

SEPTEMBER 12, 2011

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, SEPTEMBER 12, 2011 IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS CITY HALL, 200 EAST KLEBERG AVENUE AT 5:00 P.M.

CITY COMMISSION PRESENT:

Sam R. Fugate, Mayor
Al Garcia, Commissioner
Charles Wilson, Commissioner
Arturo Pecos, Commissioner
Stanley Laskowski, Commissioner

CITY STAFF PRESENT:

Vincent J. Capell, City Manager
Courtney Alvarez, City Attorney
Mark Rushing, Finance Director
Bob Trescott, Downtown Manager
Jason Torres, Health Inspector
Robert Rodriguez, Library Director
Diana Gonzales, Human Resources Director
Bill Donnell, Asst. Public Works Director
Gary Fuselier, Landfill Supervisor
Willie Vera, Task Force Commander
Frank Garza, Wastewater Supervisor
Caron Vela, Accounting Manager
Naim Kahn, Public Works Director/City Engineer
Marco Jimenez, Water Supervisor
John Garcia, Risk Manager
Joe Casillas, Water Production Supervisor

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate called the regular/workshop meeting to order at 5:02 P.M. and announced quorum as present and called to forego the preliminary proceedings.

CONVENE INTO REPORTS FROM COMMISSION & STAFF- ITEM III-REGARDING BUDGET WORKSHOP FOR CITY DEPARTMENTS FOR FISCAL YEAR 2011-2012.

Mr. Capell asked the Commission to review only the items that needed to be discussed one being, getting consensus on the effective tax rate verses the current year tax rate, the second item is the proposed adjustments for revenue expenditure and the last item would be to retain or not to retain the discretionary compensation increases.

Mr. Capell stated that the first item he would like to speak about is the effective tax rate verses the current tax rate. What was proposed to the Commission has the tax rate at the effective rate.

Mayor Fugate asked the Commission for any questions or comments.

Commissioner Pecos asked if the effective rate would be 0.84705 verses 0.84220.

Mayor Fugate stated that those were the options. He further stated that the consensus of the Commission was not to raise taxes. If you don't raise taxes with the effective rate being 0.84705 due to values going up and therefore expanding the tax base.

Commissioner Laskowski commented that due to the reduction of \$23,000,000, it has caused the difference in the increase in the effective tax rate. He also stated that now we would have to make up the revenues that were lost on previous year's income.

Mr. Capell stated that the effective tax rate of 0.84705 is roughly half a penny higher than the current tax rate of 0.84220. He stated that the proposed adjustments to revenues and expenditures which require keeping the budget at a surplus in the general fund of \$38,000. He also stated that if the Commission would go towards the current tax rate, it would show a net surplus of \$5,903. He stated that there is an analysis that shows what would happen if the tax rate was taken right underneath roll back, which Commission does not have to choose to do so.

Mayor Fugate asked for any further discussion on this item.

Commissioner Pecos asked if the numbers given to them regarding the budget was keeping the same tax base that is given right now which showed a deficit of \$4,097 and now showing a higher amount.

Mr. Capell stated that with the increase of the ambulance revenue which was previously \$40,000 and is now \$50,000. He further stated that the Fire Chief had commented that the expected revenue increase would probably be higher than \$40,000. Mr. Capell further stated that under the effective tax rate there would be a projected surplus of \$38,000 and if the current tax rate was adopted the surplus would be projected at \$5,903. He stated that neither one of those scenarios includes if the Commission wants to modify changes or eliminate the discretionary compensation increases because they are already built within the budget. If the proposed adjustments were to be kept, and wanted to eliminate the discretionary compensation increases, the proposed surplus would increase. He further stated that there is some room to work with depending on what the Commission would like to do. There are several scenarios presented to the Commission that show a budgetary surplus at either tax rate.

Mayor Fugate asked for any further comments or discussion regarding the tax rate.

