

# *City of Kingsville, Texas*

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## **AGENDA CITY COMMISSION**

**MONDAY, JUNE 11, 2012  
REGULAR MEETING**

**HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS  
CITY HALL/200 EAST KLEBERG AVENUE  
5:00 P.M.**

### **I. Preliminary Proceedings.**

#### **OPEN MEETING**

**CONVENE INTO REPORTS FROM COMMISSION & STAFF –  
ITEM III- REGARDING BUDGET WORKSHOP FOR  
COMMISSION DIRECTION ON BUDGET.**

APPROVED BY:

  
\_\_\_\_\_  
Vincent J. Capell  
City Manager

**6:00 P.M. – Regular Session of the Agenda continues.**

**INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)**

**MINUTES OF PREVIOUS MEETING(S) – Required by Law**

### **II. Public Hearing - (Required by Law).<sup>1</sup>**

NONE

### **III. Reports from Commission & Staff.<sup>2</sup> (City Manager's Staff Report Attached).**

*"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, Convention and Visitor's Bureau, 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, 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. No formal action can be taken on these items at this time."*

#### **IV. Public Comment on Agenda Items<sup>3</sup>**

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)*

1. Motion to approve authorizing a donation of an old ambulance stretcher from the Fire Department to NAS-Kingsville. (Fire Chief).
2. Motion to approve reappointing Mr. Nick Harrel to the Civil Service Commission for another three (3) year term. (Human Resource Director).

##### **REGULAR AGENDA**

##### **CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:**

#### **VI. Items for consideration by Commissioners.<sup>4</sup>**

3. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances Chapter V, Article 3, Water, providing for a water rate for Naval Air Station Kingsville. (Finance Director).

#### **VII. Adjournment.**

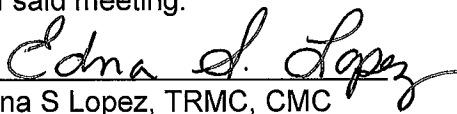
1. No person's comments shall exceed 5 minutes. Cannot be extended by Commission.
2. No person's comments shall exceed 5 minutes without permission of majority of Commission.
3. Comments are limited to 3 minutes per person. May be extended or permitted at other times in the meeting only with 5 affirmative Commission votes. The speaker must identify himself by name and address.
4. Items being considered by the Commission for action except citizens comments to the Mayor and Commission, no comment at this point without 5 affirmative votes of the Commission.

NOTICE

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at 361/595-8002 or FAX 361/595-8024 or E-Mail citysec@cityofkingsville.com for further information. Braille Is Not Available. The City of Kingsville reserves the right to convene into Closed Session under Government Code 551.071-551.074 and 551-086 regarding any item on this agenda.

I, the undersigned authority do hereby certify that the Notice of Meeting was posted on the bulletin board in the City Hall, 200 East Kleberg, of the City of Kingsville, Texas, a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time:

June 5, 2012 at 2:00 P.M. and remained so posted continuously for at least 72 hours preceding the schedule time of said meeting.

  
\_\_\_\_\_  
Edna S Lopez, TRMC, CMC  
City Secretary  
City of Kingsville, Texas

This public notice was removed from the official posting board at the Kingsville City Hall on the following date and time: \_\_\_\_\_

By: \_\_\_\_\_  
City Secretary's Office  
City of Kingsville, Texas

**MINUTES OF PREVIOUS  
MEETING(S)**

**MAY 24, 2012**

**A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON THURSDAY, MAY 24, 2012 IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS CITY HALL/200 EAST KLEBERG AVENUE AT 7:30 P.M.**

**CITY COMMISSION PRESENT:**

Al Garcia, Commissioner  
Charles Wilson, Commissioner  
Stanley Laskowski, Commissioner  
Noel Pena, Commissioner elect  
Arturo Pecos, Commissioner  
Dianne Leubert, Commissioner elect

**CITY COMMISSION ABSENT:**

Sam R Fugate, Mayor

**CITY STAFF PRESENT:**

Vincent Capell, City Manager  
Edna S Lopez, City Secretary  
Courtney Alvarez, City Attorney  
Mary Valenzuela, Legal Assistant  
Roel Carrion, Interim Fire Chief  
Naim Khan, City Engineer/Public Works Director  
Yolanda Cadena, Health Director  
Joe Casillas, Water Production Supervisor  
Bill Donnell, Asst Public Works Director  
Mark Rushing, Finance Director  
Ricardo Torres, Police Chief  
Caron Vela, Accounting Manager  
Diana Gonzales, Human Resource Director  
Rose Morrow, Municipal Court Supervisor  
Marco Jimenez, Water Supervisor  
Gary Fuselier, Landfill Supervisor  
Arturo Perez, Garage Supervisor

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Pro-tem Garcia called the meeting to order in the City Commission Chambers at 7:30 P.M., and announced quorum as present.

**INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)**

The invocation was delivered Mr. Rushing, followed by the Pledge of Allegiance and the Texas Pledge.

**MINUTES OF PREVIOUS MEETING(S) – Required by Law**

None

**II. Public Hearing - (Required by Law).<sup>1</sup>**

None

**III. Reports from Commission & Staff.<sup>2</sup>**

*“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, Convention and Visitor’s Bureau, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, and Texas Municipal League. Staff reports include the following: Building & Development , Code Enforcement, Proposed Development Report; Accounting & Finance – Financial & Investment Information, 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. No formal action can be taken on these items at this time.”*

None

**IV. Public Comment on Agenda Items.<sup>3</sup>**

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

Mayor Pro-tem Garcia called for comments on all agenda and non-agenda items. There were no comments.

**V. Consent Agenda**

None

**REGULAR AGENDA**

**CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:**

**VI. Items for consideration by Commissioners.<sup>4</sup>**

1. **Swearing-in and official oath of newly elected Mayor. (City Commission).**

2. **Swearing-in and official oath of newly elected City Commissioners. (City Commission).**

The swearing-in and official oath ceremony for newly elected City Commissioners Al Garcia, Noel Pena, Arturo Pecos, and Dianne Leubert was officiated by City Secretary Edna S Lopez.

**VII. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 7:40 P.M. Immediately following the ceremony a reception was held in the lobby of City Hall.

\_\_\_\_\_  
Al Garcia, Mayor Pro-tem

ATTEST:

\_\_\_\_\_  
Edna S Lopez, TRMC, CMC  
City Secretary

**MAY 29, 2012**

**A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON TUESDAY, MAY 29, 2012 IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS CITY HALL/200 EAST KLEBERG AVENUE AT 6:00 P.M.**

**CITY COMMISSION PRESENT:**

Sam R Fugate, Mayor  
Al Garcia, Commissioner  
Noel Pena, Commissioner  
Arturo Pecos, Commissioner  
Dianne Leubert, Commissioner

**CITY STAFF PRESENT:**

Vincent J Capell, City Manager  
Courtney Alvarez, City Attorney  
Diana Medina, Collections Supervisor  
Caron Vela, Accounting Manager  
Bob Trescott, Downtown Manager  
Mike Kellam, Director of Development Services  
Mark Rushing, Finance Director  
Naim Khan, City Engineer/Public Works Director  
Willie Vera, Task Force Commander  
Roel Carrion, Interim Fire Chief  
David Mason, Purchasing Director  
Diana Gonzales, Human Resource Director  
Ricardo Torres, Police Chief

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate called the meeting to order in the City Commission Chambers at 6:00 P.M., and announced quorum as present.

**INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)**

The invocation was delivered by Mr. Mark Rushing, followed by the Pledge of Allegiance and the Texas Pledge.

**MINUTES OF PREVIOUS MEETING(S) – Required by Law**

Mayor Fugate called for consideration of the minutes of the special meeting of Monday, May 21<sup>st</sup>, 2012. **Commissioner Pecos made a motion to approve the minutes, as presented, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Fugate, Pena, Leubert, Garcia, Pecos voting “FOR”.**

**II. Public Hearing - (Required by Law).<sup>1</sup>**

NONE

**III. Reports from Commission & Staff<sup>2</sup>**



*"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, Convention and Visitor's Bureau, 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, 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. No formal action can be taken on these items at this time."*

City Manager Capell welcomed the new Commission members. He reported that Staff has started the budget process and asked for their input on anything in particular to pursue or explore. He suggested having an orientation meeting on June 11<sup>th</sup> prior to City Commission meeting. He requested the budget feedback as soon as possible. Mayor Fugate suggested looking at raises for all employees, funds for streets and preparing a comprehensive plan for city streets. Commissioner Pecos asked for information on different scenarios regarding taxes. City Manager Capell announced Mr. John Garcia, Risk Manager's retirement after 32 years of services, effective June 1<sup>st</sup>. He reported that he will be out of the office next week from Wednesday thru Friday.

