

NOVEMBER 22, 2010

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, NOVEMBER 22, 2010 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
Charles E Wilson, Commissioner
Stanley Laskowski, Commissioner
Arturo Pecos, Commissioner

CITY STAFF PRESENT:

Courtney Alvarez, Interim City Manager
Edna S Lopez, City Secretary
Yolanda Cadena, Health Director
Robert Trescott, Downtown Manager
Al Lopez, Fire Chief
Frank Garcia, Wastewater Superintendent
Dora Byington, Purchasing Director
David Mason, Purchasing Director
Ken Clark, Director of Development Services
Diana Gonzales, Human Resource Director
Marco Jimenez, Water Supervisor
Naim Khan, City Engineer
John Garcia, Risk Manager
Ricardo Torres, Police Chief
Mark Rushing, Finance Director
Arturo Perez, Garage Supervisor
Bill Donnell, Public Works Director
Joe Casillas, Water Production Supervisor

I. Preliminary Proceedings.

OPEN MEETING

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

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

The invocation was delivered by Ms Dora Byington, 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 regular meeting of Monday, November 8th, 2010 and the special meeting of the meeting of November 10th, 2010. **Commissioner Laskowski made a motion to approve the minutes with one correction to the minutes of November 8th, 2010, seconded by Commissioner Wilson. The motion was passed and approved by the following vote: Fugate, Garcia, Pecos, Wilson, Laskowski voting "FOR".**

II. Public Hearing - (Required by Law).¹

NONE

III. Reports from Commission & Staff²

"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. No formal action can be taken on these items at this time.”

Interim City Manager Alvarez reported that the Financial Advisor will make a presentation later in the agenda; she welcomed Mr. David Mason as the new Purchasing Director; reported the street department projects; and stated the County has confirmed that they have budgeted for the items that are in agenda items 6 & 7. She reported City Hall will be closed on Thursday and Friday in observance of the Thanksgiving holiday. She reported on the holiday brush pick up schedule.

Interim City Manager Alvarez introduced Mr. Ralph Ambrose from Aransas Pass, Texas. Mr. Ambrose stated he is proposing a Nature's Own RV Resort which will be located south of Dick Kleberg Park across from the South Creek Subdivision. He stated he has met with citizens of South Creek, and some are opposed and some are for it. He stated the dam will be fixed and his company will pay for the cost. Mr. Ambrose stated the park will have a day room and office. The RV resort will have a gym, pool, and barbecue area. He stated their goal is to attract Winter Texans. Upon a question from Commissioner Garcia, Mr. Ambrose replied the first phase will have 55 spaces, and the total project will have 100 spaces. The RV Park will be 205 feet from the center of the creek. He stated the brush will be cleared and a fence will be constructed; only the brush along Bypass 77 will remain. The area will be landscaped and will be gated. He added that he will be meeting with Ms Susan Ivy, Park Director to discuss any concerns. Commissioner Garcia voiced his concern on the potential flooding of the area and getting the Corp of Engineers involved. Mayor Fugate replied the County has a dam not too far from that location. Mr. Ambrose stated he did not think that the Corp of Engineers needed to be involved, but he would ask his engineer.

Ms Anne Burger Entrekin, First Southwest, Managing Director addressed the Commission. Ms Entrekin provided information on a presentation on proposed projects of the City for the upcoming capital improvement program. She focused on projects that are General Fund and Utility System Fund related. She provided information on the capacity analysis as of November 22, 2010. She stated the improvements were segregated into various categories because they had focused on the useful life of the respective assets to be financed. She explained the most current taxable assess valuation, which have been conservative and assumed a no growth scenario. This included information on street improvements, vehicles & equipment, remodeling City Hall, and drainage improvement. Ms Entrekin stated the estimated tax rate in 2013 when compared to the tax rate at the end of 2010 fiscal year is a 1.63 cent impact. If compared to the tax rate of 2011, the number is slightly larger. She stated that Mr. Rushing requested they prepare a source and uses report. So the information was broken out more in the aggregate form dividing them in Streets and Bridge repairs, general fund budget requests, City Hall remodeling, and the drainage five year plan to come up with the total deposit to the construction fund. She stated that she knows that the City is in the process of evaluating these respective projects. The City has some flexibility up to the day before they price to modify the numbers. She stated what is being asked for their consideration is if they would like to move forward there is an item that states, "not to exceed" which creates a number that they can't go above. This gives them great latitude to be able to further refine and evaluate the respective projects before they are locked in. She added the projects wouldn't have to be locked in until January.

