

AUGUST 22, 2003

A BUDGET WORKSHOP SPECIAL MEETING OF THE CITY OF KINGSVILLE, TEXAS WAS HELD ON FRIDAY, AUGUST 22, 2003 AT 10:30 A.M. IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS CITY HALL, 200 EAST KLEBERG AVENUE.

CITY COMMISSION MEMBERS PRESENT:

Filemon "Phil" Esquivel, Mayor
Horacio "Hoss" Castillo, City Commissioner/Mayor Pro-Tem
Charlie Wilson, City Commissioner
Arturo Pecos, City Commissioner
Al Garcia, City Commissioner

CITY STAFF PRESENT:

John Garcia, Interim City Manager
Irene Ramirez, City Secretary
Courtney Alvarez, City Attorney
Caron Vela, Interim Finance Director
Jennifer Detloff, Director of Development Services
Stanley Fee, City Engineer
Luke Womack, Auditor

I. PRELIMINARY PROCEEDINGS.

OPEN MEETING

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Esquivel)

Mr. Luke Womack led the members of the audience in an invocation immediately followed by the Pledge of Allegiance being led by Commissioner Wilson.

II. PUBLIC HEARING – (Required by Law).¹

None

III. PUBLIC COMMENT ON AGENDA ITEMS.³

None

IV. PETITIONS, GRIEVANCES, AND PRESENTATIONS.²

1. INTERIM CITY MANAGER'S REPORT. (INTERIM CITY MANAGER).

Mr. John Garcia, Interim City Manager, stated that a preliminary Homeland Security meeting had taken place with regards to expenditures received, with a continuation of the meeting being Monday in regards to what spending will occur. He also informed Commissioner Wilson that he received paperwork on Mr. Mata, and will place in inboxes.

Commissioner Pecos states to Mayor Pro-Tem Castillo that he wants to follow up on Mr. Garcia's comment on National Security Funding from the COG, he states that he talked to John Bogner, in regards to that, and that information is in the proposal for this meeting. City was given 218,000 dollars for the fiscal year, and the following fiscal year. 109,000 for this

fiscal year, and 109,000 for following fiscal year. Out of these monies that City is going to have to share it with smaller cities without EOC. States that he has the figures for this, and he is going to attend COG meeting on Monday morning and will share information.

Mr. Garcia made a comment in regards to Commissioner Pecos' statement.

2. CITY ATTORNEY'S REPORT. (CITY ATTORNEY).

Mrs. Courtney Alvarez, City Attorney, stated to the Commissioners that she sent them e-mails this morning, and within the email she notified them that a letter was received from the attorney representing the City regarding some issues. States that she received an e-mail from the chief negotiator for the Police department's collective bargaining team and that they are going to invoke the duration of clause of their contracts, and that it does not appear that the City is going to negotiate with them this year, but probably next year.

She also states that the Fire Department collective bargaining is scheduled for Wednesday of next week. States that Mayor Esquivel set up a meeting with Mr. Doug Barbie, site director of Celanese for that coming Tuesday to entertain discussions on the contract with Celanese.

3. MAYOR AND CITY COMMISSION REPORTS. (CITY COMMISSION).

None.

4. Review and discuss department budget requests, revenues, new proposals and projections pertaining to the proposed fiscal year 2003-2004 budget.

Mayor Pro-Tem Castillo invites Mr. Garcia (Interim City Manager), and Mr. Luke Womack to speak.

Mr. Womack states that the discussion would primarily be to discuss revenues. He began on stating that inside the existing budget they have already projected 1,250,000 dollar transfer out of the utility fund, and as a proposal they are looking at eight liners to be 750 dollars per machine.

Commissioner Wilson asked if the City is going to go up on the eight liners fee schedule, and points out that he wanted to clear up any confusion that anyone may have.