Ms Alvarez reported the next regular meeting is scheduled for June 11<sup>th</sup>, the deadline for agenda items is Friday, June 1<sup>st</sup>. She added she will be attending the Texas City Attorney's Legal Conference, June 6<sup>th</sup> thru June 8<sup>th</sup>. She announced the City employee picnic will be held on Saturday, June 23<sup>rd</sup> at Dick Kleberg Park.

Commissioners Garcia and Pecos welcomed the two new Commissioners.

Mayor Fugate apologized for not attending the swearing-in ceremony due to an emergency. He announced he was sworn-in earlier today.

Mayor Fugate presented retirees, Sgt Eliseo Cuellar and Police Officer Ruben Trevino with a Certificate of Appreciation and a City of Kingsville watch.

#### **IV. Public Comment on Agenda Items<sup>3</sup>**

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

Mayor Fugate called for comments on all agenda and non-agenda items.

Ms Jennifer Bernal, 412 Alexander representing Keep Kingsville Beautiful, recognized Kappa Sigma Fraternity for helping KKB with the Great American Cleanup and the beach cleanup.

Mayor Fugate called for consideration of the items in the Consent Agenda, Items 1-2.

**Commissioner Pecos made a motion to accept the Consent Agenda, as presented,**

seconded by Commissioner Garcia and Commissioner Leubert. The motion was passed and approved by the following vote: Fugate, Pena, Leubert, Garcia, Pecos voting "FOR".

V. **Consent Agenda**

1. **Motion to approve the reappointments of Mr. Lupe Alvarez, Mr. Steve Zamora, Mr. Robert McCreight, and Mr. Rudy F. Galvan to the Planning and Zoning Commission to serve another two (2) year term. (Director of Development Services).**
2. **Motion to approve the reappointments of Ms. Ricki Cunningham, Mr. Albert Garcia, and Ms. Denise Schreiner to the Zoning Board of Adjustment for another two (2) year term. (Director of Development Services).**

**REGULAR AGENDA**

**CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:**

VI. **Items for consideration by Commissioners.<sup>4</sup>**

3. **RESOLUTION NO. 2012-27 Consider resolution appointing Al Garcia as Mayor Pro Tempore. (Mayor Fugate).**

Commissioner Pecos made a motion to appoint Commissioner Garcia, Mayor Pro Tempore, seconded by Commissioner Pena. The motion was passed and approved by the following vote: Fugate, Garcia, Leubert, Pena, Pecos voting "FOR".

4. **Consider appointing Mr. Raymond Perez to the Planning and Zoning Commission to serve a two (2) year term. (Director of Development Services).**

Mr. Mike Kellam stated Mr. Raymond Perez submitted a letter of interest was a recent participant on the Planning and Zoning Commission has been a long standing member of the community and Staff supports his interest. Upon a question from Commissioner Leubert, Mr. Kellam replied the board openings are on the Staff report, on the City's website and by word of mouth. Upon a question from Commissioner Pena, Mayor Fugate replied there is a process for removing members that miss a certain amount of meetings from a board. Mr. Kellam stated since his arrival to the City there hasn't been a problem with getting quorum. Mayor Fugate stated the Commission has enforced the process for removing a member.

Mayor Fugate called for questions or comments. **Commissioner Pecos made a motion to appoint Mr. Raymond Perez to the P& Z Commission, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Fugate, Garcia, Pena, Leubert, Pecos voting "FOR".**

5. **Consider appointing Mr. Stephan J. Nix to the Zoning Board of Adjustment to serve a two (2) year term. (Director of Development Services).**

Mr. Kellam stated some individuals terms expired and three were reappointed under the consent agenda. Mr. Nix will be the fourth member and they are looking for a fifth member.

Commissioner Pena made a motion to appoint Dr. Nix, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Fugate, Pecos, Leubert, Pecos, Pena voting "FOR".