Mayor Fugate stated that he feels kind of rushed on this. He added that at the last meeting discussion was that there was some time to reflect on this but then it happened at this meeting. Ms Entrekin explained there is a proposed time table of events and she will be happy to do is change some of the dates to settle in on the projects. She added if on that date they still aren't ready there's the flexibility to table the item and comeback and to do it later. She stated this is really more just setting the platform and beginning the legal process by which the City must go through in order to potentially issue Certificates of Obligation. She provided information on the projected coverage analysis for the Utility system. In the utility system debt, that number is really focused on the debt service coverage. The net revenues available for debt service are audited figures from the 2008 audit, \$4,192,754. The proposed Certificates of Obligation 2011 for utility is \$4,975,000.

Ms Entrekin explained a wraparound debt scenario has less principle amortizing up front in order to minimize the debt service impact as your existing debt service pays off. In this scenario the average life goes to about 13.852 but this makes the projected interest rate jump up to 4.85 versus 4.50. While this gives a cushion on the front end potentially it may be some ability for a little more flexibility in the rate setting. This will cost more in interest but also will cost higher in interest rate.

Ms. Entrekin provided information on the projected sources and uses. She stated that the differential comes in by pushing the principal to wraparound. She added there is a slight increase in the cost of issuance. She explained what the aggregate impact of the projects are, in the level debt scenario, if aggregated together it comes out to \$12,835,00 and if the wraparound scenario is done it comes out to \$12,840,000. She further explained the proposed time table of events. She advised that the final decision date can be moved to January 24th. She stated that the last three weeks in the municipal marketing have been extremely challenging. She further explained that since November 18th the municipals bonds are now 90 basis points over what was the low for this period and over the last three weeks about 40 basis points in the market have been lost. She added that several bond issues have been pulled from the market. She called for questions from the Commission. The legal document states not to exceed \$15,000,000 and the City has until January 5th, but if more time is needed this can be changed.

Mayor Fugate called for questions.

IV. Public Comment on Agenda Items ³

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

Mayor Fugate called for comments on all agenda and non-agenda items. There were no comments.

Mayor Fugate called for consideration of the items in the Consent Agenda, Items #1-3. Commissioner Laskowski made a motion to accept the Consent Agenda as presented, seconded by Commissioner Wilson. The motion was passed and approved by the following vote: Fugate, Pecos, Wilson, Laskowski voting "FOR". Garcia "ABSTAIN".

V. Consent Agenda

1. RESOLUTION NO. R2010-55 Motion to approve resolution authorizing the release of Chapter 59 Funds of the Kingsville Police Department for donation to the Boys & Girls Club of Kingsville. (Purchasing Director).
2. RESOLUTION NO. R2010-56 Motion to approve resolution authorizing the release of Chapter 59 Funds of the Kingsville Police Department for donation to the Kingsville Boxing Club. (Purchasing Director).
3. RESOLUTION NO. R2010-57 Motion to approve resolution authorizing the release of Chapter 59 Funds of the Kingsville Police Department for donation to Communities in Schools for a Drug and Alcohol Prevention program. (Purchasing Director).
4. Motion to approve the temporary installation of serpentine for security purposes outside the naval air station gates on East Caesar Ave. and General Cavazos Blvd. (City Engineer).
5. RESOLUTION NO. R2010-58 Motion to approve resolution authorizing the Mayor to execute a Certified Resolution and Notice of Appointment of Successor Trustee for the City of Kingsville Employee Benefit Plan Trust. (Human Resources Director).

