

JUNE 27, 2011

**A MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, JUNE 27, 2011 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 Wilson, Commissioner  
Stanley Laskowski, Commissioner  
Arturo Pecos, Commissioner

**CITY STAFF PRESENT:**

Vincent Capell, City Manager  
Edna S Lopez, City Secretary  
Courtney Alvarez, City Attorney  
Naim Khan, Public Works Director/City Engineer  
Yolanda Cadena, Health Director  
Robert Rodriguez, Library Director  
Mark Rushing, Finance Director  
Al Lopez, Fire Chief  
David Mason, Purchasing Director  
Willie Vera, Task Force Commander  
Bill Donnell, Asst. Public Works Director  
John Garcia, Risk Manager  
Ricardo Torres, Police Chief  
Diana Gonzales, Human Resource Director  
Bob Trescott, Downtown Manager  
Caron Vela, Accounting Manager

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate called the meeting to order in the City Commission Chamber 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 previous meeting of Monday, June 13<sup>th</sup>, 2011. **Commissioner Laskowski made a motion to approve the minutes, as presented, 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).<sup>1</sup>**

1. Public hearing on the Kingsville Police Department's application to the Justice Assistance Grant (JAG) Program Award for the purpose of requesting funding for a broad range of activities to prevent and control crime and to improve the criminal justice system. (Police Chief).

Mayor Fugate opened the public hearing at 6:02 P.M.

Chief Torres addressed the Commission, stating this public hearing is for the JAG Grant 2011 with an allocation of \$20,275.00 that will be shared equally with Kleberg County. A meeting with the County Judge is scheduled for Friday to discuss the County getting the information on their agenda and to discuss how they would like to expend these funds. The Police Department will use the funds for law enforcement purpose and for Project 25 compliance.

Mayor Fugate announced this is a public hearing; anyone wanting to speak on this subject can do so for five (5) minutes.

Mayor Fugate closed the public hearing at 6:05 P.M.

### 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 presentation. No formal action can be taken on these items at this time."*

City Manager Capell announced City offices will be closed in observance of the 4<sup>th</sup> of July Holiday on Monday, and he will be out of the office next week from Tuesday - Friday. He explained Agenda Item # 5 was to approve the contract with LNV Engineering for improvements at the Wastewater Treatment Plant, funded by CO2011. Mr. Khan and he are asking this be postponed because they are not certain at this point whether there's enough money to proceed with that project. At least two more weeks are needed to investigate if there's money. This was discovered late this afternoon after Commissioner Laskowski asked some questions. Other than that, City Manager Capell stated he had no official report other than to submit the staff report already provided.

Ms Alvarez reminded Staff the deadline for agenda items for the next Commission meeting is on Friday.

Mayor Fugate announced he will not be at the next meeting.

Commissioner Laskowski presented a "Because You Care" award to Harvey Elementary School faculty and students for their participation in collecting 86,000 plastic bags, in 8 days then taking them to HEB for recycling. A plaque of appreciation was presented to Ms Katherine Simpson, TAMUK Professor. Ms. Simpson came up with an idea for a large beautification project on Yoakum & 6<sup>th</sup>, she wrote a \$5,000 grant for the project and her students were required to write a project for the area and Keep Kingsville Beautiful (KKB) decided on the winning project to go into the Xeriscape Garden.

Mayor Fugate commended Principal Dawn Mireles for the great job of landscaping around Lamar School.

### 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. 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 Pecos and Commissioner Wilson. The motion was passed and approved by the following vote: Fugate, Garcia, Wilson, Pecos, Laskowski voting "FOR".**

### V. Consent Agenda

1. **Motion to approve out-of-state travel for Assistant Task Force Commander Ken Starrs to attend classes on interdiction training for law enforcement in Las Cruces, New Mexico from July 11<sup>th</sup> – 15<sup>th</sup>, 2011. (Task Force Commander).**

2. **RESOLUTION NO. R2011-40 Motion to approve resolution of the City of Kingsville authorizing the release of Chapter 59 Funds of the Kingsville Specialized Crimes and Narcotics Task Force for donation to the Boys & Girls Club of Kingsville. (Task Force Commander).**

3. **Motion to approve appointing Dr. Carol J. Tipton to the Library Board to serve a three year term. (Library Director).**

**REGULAR AGENDA**

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

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

**4. Consider accepting the Comprehensive Annual Financial Report of the City of Kingsville for Fiscal Year 2009-2010. (Finance Director).**

Mr. Rushing introduced Mr. Luke Womack, CPA, John Womack & Co., P.C. Mr. Womack addressed the Commission, and provided information from the City of Kingsville Comprehensive Annual Financial Report booklet. He referenced page 14, the Independent Audit report in which they issued an unqualified report. He explained this is the highest standard report and basically states that everything has been stated materially and is consistent with prior years in accordance with Governmental Accounting Standards. This page is the only thing a CPA gets to do that no one else can do. In reference to page 35, he noted this page has information on the General Fund, Police Forfeiture Fund, Debt Service Fund, Capital Improvements Fund, and all other special revenue funds. The City did pretty well this year in light of all the economic downturns and disasters surrounding the City. The City had \$6,150,000 in investment; \$6.2 million total assets, which are up from last year's \$4.6 million. Cash was up; receivables are at \$1,214,120, last year's was \$1,184,000, which is right in line. Accounts receivable is about \$500,000, which are the sales tax and franchise revenues coming in. Restricted cash is \$1,960,000, last year's was about \$2,058,000, which is stable. Overall total assets were \$11,259,000, last year's was \$12,057,000, up slightly. Liabilities payables \$1,143,570, last year's \$695,000 due to outstanding invoices at the end of the year; total liability last year was \$2,605,000, this year \$3,360,000. The balance sheet is still somewhat comparable, substantial amount of cash and receivables. The fund balances for the landfill, \$3,341,626, last year's was \$3.36 million, adding about \$300,000, but no interest is being added. He stated the City is still at \$3.3 million which is not even required but that was a foresight by the Commission to began to put that money away which now is turning out to be a real nest egg for the City. He commended the Commission for storing that money and preparing for the future.

In reference to the unreserved fund balance, this year \$4,572,000, last year was \$4,654,000, down about \$80,000 to \$90,000 which is actually excellent. The unreserved fund balance is still very healthy, well over three (3) months reserve, about \$500,000 to \$700,000 over a three (3) month reserve.

The Police Forfeiture continues to be very stable and increasing; at the end of the year there was \$2,912,777 cash and \$600,000 in investments. After liabilities and potential refunds, they have \$2,435,078 unreserved fund balance, so the Task Force and Police Forfeiture funds are doing very well.

In reference to debt service, Mr. Womack stated this continues to creep up. Debt service had \$840,880 in assets; \$400,000 in liability, due to other funds including overdraft. Last year's fund balance was \$397,000, this year \$431,000. This can be utilized or carried forth for future payments.

In reference to capital improvements, a lot of money was spent last year, \$2.4 million, so that cash is down dramatically but this is expected. Fund balance last year \$3,055,000, now it's down to \$691,000, as expected and eventually will go down to zero.

Mr. Womack asked the Commission to turn to page 38 to see what caused those changes. Taxes were \$8,683,000, last year's was \$8,520,000, up by about \$160,000. Overall revenue went from \$13,521,000 last year to \$13,625,000 which was up \$100,000. The City did quite well in its general fund through the course of 2010. Expenditures were up \$14,234,000 and total expenditures last year were \$13,729,000. This was due to several things: insurance and retirement costs were up. There should be some break coming up. Two big jumps were in general government which was up about \$300,000 and public safety was up about \$300,000 due to automatic salary increases and retirement increases. Even with that, the City was down about \$608,000, the City brought in \$1,250,000 in the utility fund, but also shipped out \$574,000 in which \$434,000 went to the debt service fund to help carry the landfill debt and the utility fund was owed about \$130,000 of bond money. The general fund ended up about \$660,000 to the better. Police Forfeiture fund brought in about \$1,556,443, spent about \$1,317,226 and added about \$239,000 to their \$2,195,861 from their prior year, bringing them up to the \$2,435,078 that's available.

The Debt service fund brought in \$1,617,219, spent \$2,018,796, leaving \$434,912 deficit, but \$434,000 was transferred in as planned in the budget. Capital improvements brought

in \$74,979, spent \$2,438,394, depleting that fund by \$2,363,415 bringing that \$3,055,353 and dropping it back down to \$691,938.

In reference to the Utility fund page 41, Mr. Womack stated he has never seen as much swing between two (2) years as he did this year. There was the driest year and the wettest year and it created a million dollar swing in water. Cash went from \$4,044,000 last year to \$3,436,000; receivables went from a \$1.2 million to \$973,496 which is unusual. Mr. Womack stated everything else is pretty much in line to where it was in the prior year. The liabilities from last year were \$2.4 million, this year is \$2,032,927 which is on track; total liabilities last year were \$1.378 million, this year \$12,947,971, the biggest change in liabilities is the City's scheduled bond payments, but that debt is dropping as per bond agreements. As far as capital outlay, there's \$1,905,000 which was up from last year about \$500,000. Unrestricted is about \$5,061,000, last year it was \$5,896,000. Mr. Womack stated that even losing \$1,000,000 in sales, the Utility fund did very well. Regarding the insurance fund, he stated the amount \$608,464 has not been seen in about eight (8) to nine (9) years, the City is up to a fund balance of \$608,000 in the major medical fund.

In reference to page 43, last year's water was \$4,865,000, this year it is \$3,821,000; and conversely in unison with it wastewater also dropped. Expenditures were down, last year it was \$5,388,000, this year \$5,235,000.

In reference to page 45, Mr. Womack stated this references the real cash dollars. He stated the \$2,784,822 is actual cash dollars that is generated by the Utility fund. Last year the number was \$3.5 million, this amount only decreased by \$750,000. Debt service was paid out at \$980,000. Some interest came in the result was a total cash decrease of \$448,801.

Financially, Mr. Womack stated the City survived 2010 in a very strong manner, and the fund balances are still very strong. There was one finding and he explained he has already been to the Audit Committee. There was major improvement over last year in six (6) areas showing dramatic improvements. Lastly, he stated financially the City is in good shape to face this year and next year.

**Commissioner Laskowski made a motion to accept the Comprehensive Financial Report for the City of Kingsville, seconded by Commissioner Wilson. The motion was passed and approved by the following vote: Fugate, Garcia, Pecos, Wilson, Laskowski voting "FOR".**

**5. Consider resolution authorizing the City Manager to enter into a contract for professional services between the City of Kingsville and LNV Engineering for South Plant WWTP-1.0 MGD new clarifier project. (City Engineer).**

**PASSED**

**6. Discuss and consider waiving Vendor and Retail Food permit fees for participants of the Kingsville Chamber of Commerce – Red White & Blue Birthday Celebration to be held on July 2<sup>nd</sup>, 2011. (City Manager).**

City Manager Capell stated his understanding in years past the City has forgiven these fees, and Staff is recommending Commission do the same, total fees to waive are \$375.00.

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

**7. RESOLUTION NO. R2011-41 Consider resolution authorizing submission of an application to the Justice Assistance Grant (JAG) Program Award for the purpose of requesting funding for a broad range of activities to prevent and control crime and to improve the criminal justice system. (Police Chief).**

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

**8. RESOLUTION NO. R2011-42 Consider resolution authorizing the Mayor to enter into an Interlocal Agreement between the City of Kingsville and Kleberg**

**County relating to the Justice Assistance Grant (JAG) Program Award-2011. (Police Chief).**

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

Mayor Fugate announced the Executive Session, the Commission convened into Executive Session at 6:38 P.M.

**9. Executive Session pursuant to Section 551.071, Texas Government Code, Consultation with Attorney Exception, the City Commission shall convene in executive session to seek legal advice from the City Attorney regarding a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter. (City Attorney).**

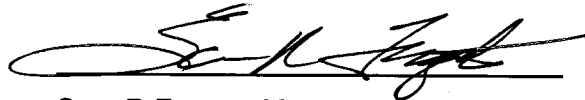
The City Commission reconvened into regular session at 6:50 P.M. and announced they were back in open session.

**10. Consider authorizing staff to contact STWA regarding a one-year extension, under the same terms, of the existing water supply contract. (City Attorney).**

Commissioner Laskowski made a motion to authorize staff to contact STWA regarding a one-year extension of the water contract, seconded by Commissioner Garcia, Commissioner Wilson and Commissioner Pecos. The motion was passed and approved by the following vote: Fugate, Garcia, Wilson, Pecos, Laskowski voting "FOR".

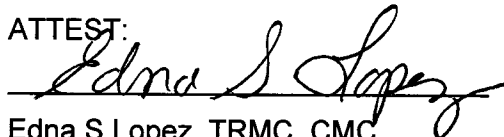
**VI. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 6:52 P.M.



Sam R Fugate, Mayor

ATTEST:



Edna S Lopez, TRMC, CMC

City Secretary