Commissioner Pecos stated that he would prefer to keep the current tax rate because of the fact of how the economy is today. He stated also that by raising the sewer and water rates, the tax payers would have to endure that increase. He feels that there is enough money in the budget so that the city can run smoothly without having to raise taxes. He further stated that the discretionary compensation increases may need to be reduced to an amount that would give the city a better balance rather than \$5,903. He stated that usually in the past, there was a balance of at least \$25,000 and being that a couple of years ago the Commission would have liked to have had at least \$100,000. So he feels that the only way to achieve this amount is by reducing some of the salaries that are being proposed at tonight's meeting.

Commissioner Wilson stated that he agrees with Commissioner Pecos and he feels that the city is in a position that can do the 0.84220 coupled with some paring back of the compensation increases and stated that \$5,900 is just too tight of a projected surplus. He stated that if all of it was taken out, the city would be at \$112,000 surplus and he would be comfortable with that.

Commissioner Garcia stated that he agrees with 0.84220 and that the issue with the discretionary compensation increases at this point is a bit premature. He feels that there needs to be a formal evaluation before doing these types of justifications, and that would be a fair way of doing it verses just handing out increases. He further stated that the Warrant Officer is a good idea because it is self-supporting and will be generating to replace the expense that the city is going to be having. He stated that he would like to see a dollar number left over in the surplus.

Commissioner Laskowski stated that he is ok with the effective tax rate of 0.84220 and that the discretionary compensation increases can be revisited later within this budget year. He further stated he would like to see some of the projected increases in revenue start coming in because the revenues can be increased to match the expenditures, but if the revenues aren't coming in, than we have a problem. He also stated that there are two funds that are increasing the budget by \$100,000 and decreasing the Volunteer Fire Department by \$10,000 which was to replace five year old bunker gear.

Mayor Fugate stated that he had no problem with the effective tax rate. He stated that he agreed with Commissioner Laskowski regarding the revenue projections because there is no historical data and what is being projected as to what the Warrant Officer can do causes some concerns for him. As for the ambulance having a better billing procedure, there is still no historical data to look at either. He stated that the amount of \$5,900 would not be enough to leave in surplus.

Mr. Capell stated that he understands where the Commission is coming from and that the discretionary compensation increases, after looking at revenues, the item can be revisited at a later time in the year.

Commissioner Laskowski stated that he feels comfortable doing that because the Commission is not looking to take them away, and that money is still in the proposed budget, it's just that he would like to see revenues that support numbers that are being projected tonight. He stated that it's easier to give than it is to take away.

Mayor Fugate stated that a concern he has is that no one else within the city will be receiving an increase and he has some concerns about that especially with the way the economy is today.

Mr. Capell stated that of the \$106,000 total cost for the discretionary compensation increases, almost \$82,000 is for general fund, which will put the general fund balance at about \$87,000 and the rest will go to the utility fund. He further stated that based on what he has heard so far, the Commission wants the current rate over the effective rate and is comfortable with the various revenue and expenditure adjustments and would like to back out the discretionary compensation increases until later in the year. He stated that Mr. Rushing would have to re-run some numbers and change the total budget figure on the budget ordinance before Commission adopts it at tonight's meeting.

Mayor Fugate called the meeting into recess at 5:30 P.M. to allow staff to make changes as recommended by Commission.

Mayor Fugate called the meeting into regular session at 6:00 P.M. and announced quorum as present and called to forego the preliminary proceedings.

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

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

The invocation was delivered by 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).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, PublicInformation, 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 asked the Commission to take no action on agenda item #6 which calls for adoption to update the city compensation plan. He feels that they need a couple of weeks to finalize the changes given the discretionary increases.

Mrs. Alvarez, City Attorney reminded staff that agenda items for the next regular scheduled meeting for September 26, 2011 are due in the City Attorney's office by Friday, September 16, 2011. Mrs. Alvarez updated the Commission on the tire event that was held on Saturday, September 10, 2011. She stated that Mr. Kahn, Public Works Director/City Engineer and Gary Fuselier, Landfill Supervisor reported that the event was very successful at all three sites and the tires collected would be hauled off by the end of the week. They city received positive feedback and appreciation from the citizens for having this event and would like to see another tire collection event later in the year.