**6. RESOLUTION NO. 2012-28 Consider resolution authorizing the City Manager to enter into an advanced funding agreement for voluntary maintenance by a Local Government (Landscape Maintenance Agreement with the Texas Department of Transportation for landscape improvements on FM 1356 (General Cavazos Blvd.) from the intersection of US77 Bypass to FM 1717 (South Brahma/14<sup>th</sup> St.) to be performed by the City of Kingsville. (Director of Development Services).**

Mr. Kellam stated this was previously approved, but when the information was sent to the Austin office. Their legal counsel felt that this form was more appropriate to what was being done versus the form suggested by the Regional office. All requirements have been met. Mayor Fugate updated the new members on the beautification project that was approved for General Cavazos from Brahma Blvd to US 77 Bypass. This is a right-of-way that belongs to the highway department. Mr. Kellam stated this should be the final agreement; TXDOT is executing their side of the agreement which will be forwarded to the City.

Mayor Fugate called for questions. Upon a question from Commissioner Garcia, Mr. Kellam replied he did not anticipate changing the funding level and the plan is still the same.

**Commissioner Garcia made a motion to approve resolution, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Fugate, Pena, Leubert, Pecos, Garcia voting "FOR".**

**7. Consider Certificate of Convenience and Necessity for Road Runner Cab Company to operate in the City of Kingsville. (City Secretary).**

Chief Torres stated he was representing the City Secretary. He stated the City Secretary is asking for Commission consideration of a Certificate of Convenience and Necessity for Roadrunner Cab Company. He stated part of the process goes to the Chief of Police. Chief Torres stated he reviewed all applicable sex offender checks for Mr. Robert Murphy who has no history of sex offenses. He stated that Mr. Murphy provided a certified abstract of driving record which was reviewed and he is eligible for a license. He has no current criminal history that shows any felony arrests or convictions. Chief Torres stated documentation was sent to the City Manager with recommendation that Mr. Murphy be allowed to apply for said license.

Commissioner Garcia questioned Mr. Murphy's application not having answered #4. Chief Torres explained he ran Mr. Murphy's history through the Police Department system. Ms Alvarez explained that it was checked off by Mr. Murphy and he did disclose the incident. Chief Torres stated these are Class C misdemeanors which are charged with a fine and they are not high level offenses and they did not involve driving. Mayor Fugate stated the Chief had previously seen the information before making his recommendation and his recommendation is to do this. Chief Torres stated that was correct because nothing on the report tied into the license, itself, or anyone else in particular.

City Manager Capell stated that Mr. Murphy has been very patient in working with Staff. Chief Torres stated Mr. Murphy will provide a good service. Commissioner Pena stated it's not unusual to see an application where someone leaves something blank but the

burden lies on the Commission to ask and the Commission has met the burden by asking. He added he didn't think Mr. Murphy was being deceitful by leaving it blank. The violations are over ten years and they are fineable offenses.

Upon a question from Commissioner Garcia, Chief Torres stated the cab does have a meter. He added that both, he and the City Secretary checked with the City of Corpus Christi to find an entity that checked meters and there are none in the State of Texas. Chief Torres stated this certification will fall upon him. He will get into the cab with the cab driver, drive about a mile to ensure that the meter is working correctly. There's a system in the meter to actually put a lock to ensure that our citizens are not overcharged. This will be done annually.

**Commissioner Garcia made a motion to grant certificate, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Fugate, Pena, Leubert, Pecos, Garcia voting "FOR".**

## **VI. Adjournment.**

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

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Sam R Fugate, Mayor

ATTEST:

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Edna S Lopez, TRMC, CMC  
City Secretary

# **PUBLIC HEARING(S)**

**PETITIONS,  
GRIEVANCES, &  
PRESENTATIONS**

# **CONSENT AGENDA**

# **AGENDA ITEM #1**





# KINGSVILLE FIRE DEPARTMENT

P.O. Box 1458  
Kingsville, Texas 78364  
(361) 592-6445  
FAX (361) 595-4798

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To: City Manager Vince Capell and City Commission

From: Roel Carrion, Interim Fire Chief

Re: Donation of Stretcher

Date: May 29, 2012

It was brought to my attention that NAS Kingsville is in need of a stretcher for one of their back-up ambulance units and asked our department if we could donate one of our old stretchers. We currently have three old stretchers that were replaced with the new power type stretchers. One of those old stretchers needs some minor repairs and KAS Kingsville said that they are willing to have it repaired if we are willing to donate it. I am therefore requesting your permission to donate the stretcher that is in need of repair to NAS Kingsville for use in their back-up ambulance.