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

6. Consider awarding Bid No. 11-16 authorizing the purchase of two pick-up truck for the Health Department. (Purchasing Director).

Mr. David Mason stated it is recommended that the bid be awarded to the local bidder, Eddie Yaklin Ford, if the City Commission determines, in writing, that this purchase offers the best combination of price and additional economic development opportunities created by this award. The bid from the local bidder falls within the 5% Local Preference Law.

Commissioner Wilson made a motion to accept Staff's recommendation to award the bid to Eddie Yaklin Ford, seconded by Commissioner Garcia. Interim City Manager Alvarez stated the local bidder determination letter is included in the packet that if the Commission chooses to go with the local bidder because they are within 5% of the lowest bid received that would be because the local bidder binds as stated the best combination of contract price and additional economic development opportunities for the City created by the contract award including be not limited to employment of city residents and increased tax revenues for the City. **The motion was passed and approved by the following vote: Fugate, Laskowski, Pecos, Garcia, Wilson voting "FOR".**

7. Consider awarding Bid No. 11-17 authorizing the purchase of two mosquito sprayers for the Health Department. (Purchasing Director).

Mr. Mason stated it is recommended that the bid be awarded to Univar USA from Corpus Christi, Texas.

Commissioner Laskowski made a motion to award bid to Univar USA for \$18,200, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Fugate, Garcia, Wilson, Pecos, Laskowski voting "FOR".

8. RESOLUTION NO. R2010-59 Consider resolution of the City of Kingsville, Texas supporting Job Access & Reverse Commute (JARC) Grant; Certifying that the City of Kingsville is in total support of Kleberg County Human Services' application to the Texas Department of Transportation for the JARC (Job Access & Reverse Commute) Grant. (Commissioner Laskowski).

Commissioner Laskowski stated he attended a meeting with the County, Mr. Dick Messberger, a group from Corpus Christi, and members of the University. Discussion was to submit a grant application that would provide for transportation vehicles to transport some the University students from locations here in Kingsville and also to help with the transportation of citizens from the Calallen area at a low cost. This requires a cash match but the County has adopted the same resolution and they are in full support of this grant.

Commissioner Wilson made a motion to adopt the resolution, seconded by Commissioner Garcia. Mayor Fugate stated in was also present at some of the meetings and this is a great opportunity. The motion was passed and approved by the following vote: Fugate, Pecos, Laskowski, Garcia, Wilson voting "FOR".

9. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances by amending Section 15-1-64, providing for removal of a requirement that wiring be enclosed in conduit. (Director of Development Services).

Mr. Clark stated the 2009 Building Code was update and adopted recently. The City of Kingsville ordinance is outdated and has created problems on some projects. This would delete this section.

Mayor Fugate called for questions or comments. Commissioner Wilson commented it is unfortunate that not all the Commission have knowledge of the circumstances that Mr. Clark has alluded to. Mr. Clark stated one circumstance was the Brownvilla project and there have been other smaller projects that have had problems.

INTRODUCTION ONLY

10. Discuss projects and equipment list for Certificates of Obligation series 2011. (Interim City Manager).

Interim City Manager Alvarez stated since the last meeting there have been meetings with Staff to re-review the projects and equipment list for the Certificates of Obligation Series 2011. She stated it has come down from a little over \$9,000,000 for the general fund portion of the issuance down to \$7.5. The Utility fund is at around \$4.7. She stated the items in the packet show the revisions that were made. She stated that Staff is present to answer any questions.

Mayor Fugate called for questions. Commissioner Laskowski stated he had one question with regard to the funding of this issuance. He stated he had read the email from Grady with regard to the storm water options. He then asked if anyone had asked Grady what the timeline would be to get a storm water ordinance in place. Interim City Manager Alvarez replied that Mr. Rushing had some discussion with Grady over the phone but didn't know if this had been discussed. Mr. Rushing replied it would take at least three weeks. Commissioner Laskowski suggested developing a storm water fee that would be used in the future, because two years of storm water drainage projects were pulled from this issuance so that the project could be kept at an affordable level. He stated that even if a \$2.00 per customer storm water fee is adopted that would generate \$184,000 a year in revenue. He stated that the drainage problem needs to be addressed so a mechanism is needed to pay for that just like the City does for water and sewer. He suggested considering as part of the repayment of these debts that they not only be tax driven but also revenue driven for a storm water fee. Mr. Rushing stated if that's using the Appraisal District's information that would take longer.

Commissioner Wilson stated in the same email, it says that the meter size is the less desirable although allowed by statute because it is the most unreliable because the runoff rate cannot be determined. Although the most expedient, it is the least advantageous for the City to enter in to on a long term because people could challenge that, at will. Commissioner Laskowski stated whether it is three months something needs to be in place. Mayor Fugate and Commissioner Wilson agreed.

Interim City Manager Alvarez stated the first step would be for the finance department to locate the funding; then there would be a budget amendment; and there would be an RFQ. Mayor Fugate stated that's the direction that the Commission is asking Staff to do. Mayor Fugate stated he has no objections to putting a cap, but Staff needs to understand that the City is still a ways off to where the City will be on what it will borrow.

Interim City Manager Alvarez stated the next regular scheduled meetings are on December 13th and December 27th, but the 27th is a City Holiday. She added the 27th could be pushed to the 28th which would provide a meeting in between the Christmas holidays. Mayor Fugate commented that is a long hard look. Interim City Manager Alvarez suggested a meeting before the Christmas holidays.

Mayor Fugate stated that Commissioner Laskowski makes a very valid point, the city's tax rate is a little too high and to ask the Citizens to raise their taxes again next year that's unfair. Staff needs to understand that if money is borrowed that's going to come out of the utility fund and M&O. He stated that taxes will not be raised to fund this and Staff needs to take a long hard look at this because this is a lot of money. Mayor Fugate stated that the tax rate is .82 cents and he's not going to .83 cents.

11. RESOLUTION NO. R2010-60 Consider resolution declaring intention to reimburse certain expenditures with borrowing proceeds. (Interim City Manager).

Interim City Manager Alvarez stated this resolution was received from Bond Council in order to proceed with the timelines. She stated a project description is included. She stated that Section 2, is not estimated to be \$15,000,000, and it is not because it is lowered to just over \$12,000,000 as discussed. It includes a designated projects list.

Mayor Fugate called for a motion. Commissioner Garcia asked for further clarity. Mayor Fugate stated this is a cap and not what is actually being borrowed. Staff is already at \$12,000,000. Commissioner Garcia asked why the City has to cap at \$15,000,000. Mayor Fugate stated it is an artificial number. Ms Entrekin replied this can be changed to whatever the City wants.

Mayor Fugate made a motion to approve the resolution with the modification to set the cap at \$13,000,000, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Fugate, Pecos, Garcia voting "FOR". Wilson, Laskowski "AGAINST".

12. RESOLUTION NO. R2010-61 Consider resolution authorizing publication of Notice of Intention to issue Certificates of Obligation. (Interim City Manager).

Interim City Manager Alvarez stated these documents were received from Bond Council on Friday and this is part of the legal requirements necessary in order to do the issuance in January or sometime thereafter. This would be a resolution authorizing the publication of notice of intention to issue Certificates of Obligation. Based on prior resolution there would be a slight change in Exhibit A, to change the number from \$15,000,000 to \$13,000,000 to be consistent with the prior resolution.

Commissioner Garcia made a motion to adopt the resolution, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Fugate, Wilson, Garcia, Pecos voting "FOR". Laskowski "AGAINST".

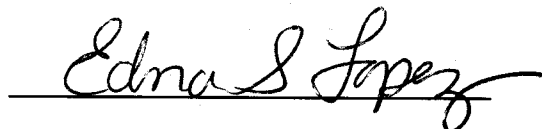
VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:00 P.M.



Sam R Fugate, Mayor

ATTEST:



Edna S Lopez, TRMC, CMC

City Secretary