

MAY 25, 2017

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON THURSDAY, MAY 25, 2017 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 5:30 P.M.

CITY COMMISSION PRESENT:

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

CITY COMMISSION ABSENT:

Edna Lopez, Commissioner

CITY STAFF PRESENT:

Jesús Garza, City Manager
Courtney Alvarez, City Attorney
Tom Ginter, Director of Planning & Development Services
Diana Gonzales, Human Resources Director
Charlie Cardenas, Public Works Director/Engineer
Kyle Benson, IT Manager
Sharam Santillan, Capital Projects Manager
Cynthia Martin, Downtown Manager
Israel Vasquez, Facility Maintenance Manager
Emilio Garcia, Health Director
Jason Alfaro, Parks & Rec Director
Leo Alarcon, Tourism Director
Derek Williams, Systems Specialist
Adrian Garcia, Fire Chief
Robert Rodriguez, Library Director
David Solis, Risk Manager
Bill Donnell, Asst. Public Works Director
Deborah Balli, Finance Director

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 5:35 P.M. with four Commission members present. Commissioner Lopez absent.

WORKSHOP: Discuss Goals & Objectives for the Fiscal Year 2018 Budget Development Process. (City Manager).

City Manager Jesús Garza commented that today's workshop is a discussion about goals and objectives for Fiscal Year 2018. This is the time of the year that staff is preparing to figure the budget for the upcoming fiscal year which will be presented through a series of workshops during the summer. Goals for this current fiscal year were a bit ambitious so there are several projects that will be carried over to the next fiscal year. The objective for this discussion is to determine services that need improvements or enhancements and to develop priorities for the upcoming fiscal year budget. Overall from an organizational standpoint based on conversations Garza had with the City Commission and staff, he wants to make sure that we continue to evaluate all departments and divisions for further consolidations to maximize usage of resources. Continue modernization of City processes and service delivery via technological enhancements and updated policies and procedures. We like to make this the 21st Century City. Continue focusing on renovating work spaces for City employees and spaces that are visited/used by our residents. Garza further stated that under compensation and benefits, he would like to evaluate the continuation of the three-year plan that was introduced as part of FY 2016-2017. Consider altering plan to include a COLA in year 2, increase focus on Leadership Training, and implement wellness program. Garza stated that Parks & Recreation is an important thing, with the Parks Master Plan completed it is important to continue the implementation of the plan. The Skate Park is ongoing and is scheduled to be completed in the next fiscal year. The pool improvements will continue which is scheduled to open this upcoming weekend, although some improvements are still pending such as the Kiddie pool, repairing the decking and so forth. There will also be some focus on baseball and softball fields. Also, to be focused on is Chamberlain Park once the old gymnasium is demolished. Garza stated that a few meetings ago there was a parks maintenance fund. This was based from the Master Plan that identified that maintenance is a huge problem for us.

Staff will also be evaluating policies, procedures, and fees. Infrastructure projects include the continuation of the Street Maintenance and Improvement Program (SMIP). Staff will do resurfacing of streets and increase focus right off major thoroughfares. Garza commented that we need to explore corridor street projects which are capital improvements projects which in the past has been funded through the Certificates of Obligation (CO's). Evaluation of Street User Fee and Storm Water Fee is also looked at. By stating this, Garza commented that he is not meaning for fees to go up, but just simply look at it. The drainage master plan that was recently awarded, it is a huge priority to complete this project in the next fiscal year. If awarded the sidewalk grant, we need to make sure to have the matching funds associated with this project. Other infrastructure improvements are the permit amendment process to increase capacity at the landfill, Energy savings project at Waste Water Treatment Plants, and sewer manhole rehab. As for public safety, evaluate staffing levels for both uniform and non-uniform at Police & Fire Department. Also being looked at are staff grant opportunities. Continue implementation of improved radio communication system and facility improvements which will be through CO 2016. Staff will continue to evaluate equipment and vehicle replacements for both departments. For this next fiscal year, there will be a special focus on Emergency Management/EOC. Historically this type of focus hasn't necessarily been identified separately in the budget. Staff now wants to give it its own division and bring some structure to it.

Mayor Fugate made some comments that were not picked up on the audio.

Mr. Garza continued with his presentation. Downtown revitalization, discussions have taken place regarding the infrastructure improvements to Kleberg Ave which will be a focus since the city is going through the process with EDA. The initial phase of this has been submitted to the EDA, so now we are simply waiting for a response. One other thing that will come in the new fiscal year is repairing 7th Street between Kleberg Ave. and King Street. Staff will also continue its focus on the Façade Program. Staff will also continue to focus on the implementation of the Downtown Vision Plan and Downtown Pavilion. As for Tourism, we will improve marketing efforts outside of local market. Will continue exploring the feasibility of the JK Northway Improvements Phase 1. One of the ways to start exploring this is to start having conversations about the Venue Tax mechanism that will hopefully pay for some aspect of phase 1. Staff will also evaluate additional phases of Way Finding Signage. One of the things that has come up is the lack of monument signage. There is monument signage on King Street but once the overpass was built, now you drive over it. Additional areas to look at are Economic Development and the continued partnership with the EDC as well as the Animal Shelter. With the Health & Library Department, we want to evaluate the agreements with Kleberg County, to be clear, this isn't because the City wants to split the department but with the agreement being over 40 years old it is necessary to evaluate them at one point. Revenue enhancements, staff will review and assess all fees and fines to compare with industry standards and with recovery of expenditures. One of the things that will help facilitate this is to establish a Master Fee Schedule for changes and annual review.

Commissioner Garcia voiced a concern that he had. Garcia stated that he came over to City Hall to attend the Skate Park Presentation was given. While he was sitting in the audience, one of the kids mentioned if there would be any restrooms at the skate park. Garcia stated that this may be an issue that the city may need to address.

Mr. Garza commented that it may be an issue initially but one of the big reasons this site was selected for the skate park was for its proximity of the bathrooms at the pool.

Commissioner Garcia asked if these restrooms would be available to those at the skate park. Mr. Garza responded that not right away as there needs to be some adjustments made at the site to facilitate this, although it is a long-term vision.

Mayor Fugate made some comments that were not picked up on the audio.

Mr. Garza commented that staff is preparing to better increase demolitions. One of the things that staff wants to evaluate as part of the next budget cycle is rethinking Community Appearance slightly. While it is good that we are knocking down dilapidated structures we also need to have an operation to help fill those spaces as it is not good for the overall health of our community to have empty lots around the city.

Mayor Fugate opened the regular session of the meeting at 6:00 p.m. with four Commission members present. Commissioner Lopez absent

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

The invocation was delivered by Mrs. Courtney Alvarez, City Attorney, followed by the Pledge of Allegiance and the Texas Pledge.

MINUTES OF PREVIOUS MEETING(S)

Regular Meeting – May 8, 2017

Motion made by Commissioner Pena to approve the minutes of May 8, 2017, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Pena, Pecos, Garcia, Fugate voting “FOR”.

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

1. Public Hearing on amending the zoning ordinance by changing the zoning in reference to KT&I Co., Block 7, Lot W/23, Pt 4, 31.55 acres, also known as area behind 221 W. Sage Road from R1-Single Family to AG-Agriculture District, applicant Victoria Avalos. (Director of Planning and Development Services).

Mayor Fugate announced the Public Hearing at 6:03 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 now with a five-minute time limit. Additional time cannot be extended by City Commission.

Mr. Tom Ginter, Director of Planning and Development Services, showed a map of the zoning in the rezone and gave street location. Ginter further showed the legal plat of the property. He stated that the previous property owner purchased the property in May 1996 which at the time was zoned agricultural. In November 2006, it was zoned to R-1 and has remained that since that time. The property was sold to the applicant in June 2014.

Mayor Fugate asked that with the map that is being shown now, are there any properties that are zoned Agricultural. Mr. Ginter responded that if you go further East, it is Young Drive, it's probably agricultural but not as you go South. Mayor Fugate asked about the other side of Sage Road. Mr. Ginter's response was that that area is agricultural.

Commissioner Pena asked if there were any homes on the Northside where it says agriculture. Mr. Ginter pointed to an area on the map that has a couple of agriculture lots. Ginter commented that this area is Serenity Estates 2, and there are homes in there and is also zoned R-1.

Commissioner Pena asked if there were existing homes that are listed as agricultural. Mr. Ginter responded that it is to his belief that there are some homes but would need double check.

Mayor Fugate commented that this may be agricultural in the back but the lots in the front where it shows the lots, he recalls when it was rezoned which are residential.

Commissioner Pena stated that he is trying to clarify this as on the map that is being displayed is in color green.

Mr. Ginter commented that on the zoning map and on the records that he has, it shows as agricultural.

Mr. Garza commented that from his understanding is that you can have a house on a piece of property that is zoned agricultural.

Mayor Fugate asked City Attorney, Courtney Alvarez if she recalled the Commission replatted and approved it. Mrs. Alvarez responded that it is platted but this is just the zoning.

Mr. Ginter commented that this is only the plat for Serenity Estates.

Mr. Garza commented that a plat is different than a zoning.

Mayor Fugate asked if the city has ever taking property that is residential and owned it back to agricultural? Fugate commented that he doesn't believe ever seeing that done.

Mrs. Alvarez commented that she doesn't recall any specifically. We have had properties that were agricultural and rezoned to R-1 that were not developed and were platted but not developed, and those plats have since expired.

Mr. Melvin Schoech, 605 W. Sage Road, he is the original owner of Serenity Estates 1 & 2, and the land in question. He moved to Sage Road in 1968 and purchased this property from the Mormon Church back in 1995-1996. At that time the area was a flat land which was farmed by David Schubert. Serenity 1 was leased to Walsh Thomas and before that it

was leased to August Stuffer who ran animals on the property. Schoech commented that it has been zoned Agricultural all this time. He does not recall asking for a rezoning in 2006. The Avalos's bought the property and they have improved this property by building a fence around it and cleaning it up. He feels that this property should be back to agriculture. He stated that this property should be zoned agricultural as it is what it's being used for now and has always been used for and will continue to be used for.

John Guerrero 321 W. Sage Road, moved into the area in 2006. He stated that he had been told that there would be more residential homes built behind him and in the front area. With that understanding he and his family built their home in the area. When the Avalos purchased the property, he stated that he wasn't sure what they heard from Mr. Schoech whether he told them it was agricultural and so they bought it thinking it was. If they weren't told correctly that it was zoned as R-1 and not agricultural, he is sorry that it happened. Guerrero further commented that there has always been farming behind his home. He is concerned about is that there is cattle in the back and he didn't move in the area to live by a ranch. His main concern is that if he ever decides to move and sell his property he doesn't want anyone worrying about anything being behind the property such as farm animals. Guerrero commented that he has nothing against farm animals as he himself has cattle and hogs in the back for 4-H purposes.

Noelia Chapa, 313 W. Sage Road, prepared a book for the City Commission that she is going to be discussing. She stated that in this book you will find the letter from Mr. Tom Ginter about the meeting it also stated that it had the rezoning and the directors did not come to a conclusion therefore there is no recommendation from them. Chapa commented that they met on May 17th.

Mayor Fugate reminded Mrs. Chapa that she only had five minutes to speak on this item. Mrs. Chapa understood her time limit.

Mrs. Chapa continued to show pictures of her home and the land around her home. Behind her home she stated that there is corrals. She stated that it was her understanding that when she built her home, they were to leave 10ft buffer as the developer of Serenity Estates was to build Phase 2 behind her property. She commented that the fence that was built was also used to build the corrals. She further commented as the property is under agricultural, Ms. Victoria Avalos only has to pay \$126.33. Mrs. Chapa commented that she does not want this land to be agricultural. She purchased this land to near her family and were happy until the farms animals came into play.

Leo Villarreal, representing the rezone request, clients Jessie Rodriguez and Victoria Avalos commented that he is aware of the time limit he has to speak, but ask if he would have another opportunity to speak on behalf of this item.

Mayor Fugate asked for some guidance from City Attorney, Courtney Alvarez. Mrs. Alvarez commented that they have the opportunity to speak during the public hearing and public comments prior to getting into the agenda. Can't give additional time during the public hearing but can receive additional time during the public comments.

Mr. Villarreal commented that he would like to introduce his clients, Mr. Jessie Rodriguez and Ms. Victoria Avalos. He commented that once the Commission hears the zoning requested, the Commission will see that it will not adversely affect the public interest community health or safety or welfare of this community.

Jackie Guerrero, 321 w. Sage Road, commented that when she and her family decided where they would like to build their home where they will raise their family it was here in Kingsville. When she spoke to Mr. Schoech and bought their property they looked around the area and it was all residential. Mr. Schoech was farming behind them but believed it would be residential. She stated that she does have her two stock show animals for her two kids, but overall she wants to protect their investment and stay in residential so that in the future once her kids are grown and gone, she and her husband may want to leave and having the option that the resale value be good. Guerrero commented that she would like for the area to remain residential.

Efrain Chapa, 313 W. Sage Road, commented that if they are already in the City, they don't want to go backwards. He stated that Leo Alarcon is doing a good job marketing Kingsville and moving us forward. By doing this rezone, we will only be going backwards. He commented that they do not want to stop the production of new homes in this area.

There being no further comments, Mayor Fugate closed this public hearing at 6:22 P.M.

III. Reports from Commission & Staff.²

"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, Investment Report, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; Police & Fire Department – Grant Update, Police & Fire Reports; Streets Update; 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.”

Mayor Fugate presented a proclamation for National Preservation Awareness Month to Cynthia Martin, Downtown Manager.

Mrs. Courtney Alvarez reported that the next City Commission meeting is scheduled for Monday, June 12th with agenda items for this meeting due on Friday, June 2nd.

IV. Public Comment on Agenda Items.³

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

Lance Hamm, 912 South Creek, commented that he is concerned about the highway safety on US Hwy 77 and FM1717. He stated that he had a meeting with TXDOT last week and was very disappointed with the outcome of the meeting. Several years ago there was a motorcycle accident that caused the an individual to lose his life. He believes the southbound merge lane at King Avenue and Hwy 77 is too short and very dangerous. He asked for TXDOT to give him the turn lane distance for Northbound to go to the median and Westbound to go onto FM1717, of which he did not receive a reply from TXDOT. At the meeting last week, he still hadn't received a reply when he asked for the information again. By his calculations, the turn lane going Northbound and going West into FM 1717 is about 145ft. By TXDOT's book, 865ft is required in order to make it a safe turning lane, so this is at about 17%. While traveling through the area tonight as he was making his way to this meeting, three vehicles were in that turn lane trying to go to the median but couldn't as the median was full. The last car was still out on the fast lane because there wasn't enough room. Hamm commented that it would be great if someone was really concerned about the safety of our residents in this area. Hamm commented that someone is going to die on FM1717 and US Hwy 77 if we don't act quickly. The City has an ordinance for 55mph on US Hwy 77. Both the City and County signed resolutions in 2015 to lower the speed limit to 55mph, TXDOT still has not done this. The only option remaining is for the City to ask the Texas Transportation Commission for a minute-order to get it lowered. The other thing that can be done is to look at the turn lane, both left and right on FM 1717 which is too short.

City Manager Jesús Garza commented that at the meeting that occurred here at City Hall with TXDOT to which Mr. Charlie Cardenas was present for, the conversation for most part was on the speed limit and from his understanding TXDOT ok'd going to 60mph, based on some analysis they did at their end. Now, the speed limit is at 65mph, both the City and County passed resolutions saying that they would like the speed limit at 55mph. Garza stated that both the City and County will work together to enforce the speed limit and later have TXDOT come back and do another speed study that will hopefully justify lowering the speed limit to 55mph per the rules and regulations TXDOT has.

Mr. Leo Villarreal, passed out copies of maps to the City Commission. He commented that in 1996 the plat was filed for record which does contain the lots in the front but at the bottom it remains unplatted. This property has always been used for agricultural. He also produced copies of Guerrero, Garcia and Chapa's warrant deed which are blank and have no conditions and representations, no limitations regarding any of the things they have represented during tonight's meeting. The thirty acres have been used and plowed farmed as stated by Mr. Schoech. It has been 14 years that they have lived with agriculture next to them and it being too late to object to an agriculture. Villarreal further commented that Mike Kassners Appraisal states that highest and best used is agriculture for future residential use. The warrant deed Avalos purchased strictly purchases land, acreage and nothing else. The surrounding properties it is agricultural. Some of the areas that are residential are also marked as agriculture as they are also used for agricultural and farmed as agricultural. Mrs. Avalos has invested \$454,000 into her property. Pictures also show the home and where the fence has been built across the residencies. There is a 100ft buffer zone planted with fruit trees and magnolia trees before you get to the corrals. Only three people oppose the rezone, not the other twelve residents that reside in this area. Villarreal stated that they believed they bought agricultural land. Once rezoned in 2006, it was continued to be used as agriculture. Villarreal commented that he believes that after 14

years that these residents have been living there, they have waived their right to protest this rezone.

John Guerrero, 321 W. Sage Road, commented that he is not protesting as stated by Mr. Villarreal, he was agriculture in the past and there was farming behind them, but no animals for the last 12 years. Since Avalos purchased the property, it has been improved. The only concerns are the corrals behind him and how many more animals will be put back there. Guerrero commented that it is becoming small community with a country atmosphere.

Noelia Chapa, 313 W. Sage Road, commented that her concern is that Mr. Schoech was the one that came out winning. He sold their property, their 5ft to them and then turned around and sold it to the Avalos. Chapa further commented that it is not them they are objecting, but objecting also to them using their fence. She stated that they paid for that fence. She stated that they moved out to the area in 2005 and have been fine but objects to the animals that are out there. Chapa commented that this is not why she moved out there for. She wanted it to be peaceful and calm and almost like living in the country.

Efrain Chapa commented that if they wanted to build a house in the farm, they could have done it at his ranch. He stated that they were looking into the future and thought this was going to be their growing area in Kingsville. As his wife stated, they built the fence and don't have thousands of dollars to hire an attorney to speak to them. But he, as a Boy Scout he is telling the truth.

Jesse Rodriguez, 221 W. Sage Road, commented that they are the ones petitioning to go back to agriculture. He hired Mr. Villarreal as this is so out of their hands. This is terrible and this is the only reason he had to hire an attorney. He stated that he is not saying that he built Mr. Chapa's fence or built Mr. Guerrero's fence, they have built all the rest of the fence. It is a private fence so that the back part of their homes, they don't have to see his animals. He commented that his animals are very well kept. Mr. Guerrero owns less than two and he has one cow and three pigs. Sometimes he has two cows and three pigs or more in an acre in a half. Mr. Rodriguez commented that he has six cows on thirty acres. His daughter does rodeos and he has an arena for her horses and practices barrel racing. He commented that if they can have animals in an acre and a half, he purchased thirty acres for his daughter and where he has six cattle, chickens, and peacocks. He said that he didn't do anything wrong as he thought they had purchased agriculture property. He never knew it wasn't considered agriculture. There are no other entrances but only two entrances to the back property. He stated that they will never develop that property. How these people can stand here today and say that they want homes back there when he owns the land. He can say whether he wants homes back there, not them, he doesn't plan on ever selling the property, whether it is granted to be agricultural or not. This property will not be sold as the property will be left to his daughters.

Jackie Guerrero, 321 W. Sage Road, stated that she would like to make some clarifications. Their children are in 4-H and FFA and under the city guidelines, it states that they could have one for the County Show, San Antonio, and Houston not do they participate in their local but also in State shows as well. When they purchased the property in 2004, the City of Kingsville has a comprehensive annual financial report dated September 30, 2008. This report kind of advertises where they live. Talking about Residential-1, which is on page 7 of 180, and it is one of the developments in Kingsville for young adults to come in and raise their family. When they bought the property, they thought of the dream of, when Mr. Schoech stated that it would potentially have the easement to their left side and being a future development in the back with sidewalks. This plan wasn't planned out so there wasn't any guarantee to it which is the last portion of the misunderstanding of all the twelve residents. They are not here so it is a little bit presumptuous to go ahead and assume that there's only three. Guerrero commented that they are here and her investment is 321 W. Sage Road and she prefers it staying the same.

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

1. Motion to approve final passage of an ordinance amending the Fiscal Year 2016-2017 Budget to accept and expend Park Donations for specialized playground equipment. (Parks & Rec Director).

2. Motion to approve resolution authorizing the release of Chapter 59 funds of the Kingsville Police Department for donation to the Boys Scouts of America Venado District for drug abuse prevention programs. (Police Chief).

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

Mayor Fugate commented that he would like to take agenda item #4 prior to item #3. Commissioner Pecos commented that agenda item #3 is only an introduction item. Mayor Fugate then stated that he will take the agenda items in the order they are listed below.

3. Consider introduction of an ordinance amending the zoning ordinance by changing the zoning in reference to KT&I Co., Block 7, Lot W/23, Pt 4, 31.55 acres, also known as area behind 221 W. Sage Road from R1-Single Family to AG-Agriculture District, applicant Victoria Avalos. (Director of Planning and Development Services).

Mayor Fugate commented that this is an introduction item only. He explained that ordinances require two readings, first reading is the introduction of the item and the second reading is where it will be determined whether to approve or disapprove.

Mayor Fugate opposed some questions to Tom Ginter, Director of Planning and Development Services. He asked that by Mr. Rodriguez stating that he owns this property but he is also hearing the name Avalos, how does this work?

Mr. Ginter responded that they are husband and wife. The property is under the wife's name, Victoria Avalos.

Mayor Fugate commented that the gentleman introduced himself as Jessie Rodriguez. Mr. Ginter responded that this was correct. Mayor Fugate further asked where Mr. Jessie Rodriguez comes from. Mr. Ginter responded that he is the husband to Victoria Avalos.

Mr. Garza commented that if any of them have any questions between now and the next meeting, staff is available to answer those questions. Garza stated that he wants to make sure that the City Commission is as educated as much as possible on this issue so that when they are ready to vote, it comes from a perspective of understanding what's going on.

Mayor Fugate commented that what confused him is the fencing and how this property is situated and looks. Fugate asked City Attorney, Courtney Alvarez if there was any objection on the Commission, during their own free time, to go out there and look this thing over, if they chose too.

Mrs. Alvarez responded not trespassing on property.

Mayor Fugate commented that he is pretty sure that all of them would probably allow him on their property so that he could see what they are talking about. But if not, that's fine as well.

Commissioner Garcia commented that on the perceived easement discussion that took place here today, he doesn't know if they could resolve this problem regarding the real estate issue.

Mrs. Alvarez commented that this would be a private property matter between the property owners.

Mayor Fugate commented that the City Commission is not here for that.

Introduction item.

4. Consider accepting the Comprehensive Annual Financial Report of the City of Kingsville for Fiscal Year 2015-2016. (Finance Director).

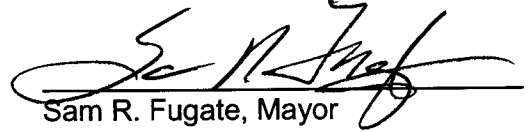
Mr. Luke Womack, of John Womack & CO., P.C., reported on the City of Kingsville Comprehensive Annual Financial Report (CAFR). Mr. Womack reminded the City Commission of the certificate that was received from the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. There are 38,000 cities in America and only 4 ½ to 5% receive this certificate. Not that all cities submit it, but it is very rare in financial reporting, and the city has this and receive on an annual basis. This certificate is an excellence that states that everything has been

produced in accordance with specific standards. Womack stated that he has already met with the Audit Committee where he went over all the numbers with the Committee. He stated that the one year finding they had is now gone. The accounting staff has eradicated this. Page 39 of the CAFR shows the General Fund, Police Forfeiture fund, Debt Service, Capital Projects, and other governmental funds. Last year's total assets was \$13.6 Million Dollars and this year's total assets being a total of \$12.53 Million Dollars. Primarily due to spending of restrictive cash is what built this place and this is why it is depleted and not because of operations. The Landfill is \$2,479,993.00 which is what is still available in the general fund for potential land closure. The Capital Outlay number you only see a thousand, last year it was \$2 Million Dollars and those monies have been spent in order to provide facilities for the city. The \$7.1 Million Dollars, last year that was \$5.359 Million Dollars so the unreserved fund balance went up substantially. The General Fund is in excellent shape. Police Forfeiture Fund, half of it was moved over to the County but it still left \$1.726 Million Dollars in reserve Police Fund. Debt Service Fund it is collect \$1.8 Million Dollars per year, and payoff all the debt general fund indebtedness and has a fund balance of \$618,000.00. Capital Projects there is a fund balance of \$6.5 Million Dollars. There was a bond issue right at the end of last year, and that money has been available to the City this year for intended purposes. Womack commented that all the governmental finances are in excellent shape. Womack then reported on page 42 of the CAFR. This page show revenue of \$17,862,000.00. Last year it was at \$17.3 Million Dollars and actual revenues are up by \$500,000.00. Expenditures are up more so being at \$20,729,000.00 and total expenditures up by \$900,000.00 from the prior year, primarily from capital outlays expenditures that the city dealt with when building the new city hall. The amount of \$74,264.00 in brackets, last year that number was \$1 Million Dollars in brackets. The city has reduced that loss by a Million Dollars resulting in a total fund balance of \$10,444,893.00. The revenues were increasing and expenditures did jump primarily because of the built of the new city hall. The Police Forfeiture Fund it had about a \$286,248.00 revenues over expenditures which was a positive increase. Debt Service had a positive increase of \$39,346.00, positive revenues over expenditures taking it to \$618,994.00. Capital Projects has \$6,740,000.00 which was the new bond issue. There was also a bond premium of \$198,000.00 which was also money to the City. The result here is a total increase of \$6,083,000.00 and had \$425,000 leaving a fund balance of \$6.5 Million Dollars. The General Fund and all the major funds are in excellent shape and are performing as prescribed. Page 45 of the CAFR, the Enterprise Fund all the assets are in good shape compared to last year. Capital assets have been added and also liabilities are down slightly because last year the city had some outstanding obligations. Bond Debt paying off as scheduled, but there is \$3,783,000.00 is what the city has in capital outlay restricted and last year it was \$5.6 Million dollars. Those monies were spent on Enterprise Capital Outlay during the year which is why it decreased. However, unrestricted went from \$4,885,000.00 from last year to \$5,265,000.00. The unrestricted portion for the Enterprise Fund is doing well. It does show some decreases in there but those were planned, when you have those restrictions that means that it will eventually will be spent, you don't intend to hold it forever. The Internal Service Fund, last year had a \$1,075,000.00 in it total current assets and this year that number is \$1,364,000.00. The \$895,000.00 last year that number was \$632,000.00 so it actually added about \$263,000.00 to the fund balance for major medical leaving for a total fund balance \$895,000.00. The Enterprise Fund it actually had revenues of \$8,415,000.00, last year that number was \$8,192,000.00, so revenues was up by \$200,000.00. Expenditures were up, last year that total number right now is \$7,162,000.00 is actually \$6,495,000.00. Total income this year of \$1.252 Million Dollars verses \$1.6 Million dollar last year which is actually down \$450,000.00 due to operating cost even though revenue was up. Transfer out \$1.4 Million Dollars to the General Fund and then you have a Net Operating Loss of \$381,000.00, operating loss for the Enterprise Fund. Page 49 of the CAFR show the Cash Flows. \$2,381,684.00 is the total cash dollars that the city earned in excess of cash expenditures for operations only. So the operation generated \$2.381 Million Dollars. In the bracket it shows \$1.4 Million Dollars that was transferred out to the General Fund. Principal and Interest payment of \$1,608,000.00, that is the total of all Enterprise Debt. Capital acquisitions at \$952,910.00 for a total usage there of \$2,546,526.00. When you put those all together, you will see the \$1,422,387.00 in brackets, that is an expenditure over revenue which is a depletion of cash and assets earned. Last year that number was \$2.2 Million Dollars so the city has had two consecutive years of actual cash depletion, so the Commission may want to look at that and see how they are going to slow that down. Womack commented that it is still strong, but the city is going through some substantial dollars. A Million was Capital Outlay which was needed, it's not that it's not necessary but the city just needs to make sure they are on the right course. Womack stated that the only finding the city had to deal with the Golf Course and it has already been resolved. The City Commission appropriated point of sale equipment, cameras, and inventory process. Womack commented that what is missing is the bidding is gone and was handled properly. We also had a material finding for quite a few years and things were not being handled in a timely manner, it was. Womack commented that the City has one of the best accounting staff they have ever had under Deborah Balli, Finance Director and her staff and the City Manager working with them, it's been excellent.

Motion made by Commissioner Pecos to accept the Comprehensive Annual Financial Report of the City of Kingsville for Fiscal Year 2015-2016, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Pena, Pecos, Garcia, Fugate voting "FOR".

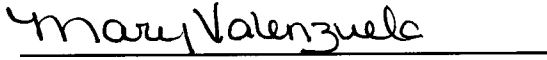
VI. Adjournment.

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



Sam R. Fugate, Mayor

ATTEST:



Mary Valenzuela, TRMC, City Secretary