Mr. Womack stated that it is an increase in fee schedule from 250 dollars to 750 dollars, and that this would generate approximately 1 million dollars. He states that also in the proposal there is a transfer out of 660,000 dollars an overriding factor that was discussed that the city did not want to build a budget on eight liner revenue. However, 1/3 of that money will be left in the general fund, and 2/3 of it is being transferred out to a capital projects fund, and in the capital projects fund will provide for 200,000 to redo the Fire Department, 50 to 80 thousand for canisters that are needed in the Landfill, and then 150 or what the commission desire would go towards additional street paving material. He

stated that the theory of this proposal is if the money is moved out, then the City can keep it to where it only spends on one time type items. He also states that 1/3 of it is being left in budget, and still poses as a concern to him, but that they are already proposing some revenue increases, which may or may not be accepted. Mr. Womack stated that 330-340 thousand dollars is going to be left out of the general fund, where this money will end up has not yet been decided by the Commission. Mr. Womack asks Commissioners to look at Summary page, states that he also wants to propose that in the general fund there is still a 12,024,00 thousand dollar deficit. Utility fund has a 21 thousand dollar deficit. Mr. Womack proposes a residential increase of 2.00, and a commercial base increase that would generate 286,000, and business license for approximately 33,750. Mr. Womack states that there was an additional license inspector that reclassified changing from an R6 to a R7, and also elevating him to a class 22, and bringing up fees where the city can keep these people. He states that on the utility side he recommends grease traps at about 25.00 per quarter to protect the city's sewer system. Also, recommends 10 cent per thousand on residential for wastewater disposal, and also a .50 cent per residential increase, overall base increase recommended is about 2.50 per residential. He also states that a study was done on commercial rates for sanitation, advises the Commission to review study of bid processes for Premont and Falfurrias. Mr. Womack goes on to point out the different charges that various cities are charging for sanitation charges. Commissioner Pecos asks if this is for a one time pick up. Mr. Womack states that yes it is, and goes on to say that the city is substantially below our whole regional market. The 286,000 is to raise the city rates to 55 dollars, on a 19.70 increase on 3 yards, and up to 65 dollars on a 19.30 increase on 4 yards. Points out that this is substantially still in line or cheaper than other cities. He states that as they go out on a number of pick ups it is discounted and this could substantially impact commercial businesses that have 6 or more pick ups, due to the fact that they are using landfill more. States that the 3 yards will generated 236,000 dollars, 4 yards will generate 128,000 dollars, residential will be at 66.50 and will generate 239,000 dollars, plus take out money to constantly fund the landfill at 252,000, at the end of the 9 year period the city will have their money, will leave 352,000, and he has discounted 66,000 for multiple cans leaving the city with 286,000. He states that if residential garbage increases by 2.00, it would be a 159,600 increase.

Commissioner Wilson asked Mr. Womack what the bottom line impact would be if these fees were implemented on the minimum user household (residential). Mr. Womack stated that the maximum user would pay 4 dollars per month, and a minimum user would be \$2.50.

Commissioner Garcia asked Mr. Womack what his proposal will do to the overall. Mr. Womack stated that if the city does all items in proposal, and implanted some urgency in the license and permits area the city would have a deficit of 12,491 dollars, and the city would go back and find another 30-50 thousand dollars in cuts, to bring it to another 30-40 thousand dollar surplus.

Commissioner Wilson asked if figures are based on the assumption of eight liner fees going up. Mr. Womack states that it is. Commissioner Wilson then asked what tax rate this is being based on. Mr. Womack states at a 70.5 rate, and that this is the notice and hearing limit.

Commissioner Garcia states that he has a problem with water purchase, and wants to know what this is going to do about water purchase. Mr. Womack states that they discussed the sewer project; the 12.5 million that needs to be done which also involves brand new water meters older than five years, and involves all electrical savings would all be addressed in this issue. And will take about 900,000 dollars a year in addition to the existing debt, and the old bond would be refinanced, which would lower the interest rate, and then the city would borrow 12.5 million, in 2005 the commitment for 12.5 million goes away. And goes on to say that this is how the city would fund the 900,000 without any increase, and would leave about 300,000 for water purchases from South Texas Water Authority, without having to do any type of rate increase. He added that the monies would be available in 2005 to begin the bond payments on the bonds that they are talking about, and that the city would not be able to commit to more than 250-300 thousand in water purchases from the South Texas Water Authority. Commissioner Wilson adds that this is clearly not South Texas Water Authority's expectation. Mr. Womack states that he has never been involved in those types of negotiations. Commissioner Wilson adds that he read their minutes and that they are projecting a 25 percent water purchase from the city. Mr. Womack responded by saying that there are decisions that have to be made, and that their expectations may not be our reality.

