

SEPTEMBER 15, 2014

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, SEPTEMBER 15, 2014 IN THE HONORABLE ROBERT H. ALCORN COMMISSION CHAMBERS 200 EAST KLEBERG AVENUE AT 6:00 P.M.

**CITY COMMISSION PRESENT:**

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

**CITY STAFF PRESENT:**

Mary Valenzuela, City Secretary  
Courtney Alvarez, City Attorney  
Deborah Balli, Finance Director  
Emilio Garcia, Health Director  
Willie Vera, Task Force Commander  
Diana Gonzales, Human Resources Director  
Rose Morrow, Municipal Court Manager  
Melissa Perez, Risk Manager  
Leo Alarcon, Tourism Director  
Joey Reed, Fire Chief  
Tony Verdin, Information Systems Technician  
Charlie Cardenas, Public Works Director/Engineer  
Ricardo Torres, Police Chief  
Bill Donnell, Assistant Public Works Director

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate called the meeting to order in the Robert H. Alcorn Commission Chamber at 6:00 p.m. and announced quorum with all five Commission members present.

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

The invocation was delivered by Courtney Alvarez, City Attorney, 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>**

1. 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, Tourism, 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, **WATER AND WASTEWATER RATE STUDY PRESENTATION**. No formal action can be taken on these items at this time."*

Mrs. Courtney Alvarez, City Attorney, reported that the next scheduled Special Commission meeting is Thursday September 18, 2014 and the next regularly scheduled Commission meeting will be Monday, September 22, 2014.

Presentation made by Mr. Grady of HDR regarding Water/Wastewater Rates Study. Mr. Grady stated that the goals of this presentation are to present model assumptions and utility financial performance and discuss HDR's recommended changes to City's utilities rates. The rate study process is to review the City's existing water and wastewater rate model. HDR has worked with city staff to obtain required data such as water & wastewater use data, water & wastewater connection data, and financial data. They

have discussed proposed rates with city staff and have made recommendations to the City of Kingsville based on those discussions. The assumptions on water & wastewater are that a plan is to continue payments to South Texas Water Authority of \$350,000 a year during the 5 year planning period. Assume a 3% rate of inflation on all budget items except fuel and utilities. Contribute to the capital fund of \$760,000 in fiscal year 2015 and in all remaining years. This will be updated as a revised CIP is developed. It is necessary to maintain at least a 3 month reserve in the City's utility fund and about a four month reserve in fiscal year 2019. The approximate growth rate of 0.3% per year in number of new connections. Mr. Grady further stated that it is recommendation that a 1% increase in water rates and no increase in wastewater rates. An additional rate increases may be needed in the future depending on future expenses and the CIP. Rates should be examined every year and adjusted as needed.

Commissioner Pecos asked when the 1% increase would take effect. Mr. Grady responded that the start date will be October 1, 2014.

Commissioner Garcia asked if the inflation rate is still at 3% or lower. Mr. Grady responded that they assume its 3%, but could probably use 2%.

Commissioner Pena asked if this increase is the same as last year. Mr. Grady did not recall what the rates were last year.

Mayor Fugate stated that with the new economic developments in Kingsville this year, the rate model does not reflect on the new services provided.

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

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

No comments were made.

#### 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)*

Motion made by Commissioner Pecos to approve the consent agenda as presented, seconded by Commissioner Pena. The motion was passed and approved by the following vote: Garcia, Leubert, Pecos, Pena, Fugate voting: "FOR".

1. Motion to approve final passage of an ordinance ratifying classifications and prescribing the number of positions in such classifications for the classified service in the Police Department by removing one new officer position due to end of grant requirements. (Director of Human Resources).
2. Motion to approve final passage of an ordinance amending the Code of Ordinances of the City of Kingsville, Texas, Article IX "General Regulations", Chapter 9 "Smoking Regulations" by adding Sections 40-43, "E-Cigarette, Electronic Cigarette, and Liquid Nicotine Regulations", for the purpose of prohibiting the sale and distribution of electronic cigarettes and liquid nicotine to minors and prohibiting the use and possession of electronic cigarettes and liquid nicotine by minors; providing a severability clause; providing for a penalty fine not to exceed the sum of five hundred (\$500.00) dollars for each offence. (Chief of Police).