# **AGENDA ITEM #2**



## MEMORANDUM

From  
The Human Resources Department

**Date:** June 1, 2012

**To:** Mr. Vince Capell  
City Manager

**From:** Diana Gonzales, PHR  
Human Resources Director

**Subject:** Civil Service Commission Appointments

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### SUMMARY

Request for consideration the appointment of Mr. Nick Harrel for a 3 year term as a Civil Service Commissioner.

### BACKGROUND INFORMATION

The Civil Service Commission consists of a 3 member panel. There are currently 2 vacancies.

The first vacancy occurred on May 26, 2011 when Mr. Juan Lozano's term expired. Mr. Lozano did not wish to pursue a 3<sup>rd</sup> term.

The second vacancy occurred on May 26, 2012 with the expiration of Mr. Nick Harrel's term. Mr. Harrel is interested in continuing to serve as a Civil Service Commissioner for an additional 3 years.

The City's Civil Service Commission consists of three (3) individuals who are appointed by the municipality's chief executive and confirmed by the governing body of the municipality. Members serve staggered three-year terms with the term of one member expiring each year. A person appointed to this position must meet guidelines established by Texas Local Government Code Chapter 143.006 (c) as follows:

1. be of good moral character;
2. be a United States citizen;
3. be a resident of the municipality who has resided in the municipality for more than three years;
4. be over 25 years of age; and
5. not have held a public office within the preceding three years.

Additional exceptions to (c)5 above,  
"the municipality's chief executive may reappoint a commission member to consecutive terms. A commission member may not be reappointed to more than a third consecutive term unless the member's reappointment to a fourth or subsequent consecutive term is confirmed by a two-thirds majority of all the members of the municipality's governing body."

### FINANCIAL IMPACT

None at this time.

### FOR CONSIDERATION

Appointment of Mr. Nick Harrel to the Civil Service Commission for a 3 year term.

# **(REGULAR AGENDA)**

# **AGENDA ITEM #3**

ORDINANCE NO. 2012-\_\_\_\_\_

**AMENDING THE CITY OF KINGSVILLE CODE OF ORDINANCES CHAPTER V, ARTICLE 3, WATER, PROVIDING FOR A WATER RATE FOR NAVAL AIR STATION KINGSVILLE; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING FOR AN EFFECTIVE DATE AND PUBLICATION.**

**WHEREAS**, the City has had a water supply contract with Naval Air Station Kingsville for several decades, but no rate increases had been done in many years,

**WHEREAS**, the City recently had a water rate study done by HDR Engineering to determine the appropriate wholesale water rate calculation for Naval Air Station Kingsville so that they only pay for the portions of the water supply and delivery system that they use,

**WHEREAS**, the water rate study done by HDR Engineering determined the increase to \$1.75/1,000 gallons was appropriate for that wholesale customer,

**WHEREAS**, this Ordinance is necessary to protect the public safety, health, and welfare of the City of Kingsville.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:**

I.

THAT Section 5-3-51 of Article 3: Water of Chapter V, Public Works, of the Code of Ordinances of the City of Kingsville, Texas, shall be amended to read as follows:

**§ 5-3-51 MINIMUM MONTHLY CHARGE; RATE SCHEDULE.**

...

(E) Industrial rates by special contract with the city.

(F) Naval Air Station Kingsville water rate, as determined by the most current water rate study, is set at \$1.75/1,000 gallons.

II.

**THAT** all Ordinances or parts of Ordinances in conflict with this Ordinance are repealed to the extent of such conflict only.

III.

**THAT** if for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite

intent of this City Commission that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

IV.

**THAT** this Ordinance shall be codified and become effective on and after adoption and publication as required by law.

**INTRODUCED** on this the 11th day of June, 2012.

**PASSED AND APPROVED** on this the 25<sup>th</sup> day of June, 2012.

\_\_\_\_\_  
Sam R. Fugate, Mayor

ATTEST:

\_\_\_\_\_  
Edna Lopez, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Courtney Alvarez, City Attorney

# Memo

To: Mark Rushing, Finance Director  
From: Diana Medina, Collections Manager Utility Billing Department  
CC: Naim Khan, City Engineer  
Courtney Alvarez, City Attorney  
Date: 06/04/2012  
Re: NAS Water Rate Contract- recommendation

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A recent study done by HDR Engineering in reference to the NAS-Kingsville water rate found that the recommended rate of \$1.75/1,000 gallons should be charged instead of the current rate of \$1.39/1,000 gallons.