Commissioner Laskowski asked if staff has a number of tires that were collected at this event.

Mrs. Alvarez responded to Commissioner Laskowski's questions that between 3,000 to 3,500 tires were collected. She further stated that staff passed out a revision to agenda item #7 at the beginning of the meeting that is slightly different than the one that was in the agenda packet. She stated that the change was that they added back, under expenses for the Volunteer Fire Department Building \$24,850, so when you look under equity number two, unrestricted fund balance would now be \$42,517 as oppose to \$67,367. The total general fund expenses would go from \$679,654 to \$704,504, budget decrease will stay the same. This information is for introduction item #7 on the agenda. She further stated that based on the information that staff gathered from the budget workshop held prior to this meeting at 5:00 P.M., new ordinances were prepared for both

the budget and the tax rate, so if the Commission decided to move forward with the revised ordinances, which would be for the current rate, then there is no special language that is required for the reading to adopt, as it would have been if we would have gone with the proposed rate.

Commissioner Pecos asked a question as to how many garbage trucks does the city have up and running as of today.

Mr. Donnell, Assistant Public Works Director stated that there are five new trucks and two old trucks running. He stated that three are residential side loaders and converted one of the new commercial trucks with the arm on it which was purchased with that option which is running residential.

Commissioner Pecos asked if there was only one truck in shop and how long has it been there.

Mr. Donnell stated that this was correct and has been in the shop for about two weeks.

Commissioner Pecos asked if the city has been having problems with these trucks.

Mr. Donnell answered that they have been having trouble. There is one with a bad engine having only 26,000 miles.

Commissioner Pecos asked City Attorney Alvarez if there is something that may be done regarding the problem the city is having with these trucks.

Mrs. Alvarez stated that staff prepared some information to back up and support a letter that she had sent out which was rather firm to both the company that we purchased the trucks from and to the company that supplied the engines for the trucks that were purchased. They have been instructed to contact the city within two weeks before other action was taken.

Mr. Capell stated that his concern was that the warranty for these trucks was coming up to their expiration date, therefore Mrs. Alvarez sent them a letter because the city would either need the warranty period extended or need some kind of satisfaction.

Commissioner Pecos asked if the engine's cost was around \$20,000.

Mr. Capell stated that the total vehicle price was \$1.2 million for the entire package.

Commissioner Pecos stated that the other concern he had that our citizens are not removing their garbage containers once they have been serviced and therefore leaving them out by the road. He stated that he would like to see an article in the newspaper informing the citizens that if they continue to leave their containers on the road after it being serviced, they can be fined according to city ordinance.

Mr. Capell suggested that this matter can be treated as any other code enforcement issue. For example, sending them a letter notifying them of the ordinance violation and if they don't comply, then the city could issue them a citation.

Commissioner Wilson stated that this information has been printed on utility bills in the past. The information states that garbage containers that have been serviced are required to be moved off the street by a certain time of the day or they could be in violation of a city ordinance. He further stated that due to some garbage trucks not working, some routes have been missed so some of the home owners have left their container out in anticipation that it being picked up on the next day.

Mayor Fugate asked the Commission if there were any further discussions. He moved forward in congratulating Commissioner Garcia and Commissioner Pecos for their participation on the Warriors Weekend which was a big success.

IV. Public Comment on Agenda Items³

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

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

There being no comments from staff or the public, Mayor Fugate moved on to the Consent Agenda.

Mayor Fugate called for consideration of the items in the Consent Agenda, Item 1. **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: Garcia, Wilson, Pecos, Laskowski, Fugate voting "FOR".**

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. Consider authorizing expenditure of funds from the City of Kingsville Employee Benefit Plan Trust for the City's Health Fair. (Human Resources Director).

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

2. Consider authorizing Bid #11-27 to South Plains Construction for \$219,000 for Santa Rosa and Corral Streets Drainage Project. (Purchasing Director).