##### REGULAR AGENDA

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

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

3. Consider final passage of an ordinance adopting the City Manager's Budget, as amended, of the City of Kingsville, Texas, and appropriating funds for the fiscal

**year beginning October 01, 2014 and ending September 30, 2015 in the particulars hereinafter stated. (Director of Finance).**

Mrs. Deborah Balli, Finance Director, reported that the budget that was presented to the Commission is for a total of \$52,515,032 which includes general obligations debt service of \$1,850,000 with interest of \$272,442. No changes have been received.

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

**4. Consider ratifying the property tax increase reflected in the 2014-2015 Annual Budget of the City of Kingsville. (Finance Director).**

Mrs. Balli reported that the tax rate, if approved, will raise more taxes for maintenance & operations for this year over last year. The tax rate will be effectively raised by 2.67% and will raise taxes for maintenance & operations on a \$100,000 home by approximately \$154.00.

Mrs. Alvarez commented that the rate is the same but due to changes in valuation and additional property coming on the tax roll, the same rate actually generates more revenues than it generated last year.

**Motion made by Commissioner Pecos to approve the ratifying property tax increase reflected in the 2014-2015 Annual Budget of the City of Kingsville, seconded by Commissioner Pena. The motion was passed and approved by the following vote: Pecos, Pena, Garcia, Leubert, Fugate voting "FOR."**

**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, 2014 and ending September 30, 2015, 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. (Director of Finance).**

Mrs. Balli reported that the rate is the same at last year of .84220 and the allocation is that for maintenance & operations it would be .65558 and for general obligations bond debt service it would be .18662 for the total rate of .84220.

**Motion made by Commissioner Pecos stating I move that the property tax rate be increased by the adoption of a tax rate of \$0.84220, which is effectively a 1.77% percent increase in the tax rate, seconded by Commissioner Pena and Commissioner Garcia. The motion was passed and approved by the following vote: Pena, Garcia, Luebert, Pecos, 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 (to reflect the compensation plan in the FY14-15 budget). (Director of Human Resources).**

Ms. Diana Gonzales, Human Resources Director, reported that the draft that was presented to the Commission at its last meeting has remained the same.

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

**7. Consider resolution authorizing the City Manager to enter into a sewer line construction utility supply contract (Gov. Contract #N69450-14-C-0037) between the City of Kingsville, Texas and the Federal Government for Naval Air Station-Kingsville. (City Attorney).**

Mrs. Alvarez reported that the City has been in talks with the Navy regarding their interest in tying into the City's sewer system so that we could provide sewer service to them. The City has received, from the contracting division in Florida, an agreement which is enclosed in the packet that would cover the expenses for the construction of the sanitary sewer line from the Navy Base property to the City's North Waste Water Treatment Plant.

Commissioner Garcia asked that by taking all the Navy's anticipated needs, what is the capacity that will be leftover for growth. Mr. Charlie Cardenas, Public Works Director, responded that currently the daily needs is about half of what the capacity of the 3MGD plant can treat. When the Navy is taken on, it will be more like 10%.

**Motion made by Commissioner Pecos to approve this resolution, seconded by Commissioner Garcia.**

Mayor Fugate commented that this helps to BRAC proof this base.

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

**8. Consider awarding contract for Force Main Improvements from NAS-Kingsville to the North Wastewater Treatment Plant to the 5125 Company as the lowest responsible bidder, as per the recommendation of the contract engineer (LNV) and staff. (Director of Purchasing and IT).**

Mr. Cardenas reported that this is for the sewer line that will connect the base property to the North Plant. 5125 Company was the lowest bidder and they are currently in town working on a different project. This is recommended by the contract engineer LNV Engineering and staff to award this contract to 5125 Company.

