tourism Department – Mrs. Janine Reyes reported on her departments budget. She stated that Tourism revenues to climb. She stated that in fiscal year 18-19 it was estimated at \$624,211.00 and proposed for fiscal year 19-20 at \$698,011.00. Highlights for this department 1% COLA increase, addition of longevity pay, anniversary increases, and decrease in group health. Reyes stated that as for venue tax, existing hotel occupancy tax of 13% is from State 6% and City 7%. Venue tax of 2%, which was approved by the voters. The total new HOT of 15% which is consistent with total HOT of Corpus Christi market. Reyes also stated that they are waiting on the identification of project which depends on the project details of County EDA Grant at the JK Northway. Once those two things happen, then the Financial Advisor will arrange for revenue bonds to be sold with a payback using the 2% venue tax revenues. As for the Conner Museum, which is an agreement that dates back to 1979, the City provides the Conner Museum with 14.28% of revenues out of the 15% allowed for the arts which is estimated to be \$74,970 in FY 19. She stated that the Tourism Advisory Board had met and recommended \$30,000 funding due to declining fund balance and the desire to allocate funding to other organizations. Through negotiations, there is an agenda item on the Commission meeting approval of a new contract at \$40,000. She further stated that the current budget takes the \$30,000 into account so only \$10,000 would need to be added to bring the amount up as negotiated.

Commissioner Hinojosa asked Mrs. Balli that at one point there was some concern about the fund balance running out. He stated that he couldn't locate anything on fund balance in the budget. This was a scare that staff gave him about the possibility of fund balance running out, but yet nothing has been mentioned about the fund balance. He further stated that we are increasing the advertising which is up to 15% with the minimum being 14.28%. He asked if the special event was built into the amount that was displayed and nothing was mentioned that the special event went from \$3,700 to \$33,000. He then asked what this was?

Mrs. Balli responded that we have a requirement that we spend a certain percentage, based on the revenues, this has to be based on the numbers that are in the budget.

Commissioner Hinojosa further stated that he understands this, wants to know where the other money is going to.

Mrs. Reyes stated that if the city takes a \$600,000 budget, and in this new budget a 5% is given to the Conner Museum, which is what staff is coming in at the \$30,000 but proposing \$40,000, the additional \$30,000 that is under special events and festivals, it is \$30,000 that is available for the Board to have discretion to assign to events that qualify under the arts

category. Reyes further stated that the additional 5% is what is being used to pad the fund balance instead of taking away from it, it is being added.

Conner Museum – Mr. Jonathan Plant reported on the Conner Museum expenses for FY 18-19. He stated that the carryover from FY 2018 was \$17,966.05. Deposits from September 2018 through August 2019 were \$90,328.56 with a \$5,000 donation from the City of Kingsville. Total revenues as of August 2019 \$113,294.61. Salaries and benefits for the Director is 30.70% of those monies which is \$19,807.06. Salaries for student workers of \$157.58. Exhibits to include fees, supplies, miscellaneous expenses for a total of \$19,694.39. Food including receptions, outreach, business/student meals \$2,755.41. Other fees, chamber and parade entry for a total of \$191.29. Total operating expense as of July 31, 2019 is \$42,605.73. Conner Museum Projected budget for FY 19-20 is bringing forward is a large account balance as a curator is not being paid any longer. Actual balance on July 2019 is \$70,688.88 and estimated revenue for FY 2019 is \$40,000 for a total estimated revenue of \$110,688.88. Salaries, wages and benefits \$20,358.00. Exhibit expenses \$23,000 and other fees \$191.29 for total projected operating expenses of \$43,459.29. He stated there was slight increase in attendance this year. Plant mentioned upcoming events for the Conner Museum.

Police Department – Chief Ricardo Torres reported on the Police Department budget for FY 2019-2020. Torres stated that his department has the same increase as all other departments regarding personnel for non-civil service. In the Patrol Division, same increases in personnel for non-civil service. He spoke about the challenge for his department which is lowering the crime rate. Communications Division, Investigation Division same personnel changes as all other departments for non-civil service.

Commissioner Hinojosa asked if the vehicles that were approved in this current budget had arrived. Chief Torres stated that they have not been delivered yet.

Chief Torres continued with his departments budget. Donation of \$25,000 have been awarded from the Chapter 59 funds to the following organization: Boys & Girls Club, Boy Scouts of America, Communities in Schools, Palmer Drug Abuse Program (PDAP), and Kingsville Boxing Club.

Fire Department – Fire Chief Adrian Garcia reported on the Fire Department budget for FY 2019-2020. Personnel changes are the same as all other departments. He stated that there is a request for \$1,305 for a Mavic Pro Drone. This will help start UAV program that will give firefighters an aerial view of a structure fire, grass fire, or search and rescue operation. The drone can also be utilized by the Tourism Department for aerial shots of special events.