Mr. Mason, Purchasing Director stated that the City advertised for bid #11-27 in the local newspaper on May 18, 2011 and May 25, 2011. There were two companies that responded and had done two separate site inspections to make sure that everyone was covered. Both bidders, Hubert Construction and South Plains provided responsive bids. Hubert Construction submitted a bid of \$289,833 therefore South Plains Construction came in with a lower bid of \$219,000. Staff recommends awarding the contract to South Plains Construction.

Commissioner Laskowski made a motion to award the contract to South Plains for \$219,000, seconded by Commissioner Garcia.

Commissioner Pecos asked if the drainage was coming from Corral or Santa Rosa.

Mr. Mason stated that it will travel north from the new school on Santa Rosa and turn east on Corral and right by the AEP substation is where it will enter into a drainage ditch that runs into the creek. He further stated that the Corral area within the East/West portion is actually higher than the North/South portion that runs on Santa Rosa.

Commissioner Pecos asked if the ditch would be widened out. Mr. Mason responded that if they dig it, it would be wider. Commissioner Pecos stated that the pavement on the side was deteriorating and asked if the city intended to lay out some type of paving after the work was done.

Mr. Kahn stated that at this time we are improving the drainage and that the plan at one time was that the city would pave up to the University Apartments up to Santa Gertrudis. If the City, University and the King Ranch can work together maybe the cost could be shared. He stated that the cost would be very expensive for the city to do alone. He feels that if the cost could be shared then it wouldn't cost the city so much money for the paving to be done. But at this time we can work on the drainage and then discuss the paving.

Commissioner Pecos asked if for any reason the University or the King Ranch did not want to share in the cost of the paving with the City, is there anyway that at least fifty yards can be done one year and then finish the remaining area the following years. He stated that this location is very dangerous and his main concern is for the citizen's safety.

Mr. Kahn stated that the city is working on the issue on hand already.

Commissioner Garcia asked that from Santa Gertrudis Estates, the drainage comes out to the back of the University and hooks up where the drainage ditch is planned to end. He further stated that his concern is the volume of water, because the way the ditch is developed, the extra volume of water collecting at the crossover point disturbs the continuance drainage of the Santa Gertrudis Estates.

Mr. Kahn asked if Commissioner Garcia was talking about the single family housing on Santa Gertrudis Estate, if the water is coming from within that area into the ditch near the parking lot.

Commissioner Garcia stated that this is not the area he is referring to, but the development that is west of the University. The drainage from that area comes to the back of the University and crosses into University property, along the same ditch the city will be draining into. His concern is when the water collects at that point, will it affect the drainage of Santa Gertrudis Estates because of the added water flow.

Mr. Kahn stated that it will not affect it because when he developed the drainage map, he calculated all the flows within the ditch.

Commissioner Laskowski asked if this money will be coming out of the 2011 drainage money. He further asked for an accounting of what is being spent on this project.

Mayor Fugate asked if there were any further discussion or questions regarding this item.

Since a motion was made prior to the discussion, a roll call vote was taken.

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

3. Consider final passage of an ordinance adopting the annual budget of the City of Kingsville, Texas and appropriating funds for the fiscal year beginning October 01, 2011 and ending September 30, 2012. (City Manager).

Mrs. Alvarez stated that if the Commission were to go with the current tax rate, which would be the tax rate for FY 2010-2011, then the Finance Director has calculated the sum to be \$35,979,439 which includes an additional \$10,000 that went back in for the Volunteer Fire Department. She further stated that as the Finance Director had pointed out, the recalculations of everything we should still have a general fund surplus of around \$77,556.

There being no questions or comments regarding agenda item #3, Mayor Fugate asked for a motion.

Commissioner Laskowski made a motion to adopt the budget of \$35,979,439, seconded by Commissioner Pecos.

Commissioner Laskowski asked if this include the removal of the discretionary compensation increases. Mr. Capell stated it did include that removal.

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

4. Discuss and consider ratifying the property tax increase reflected in the 2011-2012 Annual Budget of the City of Kingsville. (City Manager).

Mrs. Alvarez stated that since the Commission has decided to go with the current year tax rate, there is no tax increase, so the section of the Local Government Code that was thought was going to trigger this has not come to fruition, so therefore this item is no longer needed.

No action was taken for this agenda item.

5. Consider final passage of an ordinance establishing and adopting the ad valorem tax rate for all taxable property within the City of Kingsville, Texas for the fiscal year beginning October 01, 2011 and ending September 30, 2012, distributing the tax levy among the various funds, and providing for a lien on real and personal property to secure the payment of taxes assessed. (City Manager).

Mrs. Alvarez stated that the tax rate ordinance that will support the budget in which the Commission has just adopted, will show a tax rate of 0.84220 and in the general fund M&O rate of 0.63752 and the I&S stays the same.

Mayor Fugate asked for any questions or discussion.

Commissioner Laskowski made motion to adopt the ordinance with a tax rate of 0.84220 with a general fund tax rate of 0.63752 and I&S fund/tax rate 0.20468, seconded by Commissioner Wilson and Garcia. The motion was passed and approved by the following vote: Pecos, Garcia, Wilson, Laskowski, Fugate voting "FOR".

6. Consider final passage of an ordinance amending the City of Kingsville Code of Ordinances by amending Chapter III, Article 7, Personnel Policies. (Human Resources Director).

No action was taken on this item to allow staff to make revisions as stated earlier in the meeting.

7. Consider introduction of an ordinance amending the Fiscal Year 2010-2011 Budget for the City of Kingsville for deficit accounts and year end contractual amounts. (Finance Director).

Mr. Rushing stated that the revenues have increased by \$893,291 with a decrease in revenues in general fund of \$200,130. The expenditures increased \$704,504 with a decrease in various items of \$53,860. In that affect, \$42,517 is the net difference which would increase fund balance. The key elements were items that were discussed previously about sales tax which had increased and bumping that up primarily to cover the TMRS settlement that the city has coming which was mentioned to the Commission several times, in general fund alone is \$625,794. The 051, Utility Fund, there is an increase in wastewater revenues which is also funding \$163,493 in the TMRS select for 051 Utility Fund. There is also an item for a wastewater sewer line increase of \$45,347 with a net affect \$139,409 more revenues then expenditures. He further stated that in Task Force, there is an increase in the federal revenues of \$54,568 for overtime reimbursement, for those expenditures which we have received \$14,062 and interested investments of \$1,368. In the auction revenues, this is the sale of some of their seizures, \$36,705 for a total on the revenues of an increase of \$106,703. The TMRS settlement portion for the Task Force is \$50,142. The net affect is an increase of \$56,558, more revenues then expenditures. Also the Tourism, which originally in the 002 there was the element during the budget process last year that came forward, that the hotel/motels around would be occupied by students at the University and we would be missing out on those revenues. He further stated that it was fortunate that those revenues have come in stronger than anticipated.

Commissioner Laskowski asked if this did not include the proposed \$35,000 for the Golf Course or Susan Ivy's \$25,000 to max the grant.

Mr. Rushing stated that it was his understanding that the Commission wanted the County to search for this money.

Commissioner Laskowski stated that there would need to be a discussion with the County prior to the final passage of this ordinance as to whether or not they will match contribution.

INTRODUCTION ITEM ONLY

8. Consider introduction of an ordinance amending the Fiscal Year 2010-2011 General Fund budget to relocate the Main St./Tourism Department to the City Manager Department; to combine the Purchasing Department and Computer Operations Department into one department "Purchasing/IT"; for the Utility Fund to combine the Collections Department and Meter Readers Department into one department as the Utility Billing Department; and for clarification in the Tourism Fund salary and benefits expenses. (Finance Director).

Mr. Rushing stated that this was more housekeeping in nature. It is budget neutral by shifting the departments under the managers of those departments for managerial control.


Commissioner Garcia asked that under these particular department consolidations, will it require the removal of any employees.

Mr. Rushing stated that there will be no removal of any employees, it's simply for the accounting of these departments.


INTRODUCTION ITEM ONLY

VI. Adjournment.

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


Sam R. Fugate, Mayor

ATTEST:


Edna S. Lopez, TRMC, CMC
City Secretary