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

**9. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances Chapter V, Article 3, providing for an increase in water rates (as per rate study of 1%). (Director of Finance).**

Mrs. Balli reported that based on the study that was presented by Mr. Grady of HDR. The 1% increase is not included in the fiscal year 2015 budget.

Mayor Fugate stated that if any questions, they can be addressed with staff since this item is on as an introductory item and will be considered for final passage at the next Monday, September 22<sup>nd</sup> meeting.

Mrs. Alvarez commented that his item is listed on the Thursday, September 18<sup>th</sup> Commission meeting.

Mayor Fugate recommended that this item get pulled from the September 18<sup>th</sup> meeting and place on the September 22<sup>nd</sup> meeting.

Introduction item.

**10. Consider introduction of an ordinance amending the Fiscal Year 2013-2014 budget for the refinancing costs for the 2014 limited tax refunding bonds. (Director of Finance).**

Mrs. Balli reported that when the refunding was done this year there was an additional cost associated with the refunding due to some of the cost which requires us to submit a total of \$319,680 from Utility Fund balance to be transferred to the Utility Fund Debt Service Fund to cover the bond issuance fees and the first principal and interest payment.

Mayor Fugate recommended that this item get pulled from the September 18<sup>th</sup> meeting and place on the September 22<sup>nd</sup> meeting.

Introduction item.

**11. Consider introduction of an ordinance amending the Fiscal Year 2013-2014 budget for the City of Kingsville for deficit accounts at year end. (Director of Finance).**

Mrs. Balli stated that this item is to clearing any negative balances within the department's budget. In fund 001 additional funding of \$4,000 to the Utilities line item in the Municipal Building Department and transfer funds to Fund 064 for the Landfill expansion shortfall. In fund 051 additional postage and freight in the amount of \$10,550 to the Collections Department. Due to an increase in A/R billings every month has caused an increase in postage & freight expenditures. This amendment will also transfer \$58,000 to fund 054 to cover the shortfall of transfers in from fund 051. In fund 064, Landfill expansion costs originally budgeted for FY 13-14 were not expected to occur until FY 14-15 and were rolled over into the FY 14-15 budget. These are now expected to be occur in FY 13-14.

Introduction item.

**12. Consider resolution providing for revisions to the City of Kingsville Administrative Policies and Procedures, Policy 620.03 Working Hours and Time-Keeping. (Director of Finance).**

Mrs. Balli reported that the Finance Department is working in implement a paperless payroll system in order to increase the efficiency and effectiveness of the current time-keeping system. In order to achieve this system, staff is recommending the change of Administrative Policy 620.03 Working Hours and Time-Keeping to require Department

Director/Designee approved time reports instead of signed time cards by employees and Department Directors.

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

**13. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances by amending Chapter IX-General Regulations, Article 8-Parks and Recreation, providing for regulations and fees for the Parks and the L.E. Ramey Golf Course. (City Attorney).**

Mrs. Alvarez stated that since the city will soon be responsible for the Parks within the city limits and the golf course, the city ordinances were lacking in the area regarding fees and regulations. Staff looked at other cities comparable to our size regarding parks regulations and those that have municipal golf courses for some of their regulations. This helped city staff create this ordinance to fit our needs. The ordinance has been reviewed by the current Parks Director and Mr. Bill Donnell who is the Interim Golf Course Manager.

Mayor Fugate asked if the rates at the golf course will be raised. Mrs. Alvarez stated that this rate were received from the golf course which is the current rates. She further stated that the annual membership for an individual and their spouse was more than twice of that for an individual, therefore it was lowered.

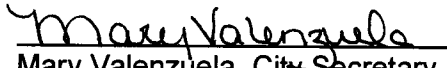
Introduction item.

**VII. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 6:45 P.M.

  
Sam R. Fugate, Mayor

ATTEST:

  
Mary Valenzuela, City Secretary