Commissioner Pecos states that a study was done pertaining to water wells, and that the city will be required to buy 25 percent from South Texas Water Authority, however for the year 2005 and 2006 it is going to be 18.2, not 25, so there is going to be an expenditure with the for the amount of 600,000, and that the city will be getting another savings in there. Mr. Womack stated that there are no requirements for the city to purchase another drop next year, and what he is advocating is that the city needs 900,000 dollars, to fund the central things with the sewer and the water system, which leave 300,000 dollars to negotiate with, unless the city decides to have further water increases, in order to raise that surplus 300,000 to the 600,000 that Commissioner Pecos is talking about.

Commissioner Wilson states that the 900,000 dollars that they city has is not going to work with the expectations that the South Texas Water Authority has. Mr. Womack then states that they are back to guaranteeing 200,000 in water purchases, and leaving the city with 100-150 thousand in emergency water purchases, based on the current rate structure. Commissioner Pecos states that the city needs to make sure that the water wells will be able to use the water that the city is going to buy from the STWA.

Mayor Esquivel has now entered the meeting.

Mr. Womack briefs the mayor on previous discussion. Upon being briefed Mayor Esquivel asks Ms. Jennifer Detloff, Director of Development Services to send letters out to the eight-liner owners to make them aware that the city is proposing to increase schedule fees. Ms. Detloff asks Mayor Esquivel to hold a workshop. Mayor Esquivel states that this is not a good idea and suggests that Ms. Detloff's budget and to figure out how many people want to come in and how many machines they want to have, so she can give Ms. Caron Vela, Interim Finance Director, and Mr. Womack a projection of what might be coming in. Mr. Womack stated that if these 13 people decide to stay this is what he figures are based on.

There is discussion on how many actual eight-liners are in Kingsville at this time.

Commissioner Pecos begins briefing Mayor Esquivel on the study done by the STWA. Mr. Womack begins briefing Mayor Esquivel on his projected proposal. Mayor Esquivel asks Mr. Womack how much the city is now paying STWA. Mr. Womack states a 1.1 million. Mayor Esquivel states that he has a meeting set up with Mr. Barbie of Celanese, and his legal team to renegotiate contracts. Mayor goes on to state that Celanese is utilizing 2 water wells. Mr. Womack states that the city should be looking into creating a water district for the county, Mayor Esquivel agrees with Mr. Womack. Mayor Esquivel asks to have Carola from STWA meet with them to discuss a water district.

Mayor Esquivel asked Mrs. Courtney Alvarez, City Attorney to brief them on angle fees for towers. Mrs. Alvarez states that Mr. Batey had informed the Mayor that the City of Houston Legal Department was working on an ordinance for an annual permit fee for regards to a cellar tower, and states that the City of Houston Legal Department was contacted and that they stated that they were not working on such ordinance, but has searched their website, and do have a permit fee for towers, but that it is not an annual fee. Ms Alvarez also stated that Mayor Esquivel's next suggestion was to contact Mr. Batey from T-One Mobile, and she is getting the number. Mayor Esquivel stated to Ms Alvarez that it was not an ordinance for permit fees, and that Mr. Batey was talking about setting up an ordinance to be able the lease their city property for towers. Mayor Esquivel suggested that Ms Alvarez to follow up on that. Mayor Esquivel stated that he thinks that the city should also be doing this. Mayor Esquivel asked if there is an ordinance pertaining to this. Mr. Stanley Fees, City Engineer stated that this was talked about several years ago about leasing water towers, and having antennas put on them, but that idea did not go well with the previous Public Works Director, because he was afraid of some kind of chemical reaction the epoxy would have on the inside lining of the tank. Mayor Esquivel stated that a tower was leased out by the Police Department, and wants to know how this contract with Sprint PCS is coming along.

Mayor Esquivel asked that Mr. John Garcia talk to the County Judge to look into adding a 10 dollar fee to licensed vehicles in Kingsville. Mayor Esquivel wants to know if jail revenue was discussed.

A lengthy discussion on how the city gets paid for beds being used, and how money is lost when all 10 are not being used.

Mayor Esquivel suggested that the city can renegotiate contract to only supply 5 beds instead of 10.

Mayor adjourns meeting at unknown time.

Filemon "Phil" Esquivel, Jr., Mayor

ATTEST:

Irene Ramirez, City Secretary

PRESENTED and ADOPTED by the Kingsville City Commission on this 27th day of April, 2004.

Charles E Wilson, Presiding Officer

ATTEST:

Edna S Lopez
Edna S Lopez, Interim City Secretary