This water rate study was reviewed by Naim Khan as well as the City Attorney, Courtney Alvarez.

Therefore, the recommended language should be added to the current City Ordinance 5-3-51 after item (E):

(F) NAS-Kingsville water rate will be set as determined by the most current Water Rate Study of \$1.75/1,000 gallons.



To: Mr. Naim Khan, P.E.	
From: Grady Reed	Project: Wholesale Rate Calculation for NAS-Kingsville
CC: Mr. Mark Rushing	
Date: May 9, 2012	Job No: 184326

Document3

**RE: Wholesale Rate Calculation for the Kingsville Naval Air Station**

**Background**

HDR was asked by the City of Kingsville to calculate an updated wholesale water rate for the Kingsville Naval Air Station (NAS). The NAS is currently a wholesale customer of the City and is charged \$1.39/1,000 gallons of use.

When calculating a wholesale water rate, the wholesale customer should only pay for portions of the water supply and delivery system that are being used. For example, in this case, the NAS obtains water from the City through a large transmission main, not utilizing the City’s smaller diameter distribution system. In this case, the NAS rate should be based on the component rate pieces for water supply, water treatment, transmission, and pumping and storage. HDR used the “cash method” to calculate the wholesale rate, and thus no rate of return was included.

**Methodology**

HDR meet with City staff to allocate all water system expenses into the following categories – Groundwater, Surface water, Treatment, Pumping & Storage, Distribution, Billing & Collection, Meters, and Fire Protection. Table 1 shows the percentage of each cost category assigned to each functional cost center. For example, 14% of personnel cost were assigned to the Groundwater cost center while only 2% of the personnel costs were assigned to surface water.

Table 1.  
Allocation of Water System Costs to Functional Cost Centers

Cost Type	GW	SW	Trmt.	PS&T	Dist.	Meters	B&C	Fire	Total
Personnel Services	14%	2%	5%	3%	48%	15%	12%	1%	100%
Supplies	42%	5%	3%	6%	24%	11%	8%	1%	100%
Surface Water Purchase		100%							100%
Chemicals	80%	20%							100%
Repair & Maintenance	19%	4%	5%	2%	63%	4%	2%	1%	100%
Services	67%	17%	2%	0%	4%	5%	5%		100%
Utilities	100%								100%
Common Expenses	46%	21%	2%	2%	20%	5%	4%		100%
Operating Transfers	46%	21%	2%	2%	20%	5%	4%		100%
Other Transfers	46%	21%	2%	2%	20%	5%	4%		100%
Minor Capital	46%	21%	2%	2%	20%	5%	4%		100%

From the allocations above, costs for each of the functional cost centers can then be calculated. This was done using the City's budget data for FY 12. These costs are then adjusted for non-rate revenue to obtain a total rate-supported cost of service for each functional category. Finally, these costs are divided by the gallons associated with each function (or meters for meter cost and bills for billing and collection cost) to obtain a unit cost for each function. This is shown in Table 2. For example, this table shows that the total cost of service for Groundwater Supply is \$1,727,960. From this amount, \$65,495 is subtracted as a credit for non-rate revenue leaving a rate-supported cost of service for the groundwater component of the system of \$1,662,465. Finally, this rate-supported cost of service is divided by the number of units associated with that cost center – in this case, the gallons of groundwater to be pumped, to arrive at a unit cost of \$1.55/1,000 gallons of groundwater.

Table 2.  
Data for Functional Cost Centers

Item	Test Year FY12 Total	Groundwater Supply	Surface Supply	Water Treatment	Pumping, Storage & Transmission	Distribution	Customer		Direct Fire Protection
							Meters & Services	Billing & Collections	
<b>TOTAL COST OF SERVICE</b>									
O&M Expenses (less capital & transfers)	\$ 2,842,726	\$ 995,161	\$ 484,517	\$ 84,600	\$ 51,230	\$ 838,081	\$ 209,484	\$ 163,894	\$ 15,767
Operating Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Requirements									
Debt Service - Existing Debt	\$ 554,643	\$ 190,459	\$ -	\$ -	\$ 259,717	\$ 104,467	\$ -	\$ -	\$ -
Debt Service - Proposed New Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service	\$ 554,643	\$ 190,459	\$ -	\$ -	\$ 259,717	\$ 104,467	\$ -	\$ -	\$ -
Transfers Out									
Operating Transfers	\$ 750,000	\$ 345,000	\$ 157,500	\$ 15,000	\$ 15,000	\$ 150,000	\$ 37,500	\$ 30,000	\$ -
Other Non-P&I Capital Transfers	\$ 429,000	\$ 197,340	\$ 90,090	\$ 8,580	\$ 8,580	\$ 85,800	\$ 21,450	\$ 17,160	\$ -
Total Transfers Out	\$ 1,179,000	\$ 542,340	\$ 247,590	\$ 23,580	\$ 23,580	\$ 235,800	\$ 58,950	\$ 47,160	\$ -
<b>TOTAL COST OF SERVICE</b>	<b>\$ 4,576,368</b>	<b>\$ 1,727,960</b>	<b>\$ 732,107</b>	<b>\$ 108,180</b>	<b>\$ 334,527</b>	<b>\$ 1,178,348</b>	<b>\$ 268,434</b>	<b>\$ 211,044</b>	<b>\$ 15,767</b>
<b>LESS NON-RATE REVENUE ADJUSTMENTS</b>									
Other Revenue	\$ 187,091	\$ 65,495	\$ 31,888	\$ 5,568	\$ 3,372	\$ 55,157	\$ 13,787	\$ 10,786	\$ 1,038
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 187,091</b>	<b>\$ 65,495</b>	<b>\$ 31,888</b>	<b>\$ 5,568</b>	<b>\$ 3,372</b>	<b>\$ 55,157</b>	<b>\$ 13,787</b>	<b>\$ 10,786</b>	<b>\$ 1,038</b>
<b>TOTAL RATE-SUPPORTED COST OF SERVICE</b>	<b>\$ 4,389,278</b>	<b>\$ 1,662,465</b>	<b>\$ 700,219</b>	<b>\$ 102,612</b>	<b>\$ 331,156</b>	<b>\$ 1,123,191</b>	<b>\$ 254,647</b>	<b>\$ 200,258</b>	<b>\$ 14,730</b>
Service Units (includes unbilled water)		(000 gals) 1,072,193	(000 gals) 134,800	(000 gals) 1,206,993	(000 gals) 1,206,993	(000 gals) 1,206,993	(Equiv. Meters) 7,958	(No. of Bills) 95,491	(Equiv. Meters) -
Avg. Unit Costs per Service Unit		\$ 1.55	\$ 5.19	\$ 0.09	\$ 0.27	\$ 0.93	\$ 32.00	\$ 2.10	
Avg. Unit Costs for Functional Areas of the System		with unbilled water							
Treated Water	\$ 2.04	per 1,000 gals							
Cost Delivered to Network	\$ 2.32	per 1,000 gals							
Cost Delivered to Customer	\$ 3.26	per 1,000 gals							
Customer and Meter Costs	\$ 34.10	per meter							
Direct Fire Protection	\$ -	per fire meter							

It has been determined that the NAS will utilize both the groundwater and surface water cost centers as well as the treatment and pumping, storage & transmission portions of the City's water system; therefore these components should be included in the wholesale rate for the NAS, while the remaining costs should be excluded.

The bottom portion of Table 2 shows a "Cost Delivered to Network" of \$2.32/1,000 gallons. This is the cost associated with a customer utilizing the same portions of the system as the NAS.

This rate was then reduced to take into account revenue collected through the demand charge portion of the rates. This calculation resulted in a rate of \$1.52/1,000 gallons.

**Recommendation**

It is HDR's recommendation that the City charge the NAS a wholesale volume water rate of \$1.75/1,000 gallons (the \$1.52/1,000 gallons from above plus a 15% outside-city markup). This would result in a 26% increase in the volume rate currently being paid by the NAS.

The demand charge should be the appropriate outside-city demand charge based upon the meter size utilized by the NAS.

It should be noted that this rate is calculated using FY12 data. This rate should be subject to the same annual increases as commercial customers receive. For example, if for FY13 the City raises commercial water rates by 4%, the NAS volume rate would be \$1.82/1,000 gallons for FY13.