

SEPTEMBER 2, 2015

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON WEDNESDAY, SEPTEMBER 2, 2015 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
Al Garcia, Commissioner
Arturo Pecos, Commissioner

CITY COMMISSION ABSENT:

Noel Pena, Commissioner

CITY STAFF PRESENT:

Courtney Alvarez, Interim City Manager/City Attorney
Mary Valenzuela, City Secretary
Tom Ginter, Director of Planning & Development Services
Deborah Balli, Finance Director
Diana Gonzales, Human Resources Director
Charlie Cardenas, Public Works Director/Engineer
Tony Verdin, IT Specialist
Willie Vera, Task Force Commander
Ricardo Torres, Police Chief
Sharam Santanilla, Engineer's Assistant
Leo Alarcon, Tourism Director
Emilio Garcia, Health Director
Melissa Perez, Risk Manager
Bill Donnell, Assistant Public Works Director
Cynthia Martin, Downtown & Volunteer Manager
Charlie Sosa, Street Supervisor
Joey Reed, Fire Chief

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 four Commission members present. Commissioner Pena absent.

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

Mayor Fugate waived these proceedings and continued into Public Hearings.

MINUTES OF PREVIOUS MEETING(S) – Required by Law

None.

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

1. Public Hearing on a proposed tax rate increase from \$.84220 to \$.89610 for Fiscal Year 2015-2016. (Finance Director).

Mayor Fugate announced and opened this public hearing at 6:02 p.m.

Mayor Fugate announced that this is a public hearing and if anyone would like to speak on behalf of this item may do so with a five minute time limit. Additional time cannot be extended by City Commission.

Mrs. Alvarez reported that the proposed budget that will be discussed later and hopefully introduced next Tuesday is based on the existing tax rate of \$.84220.

Mayor Fugate commented that this is done annually at this time just to out of the abundance caution because whatever you set your rate at you can't go up but always go down.

Mayor Fugate closed this public hearing at 6:04 p.m.

2. Public Hearing on proposed Fiscal Year 2015-2016 budget. (Finance Director).

Mayor Fugate announced and opened this public hearing at 6:04 p.m.

Mayor Fugate announced that this is a public hearing and if anyone would like to speak on behalf of this item may do so with a five minute time limit. Additional time cannot be extended by City Commission.

Mrs. Alvarez commented that this is required under the Local Government Code and was published in the newspaper as required and whatever budget the Commission adopts will then set the tax rate.

Mayor Fugate asked if the proposed budget was published on the city website.

Mrs. Alvarez responded that the draft budget is on the city website since last month.

Commissioner Pecos commented that the city hasn't raised its taxes in the last 5 years.

Mayor Fugate closed this public hearing at 6:05 p.m.

III. Reports from Commission & Staff.² (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, 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. No formal action can be taken on these items at this time."

Mrs. Alvarez reported that Monday, September 7th is the Labor Day Holiday and city offices will be closed. Also on Tuesday, September 8th there is a Special Commission Meeting scheduled to introduce the ordinances for the budget and tax rate. Monday, September 14th is the regularly scheduled meeting where we would do the final adoption of the budget and tax rate and on September 15th is the Special Commission Meeting for the City Manager interviews. Alvarez stated that the Community Appearance and staff will be hosting a trash-off on Saturday, September 19th from 8:30 a.m. to 12:00 p.m.

Mayor Fugate commented that he has volunteered to assist with the trash-off and more help is needed.

IV. Public Comment on Agenda Items³

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

No public 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)

None.

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

1. Review and discuss proposed fiscal year 2015-2016 budget for departments of the City of Kingsville. (City Manager).

Mayor Fugate commented that this isn't an action item but only for discussion.

Mrs. Alvarez responded yes.

Commissioner Leubert commented that if the Commission has anything they may want to discuss, this is the time to do it, so that if there are any changes, staff has the time to make those changes. Leubert further commented that first thing she would like to discuss is the employee pay adjustment proposals. Leubert commented that she asked that they have something a little more substantial than this and she would say that she is not comfortable about, in fact not comfortable at all about the pay increases. If we had anybody that had an anniversary or a step increase for their 1, 3, 5, 10, 15, and 20, than that's understandable because that is something that they have all agreed on, but with the new City Manager coming in it seems to her that the new City Manager should make the adjustments as some of these being proposed are very substantial. Some of them just had a substantial adjustment just two years ago. Leubert further commented that this is her opinion on this matter and would like to pull these adjustments and allow the new City Manager make these adjustments.

Mayor Fugate asked if there were any other discussions on these items.

Commissioner Pecos commented that he concurs with Commissioner Leubert.

Mrs. Alvarez asked which, to understand, because there was a couple of compensation increases that were included in the budget. She further asked which ones specifically is the Commission suggesting staff pull out.

Commissioner Leubert responded that any of the adjustments that are not required for their increased for their anniversary, anniversary increase is what they are called, whether it's 1 year or 3 year.

Mrs. Alvarez further asked if Commissioner Leubert was referring to hourly or management because there were four different proposals one of which was already pulled. Alvarez continued to state that there was one that had a smoothing and one that had adjustments between the ranges and then there was a third one that was with regards to certain supervisors and managers that were not currently within a range that was comparable to other positions within the city's plan and outside of the city's plan.

Commissioner Leubert commented that she is going to say it one more time, the people who are required to have their increases for their one year, their anniversary increases, those are set as the Commission made that policy. Any other increases are to be pulled and allow the next City Manager come in and make those adjustments themselves.

Mrs. Alvarez responded that what Commission Leubert is saying is to pull all of the management level compensation

Commissioner Leubert responded all except the anniversary increases.

Mayor Fugate commented that she started this with the fact that she didn't have enough information and he is not sure that the City Manager has enough information either and feels that she may be a bit confused of what Commissioner Leubert is asking for. Fugate further commented that he knows that we have had a proposed increase in to move some into the \$10.00 an hour.

Commissioner Leubert responded that the \$10.00 an hour yes.

Mayor Fugate responded that this does not deal with anniversary and all that, so to make that statement it really causes problems and suggest for Leubert to get with the City Manager and tell her exactly what she is talking about and bring it back to the Commission at the next meeting.

Commissioner Leubert responded so that they may have time, yes. Leubert further commented that in all fairness, we are talking about giving a lot of people substantial raises, but \$10.00 an hour, she thinks that we all agree that we need to atleast start at \$10.00 an hour. But any of the other smoothing out or whatever it is called, the other raises would be your anniversary raises. Those are those people who have 1, 3, 6, and all those, she thinks that that's something that we have had now for so many years. Leubert further commented that this is something that is set, unless we change the whole policy for anniversary raises. Leubert stated that the \$10.00 an hour has been a discussion in the past which is a good start.

Mayor Fugate responded to Commission Leubert that what he thinks she needs to do, to help him decide what he wants to do, is to be a more specific and go down the list and state who should get a raise and who shouldn't, which is what she is pretty much saying.

Commissioner Leubert responded that what she is saying is that people start at \$10.00 an hour and the anniversary and further commented that this is as clear as she can make it.

Mayor Fugate responded by stating that none of the supervisors should get the increase.

Commissioner Leubert responded that at this point no because some of these are just, these, these, we got a new one here so it really shows you the adjustment. Leubert further stated that if we are cutting back and doing all these things, she thinks that the

Commission needs to wait on those. She commented that the next person that comes in, give them the opportunity to see the employees and make those choices.

Mrs. Alvarez commented that even with all the increases with regards to smoothing between the ranges and also making sure that the people got up to \$10.00 an hour, which would be proposal #2 and then proposal #3 was with regards to management level employees. Alvarez further asked Leubert that what she is saying proposal #1 for \$10.00 an hour is good, proposal #2 with regards to smoothing in between the ranges.

Mayor Fugate asked what the dollar amount staff is talking about is.

Commissioner Leubert commented that some of them are \$4,000; \$5,000; \$6,000 and \$3,000. Leubert further commented that she thinks that they need to allow the new City Manager come in and make those decisions.

Mrs. Alvarez responded that even though we know that these positions are currently not being compensated based on outside salaries then we need to go ahead and let them wait another year.

Commissioner Leubert responded that she thinks this was a subjective statement. She thinks that the person who comes in, next City Manager that comes in should make that choice.

Mrs. Diana Gonzales, Human Resource Director, commented that the previous City Manager in 2012-2013 instead of doing a 3% across the board COLA it was decided to do a 1 ½ and allow her to opportunity submit information on positions that needed increases. This was put into the 2012-2013 City Manager's Budget Message. Gonzales further commented that all the positions were included on what went up and what stayed the same, so all this information, if Commission is looking at the increases that were done in 2012-2013 were in the Budget Message from the previous City Manager. Gonzales further stated that this information is in there. She further stated that if there is any specific one that is being requested to be pulled, why not address that issue and allow the others to go through. Because if under the \$10.00 will cost about \$42,607 and the cost of the partial smoothing and to get the 3% between the step, as much as we could, it was partial, was going to be a total of \$7,944. The position adjustments that included non-civil service, correction, non-exempt positions equaled \$12,377 which is on Schedule F which is the Equipment Operator 1, and the Animal Control. Gonzales stated that those positions, the Equipment Operator 1 changed because of the changes to \$10.00 an hour, a couple of the classes were combined. So to eliminate a Maintenance Worker getting the same thing as an Operator 1 that position is proposed to be adjusted. On the Animal Control Officer, right now they are earning \$9.73 at date of hire. With a movement they will come in at \$11.50, which is still a bit low but it's more in line what they should be receiving. These positions are listed in Schedule F, and those are non-exempt positions. Gonzales further commented that by not considering those positions, would throw off \$10.00 an hour.

Mayor Fugate asked that what Gonzales is saying is that when we raise the \$10.00 an hour across the board you get compression.

Mrs. Gonzales responded yes, there is some compression.

Mayor Fugate further commented that we dealt with this last year.

Commissioner Leubert commented that this is just going to happen at some point. When we get this straightened out and start at \$10.00 an hour, you're going to have some compression; we will have to deal with this no matter what.

Mayor Fugate asked why we couldn't start with it now.

Commissioner Leubert responded that we can, but that's was not very clear here, the first piece of paper the Commission received. Leubert continued to state that now we are receiving these others, the raises that are listed on this paper is what she has a problem with. Leubert stated that the guys that are making the least amount of money, she has no problem with that. People who need to make a living wage that's terrific, staff needs to do something, and staff needs to keep the COLA across the board of 1.5%.

Mrs. Gonzales made the correction that the COLA is scheduled for 1%.

Commissioner Leubert further stated that this is not what we're talking about here.

Mrs. Gonzales responded that if there are certain positions that is preventing from.

Mayor Fugate asked for staff to hold off on any other comments at this time. Fugate further asked for the total amount that staff is asking for on these particular increases.

Mrs. Gonzales responded that the total on the exempt employees with benefits.

Mayor Fugate asked for the total amount of those positions to which Commissioner Leubert is objecting to.

Mrs. Gonzales responded that the amount is \$56,222.00.

Mayor Fugate further asked if this money goes to decompress what staff is trying to do, some of it goes to supervisors and administration staff that are more competitive with their fellow employees that are at the same level making more money than them.

Mrs. Gonzales response was, yes.

Mayor Fugate further stated that what staff is working on is trying to make it a fair situation.

Mrs. Alvarez commented that as with the prior City Manager, staff has looked at the positions and what the market is, and internally as well, and the City Manager of the course of the last three years has recommended, and the Commission approved, certain changes within certain positions. Alvarez further commented that this is done because you can't take everybody all at one time. There are still over \$224,000 fund balance in General Fund with these included in there.

Mayor Fugate asked if what we are talking about \$56,000.00 and what the overall budget is for the City.

Mrs. Balli responded that with all the changes that have been presented so far, the general fund reserves \$228,000 above the minimum.

Mayor Fugate stated that what he is talking about is the overall budget.

Mrs. Balli responded that the overall budget is \$45,000,000.00.

Mayor Fugate commented that we are fight over \$56,000.00 that is going to our employees that deserve everything. Fugate further commented that he will not support this and asked other members of the Commission for their opinion and stated that he feels that the employees are not getting paid enough for the work they do. Fugate also commented that his opinion is that our employees deserve every dime they get and he is not prepared to wait for the next City Manager to come in to make those decisions. Fugate further stated that the rest of this Commission can do what they want and instruct the City Manager on what they want her to do.

Commissioner Garcia asked that in the salary study, was there a salary study conducted outside the City of Kingsville, comparing salaries with comparable positions.

Mrs. Gonzales responded that staff has done some salary studies last year and she went through Waters Consulting to look at some of the positions, but if Garcia is talking about the some of our Management Level 4 (ML4) positions it's getting those more in-line what we have. Gonzales further stated that we can't get in line right now with the State or with surrounding areas. Staff is trying to get at least in-line with what we have here.

Commissioner Garcia asked how far we are from getting in-line with others.

Mrs. Gonzales responded that she doesn't have the exact percentage at this time. Some of the positions under ML 4 did receive an increase in 2012-2013 which had four to six positions that received a substantial amount during that fiscal year that are on this same list. Gonzales further stated that as she has mentioned at previous meetings and in the information that the previous City Manager presented in his different budget messages, not the entire increase can go in all at one time. This is because the budget will not support and if you start putting one position to market, it throws everybody off. This is the reason to work it a little at a time which is what staff is trying to do. This was spelled out in the 2012-2013 Budget Message and she has done a paper on it on the steps that staff is looking to do which was included in budget. This has been in the works for several years already. This is not just something that staff has decided to do at the last minute. Gonzales further stated that back in 2012-2013 she spoke about getting the percentages between the steps as well as trying to eliminate the 25 year to a 15 year. All this was discussed in the past and this is just another part of that as we cannot do all at one time.

Commissioner Garcia responded that if he is getting his message right, some opinions are that some of the employees received raises in 2012-2013 and now the same employees are receiving a substantial amount of raises again.

Mrs. Gonzales responded yes.

Commissioner Garcia continued to state that he understands what Mrs. Gonzales just explained but in the sense of fairness, where do the rest of the employees fall into this as they would like to receive the same thing to.

Mrs. Gonzales responded that this is correct, but we have hired a lot of people since then, and the ones that are being discussed are those that have been here since 2009 and before that year. Gonzales stated that the ones coming in in 2009 are more comparable right now, so increases to them would not be as significant as those from before. Gonzales continued to state that we have had example, the Police Chief, when the City hired the Police Chief he was hired at \$60,000.00 which was over ten years ago. Now trying to hire a Police Chief for \$60,000.00, the city will not be able to that. This is

shows that yes, people were hired at a certain rate but the step increases and the COLA's were not comparable to one the State and our area. There were some years the City received nothing and other times the hourly employees were revamped and 2012-2013 was one of those years. We had reclassifications of non-exempt employees that totaled, that year, \$300,000.00. Staff has tried over the years to do some revamping but it cannot be done all at one time. The employees that are listed here are definitely ML-4's and are definitely in need of the extra compensation to get them in-line with those that have been hired since 2009 and forward. The city has had to hire at a higher rate in the last few years, in order to get someone into the position. Someone who has been here longer unfortunately are stuck and only receive the cost of living unless there is some adjustment.

Commissioner Garcia commented that this happened when they hired a City Manager.

Mayor Fugate commented that what the Commission needs to do is decide what positions are we talking about and go down the line item and tell staff which ones they want to finance. Fugate further commented that he supports all raises that have been proposed and stated that he is not sure what everyone else wants to do but they may voice their opinions on this issue and will do as the Commission wants.

Commissioner Leubert commented that she feels that we need to continue the COLA and people that are in the middle that deserve a living wage, as they are the ones need to be looked at, but that's not what the Commission is talking about here. Leubert further commented that a lot of these people have received a nice large sum and if staff looks at some companies or some cities such as the Police Chief and asked what the Police Chief in Corpus Christi is making.

Mrs. Gonzales responded that Corpus Christi is not a very good comparable as they are a city of over 300,000 in population.

Commissioner Leubert responded that the Corpus Christi is paying \$150,000 to 160,000.

Mrs. Alvarez commented that the University Police Chief makes more than our Chief.

Mayor Fugate commented to Commissioner Leubert that he is only going to ask one more time, to go through the list and tell staff which individuals should and should not get an increase. Fugate stated that he is talking line item, each individual position, don't be vague, as he can't understand what Leubert is saying and staff doesn't either.

Commissioner Leubert responded that she will not do that and thanked Fugate for asking, but it isn't going to happen. Leubert further responded that she has made it clear that everybody on this list. The people, who are not making a living wage, keep the \$10.00 going. The individuals on this list need to go, and allow the new City Manager make their choice on that.

Mayor Fugate commented that if he can read between the lines, when we raise it up to \$10.00 an hour, and madam you are getting very close, anybody making \$10.00 an hour then they can keep their raises, all others don't get one, as per Commissioner Leubert's statement. Fugate further stated that he will be living it up to the two other Commissioners' to decide what they want to do.

Commissioner Pecos commented that he concurs with Commissioner Leubert on this matter. The individuals who are getting the salary wages increase, not the anniversary and the other stuff, as that is policy already, but the salary increases that the new City Manager should come and evaluate those positions. If the new City Manager feels that they should be given that amount of money, it will be in the budget in the general fund, and the Commission can approve the increase.

Mayor Fugate asked for Commissioner Garcia's opinion on this matter.

Commissioner Garcia commented that he had the same situation at the Appraisal District. To give an example, they had a salary study statewide and comparable with Appraisal Districts to our size and the Appraisal District is pretty far behind the Chief Appraisers salary as well as the Assistant Chief Appraiser. It's like this throughout the State and they had a large spread sheet with all the salaries listed from all the Appraisal Districts in the State and its mind boggling to put this information together, let alone make a decision on what to do. Garcia further commented that unfortunately, he is on the opinion of fairness even though some of the positions are behind, but as both Commissioner's Leubert and Pecos have stated, they wish to have the new City Manager appraise their performance and do his diligence duties and recognizing where they are, that they need a raise or whatever. Garcia stated that his is incompetent upon the City Manager, although Mrs. Alvarez has been the Acting City Manager and has done a fantastic job considering her two positions she holds, as well as the Finance Director. Garcia stated that in all fairness we just need to go that route at this moment.

Mayor Fugate asked Commissioner Garcia as to what route he would like for staff to take.

Commissioner Garcia responded that he follows Commissioner Leubert's recommendation.

Mayor Fugate directed Mrs. Alvarez to take out all raises except for COLA'S, anniversaries, and individuals that are raised to \$10.00 an hour.

Mrs. Alvarez responded that she will do as directed.

Mayor Fugate further asked if there was anything else within this budget that needed to be discussed.

Mrs. Gonzales asked for clarification because there is some of the smoothing which may just be a few cents in the hourly rate schedule.

Mayor Fugate commented that it has all been pulled out.

Commissioner Leubert asked if she could clarify something.

Mayor Fugate responded "no you may not" and would like to move on to the next item on the agenda.

Commissioner Leubert responded that she would like to clarify something and stated that this is what she was talking about.

Mayor Fugate responded that marching orders have been given.

2. Discussion of the City of Kingsville Street Improvement & Maintenance Program and financing options. (City Engineer/Public Works Director).

Mr. Charlie Cardenas, City Engineer/Public Works Director, reported on the Street Improvement & Maintenance Program. Mr. Cardenas reported that this is part 2 of the workshop and is the same at the last time where the target amount is \$1.6 million which includes full depth construction, street overlay, seal coats, crack sealing, and equipment maintenance. Any monetary amount less than \$1.6 million will extend the plan and limit yearly production. At this time it is a 20 year plan and the limit of the year production. The yearly production is 40 blocks a year (3 miles of street). So if we do less than \$1.6 million, we can only do 30-35 blocks a year and the 20 year plan will turn into a 25 year plan. Cardenas further stated that approximately 69% of Kingsville streets are classified as residential. The base residential fee, which includes single family residents (6636), apartments/Mobile Homes (3999) and Multi-Family units (170), and staff, is sticking to the 85% occupancy rate or more. With a fee of \$5.00 on the residential rate per month, \$620,979.00 is the residential of contribution cost. On the non-residential rates, registered non-profit organizations and lodges are exempt as well as churches.

Mayor Fugate commented that a lot of these organizations are barely hanging on and if we assess this fee, we will push them over.

Mr. Cardenas stated that he agrees with this comment and the non-profits will be exempt. The equation is \$5.00 plus the equivalent residential units (ERU) divided by \$24.25 times .3 of the trip factor. It was also decided to give the Commission three options to look at. One was being capping the final cost of \$250, \$150, and \$125.

Commissioner Pecos asked if this was a per year cost. Mr. Cardenas responded that this would be per month.

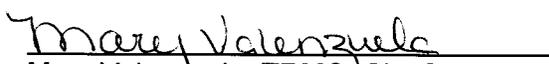
Mr. Cardenas stated that we do the non-residential at \$250, with the \$620,979 we will collect \$1.2 million. If broken down to percentages, 51% of the total number is residential, 49% is non-residential with the \$250 cap. If capped at \$150 it is \$1,070,705.09 with percentages at 58% is residential and 42% non-residential. If capped at \$125 it is at \$1,022,223.22 with percentages at 61% residential and 39% non-residential.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:15 p.m.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMG, City Secretary