\$8,538 – Lexipol Subscription; \$35,500 – Ambulance Supplemental Payment Program PCG Payment; Required 13% program fee based on the revenues received from the program. In FY 19-20, the revenue is proposed at \$250,000; \$813 – Active 911 Paging System. The Active 911 paging system will be used to page out career & volunteers for emergencies, events, & special assignments. The current system is inconsistent, & we are looking for a more suitable & reliable system. The system will cost \$813 annually for 65 devices, which will cover both career & volunteer personnel.

Volunteer Fire Department – Rick Salinas reported on the Volunteer Fire Department. He spoke about cadets that have left to serve in the military.

Commissioner Lopez asked how many members are in the Volunteer Fire Department. Chief Salinas responded that there are 25 members at this time. He also stated that as for their budget, it is right on track. He stated that the department is being frugal and making the right decisions.

Mayor Fugate asked about the old pumper. Chief Salinas stated that it is doing good. It is used for the Farmer's Market.

Mrs. Balli reported that there is a vehicle replacement fund which is a fund that was set aside for vehicle replacement fund for the Fire Department. This is also the fund that the supplemental ambulance program was placed in. She stated that for this year it is being estimated \$250,000 for the Texas Health Services Program. Fund balance at the end of FY 20 \$6,553.00. Expenditures are \$82,000 for Command Vehicle, paid with funding from General Fund transfers and \$174,105 for new Skeet Brush Truck, paid with funding from Supplemental Program.

Certificate of Obligation 2016 Series, funding is winding down as projects are completed. Proposed budget is based on estimates of current project remaining budgets. Project ending fund balance for FU 19-20 is \$82,844. Expenditures, \$553,372 which is broken down as followed: \$100,000 for downtown revitalization; \$16,372 for City Hall landscaping; \$150,000 for Parks City Green Phase 1; \$90,000 for dog park; and \$197,000 transfer to Parks & Wildlife Grant for cash matching funds.

Mrs. Diana Gonzales, Human Resources Director presented on Compensation & Benefits. Gonzales presented a spreadsheet showing the five-year plan. The spreadsheet shows the different projects and cost that is associated with each project. She spoke about year 3, 2018-2019 where it shows increases to Equipment Operators 1, 2, & 3 positions for the

Street Department. As for year 4 for 2019-2020 shows the 1% COLA for non-exempt and exempt increase which equals to \$72,000. It also showed the longevity at \$2.00, which the amount does include longevity up to 5 years, \$36,240.00. The plan also showed the health insurance cost of \$181,399.00. The plan also shows the anniversary increases, which have already been built in the plan. The collective bargaining which is only listed for the Fire Department which the contract is on the fourth year of a five-year contract. This increase their budget by \$40,000. Total increases for the compensation plan is \$378,018.00. Proposed positions summary, full-time positions for fiscal year is 282; part-time positions 29; temporary/seasonal 23; and interns 0.

Commissioner Lopez asked what position the former Building Official take, as he is in Code Enforcement also. Mrs. Gonzalez responded that the is the Community Appearance Inspector. Lopez further asked if there is still one position available within the Planning Department, which is Building Official position? Mrs. Gonzalez responded yes.

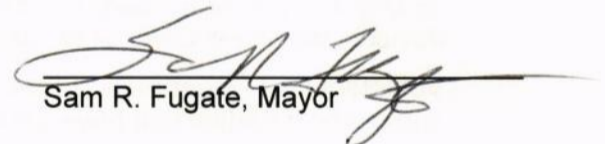
Mrs. Gonzalez gave a quick summary of what is included within the proposed budget: 1% COLA for non-exempt/exempt non-civil service positions; longevity of \$2 per month per year of service capped at 25 years; additional certification categories; creation of Audio/Visual Specialist for the Police Department; and additional health plan funding of \$181,399.00. Gonzalez further stated that the Police & Fire Collective Bargaining Agreements, with the Kingsville Police Department that agreement is still pending. Kingsville Professional Fire Fighter Association is on its final year with the increases ranging from 2% to 3% for total of \$40,272.

Commissioner Lopez asked if the safety incentive was included in this budget for indoor employees. Mrs. Balli responded that it is included in the proposed budget.

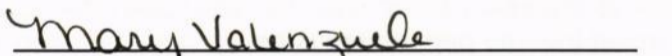
Mrs. Gonzalez commented that this would require a policy revision. She further stated that some upcoming proposed changes are as followed: Policy 6.30.04 Separation Pay pertains to non-civil service staff. These revisions address several areas: increase employment timeframe from 6 months to 9 months to be eligible to receive payouts of accrued vacation and sick leave upon separation; creation of tiers for vacation payouts. The more time an individual is employed the higher number of accrued vacation hours available at separations. New tiers range from 80 hours to 200 hours; reduce the number of eligible vacation hours for persons separating with less than 2 years of continuous service from 120 to 80 hours; and eliminate the exclusion of exempt staff from regular sick leave payout. Other changes include add safety incentive for indoor employees. Mrs. Gonzalez went over the certification increases. Gonzalez also went over the supplemental renewals, which was a document that she passed out to the Commission, but City Secretary did not receive.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 5:48 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary