

SEPTEMBER 5, 2017

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON TUESDAY, SEPTEMBER 5, 2017 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 6:00 P.M.

**CITY COMMISSION PRESENT:**

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

**CITY STAFF PRESENT:**

Jesús Garza, City Manager  
Courtney Alvarez, City Attorney  
Tom Ginter, Director of Planning & Development Services  
Diana Gonzales, Human Resources Director  
Kyle Benson, IT Manager  
Emilio Garcia, Health Director  
Jason Alfaro, Parks & Rec Director  
Derek Williams, Systems Specialist  
Bill Donnell, Asst. Public Works Director  
Deborah Balli, Finance Director  
Adrian Garcia, Fire Chief  
Ricardo Torres, Police Chief  
Rick Salinas, Volunteer Fire Chief  
Susan Ivy, Parks Manager  
Richard Flores, Golf Course Manager  
Israel Vasquez, Facility Maintenance Manager  
Leo Alarcon, Tourism Director

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate opened the meeting at 6:00 P.M. with all five Commission members present.

**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 – August 14, 2017

**Motion made by Commissioner Pena to approve the minutes of August 14, 2017 as presented, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Lopez, Pena, Pecos, Garcia, Fugate voting “FOR”.**

**II. Public Hearing - (Required by Law).<sup>1</sup>**

**1. Public Hearing on a proposed tax rate increase from \$.84220 to \$.88681 for Fiscal Year 2017-2018. (Finance Director).**

Mayor Fugate announced and opened this public hearing at 6:03 P.M.

Mayor Fugate commented that the proposed budget is with the same tax rate for last ten years.

Mrs. Alvarez commented that the tax rate is \$.84220.

Mrs. Deborah Balli, Finance Director reported that the calculation for this year's tax rate came out to the effective tax rate of \$.84299, rollback tax rate is \$.88682. Last year's tax rate is \$.84220 and our proposed tax rate is \$.88681, based on staff having room to work with during the budget workshops. The budget is built on last year's tax rate of \$.84220. This is the second public hearing and the vote to adopt the City of Kingsville's 2017-2018 fiscal year's tax rate will take place on September 11, 2017 at a City Commission meeting at 6:00 P.M. in the Helen Kleberg Groves Community Room, located at 400 W. King Ave., Kingsville, Texas.

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.

No other comments were made on this public hearing.

Mayor Fugate closed this public hearing at 6:06 P.M.

**2. Public Hearing on proposed Fiscal Year 2017-2018 budget. (Finance Director).**

Mayor Fugate announced and opened this public hearing at 6:06 P.M.

Mrs. Balli reported that this is a public hearing for the proposed budget and at the proposed tax rate, the budget will raise more total property taxes than last year's budget by \$596,617.00 or 8.96%, and of that amount \$262,087.00 is tax revenue to be raised from new property added to the tax roll for this year. This is based on the proposed tax rate.

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.

Amita Perkins, 402 W. Henrietta, commented that she would like to read a letter to the City Commission that is going to be published in the Kingsville Record this coming Sunday, Letters to the Editor. Perkins further read the letter that stated, Citizens wonder why City Manager and City Council continue to overspend. Editor, Kingsville Citizens: Jesus Garza, the city manager and budget officer has stated that he believes the future growth of Kingsville lies in beautification, ignoring the current citizens of Kingsville and what would be best for them. Let's start with spending monies where they need to be spent: on streets, sewer system and drainage; rather since 2015, hiring three management people and proposing hiring an event planner; rather than spending \$600,000 plus on the cottage renovation that houses only the Planning and Development Department and the Economic Development Commission, rather than proposing half a million dollars on renovations downstairs at the old City Hall. The initial plan was to move all employees to the new City Hall. Mr. Garza and the City Commission need to follow through on the commitment to house all personnel under one roof to maximize citizens services and minimize utility cost. Why waste \$850,000 on the Historic Pump House or \$120,000 on the City Hall landscaping? How about the \$21,000 aluminum bridge purchased for the golf course to replace a wooden bridge that could have probably been built for \$800? The span of the bridge is too short for the opening so that more money is spent for the new bulwark so that it will fit. How's that for brilliance? And on that note, since the City has taken over the golf course, the city has lost \$1.7 million dollars in the last four years. Proposed budget for the 2017-2018 is \$39.6 million dollars. Expenditures are \$47.2 million dollars with a Net Annual Surplus Deficit of \$7.6 million dollars; were operating in the red. General Fund proposed departmental budget chart shows 17.55% spent on administration and 8.48% spent on streets. Perkins further commented that she is urging the citizens of Kingsville to attend the next meeting at 6:00 P.M., September 11, 2017 at City Hall. Citizens can contact Mr. Garza and Mayor Sam Fugate as well as City Commissioners, Edna Lopez, Al Garcia, Noel Pena, and Arturo Pecos to voice your concerns.

Gloria Bigger-Cantu, 725 W. Henrietta, commented that she has been a long time Kingsville resident and taxpayer. She stated that she is here tonight to express her concerns of the spending decisions made by the City Manager, Mr. Jesús Garza. It is her opinion and many other people do not benefit the majority of the Kingsville residents, but only a concentrated few. There seems to be a lot of overspending going on in the City of Kingsville that is not good for the greater of the community. Mrs. Bigger-Cantu stated that if the city was to take a poll and ask its residents these questions, what would their respond be; do you think spending \$850,000 on the pump house project would benefit the services of the residents of the people; do you believe it is necessary to spend \$500,000 in renovating old City Hall Municipal Building? Do you think that it's necessary to spend \$120,000, that much money, on the City Hall landscaping? Would you like the City of Kingsville to spend this money on fixing the streets, instead of spending the money on the pump house, old city hall renovations or landscaping? She further asked Mr. Garza and the City Commission what do they think Kingsville residents would say? She stated that the response would be to fix the streets. She also stated to fix the downtown street to ensure the safety of pedestrians and motorists. She commented that five individuals have tripped and fallen on that street. Bigger-Cantu stated that these expenditures are in Mr. Garza's proposed 2017-2018 budget. These expenditures that she totaled up is in the amount of \$1,470,000.00 that he is proposing to spend. Since Mr. Garza was hired in November 2015, he has made many spending decisions that include spending \$944,000.00 on the city hall complex cottage building which houses only two departments. She asked if that was a cost effect measure? How many people does it benefit, how many people are housed in this building? She stated that she isn't aware if anyone informed Mr. Garza that the initial plan was of the old Historic King High was restored and became the new city hall. The plan was to move all personnel to the new city hall. She further commented that everybody was supposed to move to this facility. She understands that Mr. Garza made the decision not to move all the employees to this facility. However, he is making the decision to spend half a million dollars to renovate a building that houses a few employees. Moving the employees will centralize the services for the citizens. This was the original plan besides spending half a million dollars on that building, the utility cost of operating both buildings totals \$73,967.00. She stated that she and other people are asking Mr. Garza and the City Commission to rethink that decision and move the employees to the new city hall as it is half empty and has plenty of space. She stated that this would be a logical move and would make more sense to her as well as some of the citizens. She stated that she is very familiar with the history of the new city hall and she is

here to say, Mayor Fugate initialing the plans to turn this historical building to a city hall. She stated that she recalls when Mayor Fugate was on the Kingsville School Board in 2005, requesting that they sale the building to the City, she attended that meeting and wrote the story for the newspaper. Eventually KISD transferred the title to the City of Kingsville and thanks to Mrs. Helen Groves who donated \$1 million dollars for the rehabilitation of the new city hall. She further commented that thanks to the King Ranch family members, community, and the city tax payers for making this new city hall a reality. She stated that she believes that the city spent \$4 million dollars to complete the project. She commented that the initial project cost was \$6 million dollars, but wasn't sure of the cost at the end. She stated that she appreciates Mayor Fugate's efforts. Besides Mr. Garza, City Manager two other city managers were involved in this project, Carlos Yerena, and Vince Capell. She further commented asked if it would be more feasible to save half a million dollars plus utility cost to have the employees move here in order to centralize services, which would really benefit the people. This was the initial plan, why change it. Bigger-Cantu further asked Mr. Garza and City Commission to make decisions and provide services for the good of all people.

No further comments were made.

Mayor Fugate closed this public hearing at 6:14 P.M.

### III. Reports from Commission & Staff.<sup>2</sup>

*"At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to the following: Planning & Zoning Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, 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, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation. No formal action can be taken on these items at this time."*

Mr. Garza stated that improvements have started on the Municipal Building exterior. Some of the aluminum window covers have been removed. Garza further commented that we continue to support our communities to the North, as they continue to recover from Hurricane Harvey and continue to assist in any way that we can and will continue so, until we can. There are several other storms forming in the Gulf of Mexico, therefore, staff is in the process of evaluating our own internal emergency procedures and operations. Staff is having meetings with the county and stakeholders so that we are better prepared in case that something arises in the future. Garza asked the Commission if they have feedback for staff to let staff know so that we can make sure that we are prepared as best as possible.

Mrs. Courtney Alvarez, City Attorney, reminded staff of the next regular meeting on Monday, September 11<sup>th</sup> which will be the meeting where the Commission will be voting on the budget and tax rate.

Commissioner Pecos commented that there is another hurricane forming in the gulf and Kingsville was lucky that this last hurricane did not hit our area. He stated that he had the opportunity to go down to Refugio, which had no media attention but also received damage from Hurricane Harvey. He further commented what he saw while visiting the area.

Commissioner Lopez commented that she saw a post on Facebook from the Salvation Army that stated "We want to thank the Kingsville Community and Kingsville Fire Department for the amazing donation to us today. The truck arrived as we were running out of supplies and were able to replenish and serve more people because of your donation. Thank you Kingsville, Texas." Lopez further thanked the community and staff for a great job.

Commissioner Garcia commented that while visiting the area of Refugio, what this area will need is volunteers to help in the cleaning process. Garcia further commented that Kingsville needs to be careful with its reserves, as what happened in Houston could occur here as well.

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

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.<sup>4</sup>**

1. Review and discuss proposed fiscal year 2017-2018 budget for departments of the City of Kingsville. (City Manager).

Mr. Garza reported some of the changes to the proposed budget that occurred during the workshop process is the removal of \$1 million dollars that was scheduled to be put into a street capital improvement fund. In order to do this, the original proposal was to reduce the fund balance in general fund from 25% to 20%, but this has now changed. Garza further reported that the total budget from what was originally proposed and from what is being proposed tonight, the new total for the budget is \$45,992,448.00, the original budget document that was given to the Commission was closer to \$47 million dollars. The budget is balanced with the tax rate of \$.84220. Garza commented that traditionally the budget has been balanced with a certain amount above the minimum, so the proposed budget is at \$305,000.00 above the 25% requirement for the general fund and as for the Utility fund, it is at \$355,000.00 above the new minimum of 20%, as it was recommended drop the Utility fund balance from 25% to 20% to fund some projects. Overall, some revenues have decreased and others have increased. Some of these are fines and permits revenues are shown to be decreased slightly. Ad valorem and sales tax revenues have increased. Some of the key improvements are Public Safety, for the first time near in nearly 30 years staff is changing the civil service numbers and proposing the additional of one fire fighter position. Garza commented that we are continuing to invest in equipment such as the Police Department will continue to receive new vehicles, thanks to the Chapter 59 funds that they have available to them. In the Parks Department, there is increase funding for parks maintenance via the parks maintenance fund that was created the fiscal year this past year. Traditionally the Parks Department only relied on \$40,000.00 for maintenance which is not nearly enough to maintain our parks, so it has been increased for them. This next fiscal year you will see some continual improvements at the pool with an additional pool for small children and hopefully receive some grant money to build some trails at Dick Kleberg Park. Garza commented that he has been approached by a foundation that would like to match the city 50/50 for a new dog park that was proposed in the plan. Enhancements will continue in neighborhood parks. Relating to the golf course, you can expect to see the irrigation and drainage improvements. As for infrastructure, expect to see the continuation of the street maintenance program which was established in 2013. The street user fee will continue but is expected to see a slight decrease in the revenues brought in by that fee but nonetheless will continue to value engineer and continue to do the work as expected. Staff continues to do drainage improvements so there will be an additional concrete phase and targeting some of the drainage improvements as traditionally in the past it's been tailored towards curb and gutter. Street improvements, will specifically target some of the areas that through research from staff has determined some major improvements such as the corner of Kleberg and Ninth Street over by H.E.B. It has been discovered that some of the drainage in this area has collapsed therefore staff will be addressing this problem in the

upcoming new fiscal year, this is the reason why this corner holds a lot of water. This next fiscal year we will have the completion of the drainage master plan. Staff is in the process of finalizing those public hearings and the timeline which is expected to start this Fall. As for Downtown revitalization, that will continue. Staff is awaiting the award of an EDA Grant that can potentially turn \$900,000 into a little over \$2 million dollars. This grant would assist in the street improvements in the downtown area. Staff should expect to receive notice on the grant by this Fall. If the grant doesn't come through, staff will focus on investing the \$900,000 into the downtown area. As for the Utility Fund, one of the issues that has been a challenge for staff over this last year has been the water meter issue. This issue has been corrected for the most part and hoping to start seeing the revenues on the water sales go up a little bit, so we have budgeted as such in a small increment of \$50,000 but staff wants to be conservative with that. Staff is proposing an increase to the stormwater fee by \$1.00 to assist with those increase expenses, as had been discussed through the budget workshops. This would not only keep up with increased expenses but the debt obligation on that fee which was called by the original consultant to go up in fiscal years 2015 and 2016, but didn't. Now, we are trying to make up for those increases not occurring. Garza further commented that there has been a continuation investment in technology. One of the goals that Garza has for staff and for the city is to become more 21<sup>st</sup> century. Garza has spoken with staff about becoming a 21<sup>st</sup> century city and so in the budget there is additional investments in Information Technology Infrastructure, whether it's internet, phones, software to help out staff be more efficient and to improve customer service. Garza stated that all of these things are continuing and thanked the Commission for their support. He further commented that staff is also making some focus on improvements to the JK Northway with the addition of a part-time position. After going through a master planning process for the JK Northway which called for some drastic improvements to the JK Northway. The only way this will work is that if we actually have the ongoing revenue at the facility to keep up and maintain those improvements, so it's important that we increase a specific focus in that area if we truly want to make those major improvements to the JK Northway. Improvements to the city facilities, as mentioned by a resident earlier, so there is a continual improvement for the municipal building in the first floor. This will house Municipal Court and the Collections Department which have a total of over 12-15 employees which will provide a better workspace for those departments.

Mayor Fugate commented that it was never the intention of moving Municipal Court to the new City Hall. Fugate further commented that we can go back to when staff first started talking about moving into this building and there were questions about what we were going to do. Were we going to build a new building over by the police station or put the Municipal Court in the old Larkin Building located behind the new city hall, although that building was demolished under the order of Mrs. Groves. Therefore, it was proposed to keep them at the facility that they are in now and renovate that building. Fugate commented that he would argue with anyone that what we are going to spend renovating the first floor of the Municipal Building will be a lot less than going out and building a new structure. Fugate stated that it is important that our citizens know the true facts about that facility and the Municipal Court was never intended to be in this building.

Mr. Garza stated that for clarification purpose on some of the comments that were made, he would like to make sure that some of this information is on the record. Garza stated that the city's expenses do show to be higher than the revenues, but this is primarily driven by the fact that we are expending some funds that we have in some accounts such as CO 2016 Series as well as some other accounts. Operational funds such as salaries, maintenance expenses which are directly tied to the revenues; and the reason why that the deficit shows the way it is which is because of big projects. A number was given in terms of the deficit being above \$7 million dollars which will actually be less due to the removal of \$1 million dollars from the street capital improvement program that was proposed, so that net deficit would be much less in the proposed budget when it was originally distributed. There was also a comment made about investment and streets. The pie graph that show in reference 8%, is only general fund, it does not take the nearly \$850,000 per year that comes in from the street user fee. On the general fund side, it is generally driven by just the staffing, so that 8% in the general fund that is attributed to streets is primarily the overhead expense of the operation. This does not account for the \$800,000 to \$900,000 that is received from the street user fee. Garza stated that it could be deceiving what our investment is with streets, so staff will try its best to communicate it in a more efficient and effective manner.

Commissioner Lopez commented that the percentage that the city will be using for the utility fund reserves, going down to 20%, she feels staff needs to weigh the benefits of what the city is going to get with the money that will be taking from the reserves. Lopez stated that staff needs to remember that there is a problem with that if the city doesn't continue to grow the reserves and the city can get into a lot of trouble. She stated that

we don't want to be unprepared for any financial crisis as the city has always been prepared. She has given it some thought and she doesn't agree, and with what happened with the counties next to us, she doesn't agree lowering the reserves. Lopez stated that it doesn't matter if the financial company says that the city can do this or that, that money needs to be there just in case. Lopez commented that she totally disagrees with that.

**2. Consider introduction 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, 2017 and ending September 30, 2018 in the particulars hereinafter stated. (Finance Director).**

Mrs. Balli reported that the ordinance that is before the city commission for the adoption of the budget, is numbers that Mr. Garza provided which is \$45,992,448.29. This includes all the changes that were discussed during budget workshops. Balli stated that there will probably be another additional \$3,000 that will be added to the budget, for some vehicle maintenance for the Fire Department.

Mr. Garza commented that even with this change, it will still keep the city with the \$300,000 above 25% minimum.

Introduction item.

**3. Consider introduction of an ordinance establishing and adopting the ad valorem tax rate for all taxable property within the City of Kingsville, Texas for fiscal year beginning October 01, 2017 and ending September 30, 2018, 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. (Finance Director).**

Mrs. Balli stated that this ordinance has been adjusted to reflect what the budget is built on. With it being built on with the \$.084220 rate, the tax rate will raise more taxes for maintenance and operations than last year's tax rate. The tax rate will effectively be raised by 3.58% and will raise taxes for maintenance and operations on a \$100,000 home by approximately \$29.67.

Introduction item.

**4. Consider introduction of an ordinance amending the Code of Ordinances of the City of Kingsville, Texas by amending Chapter V-Public Works, Article 6-Stormwater Utility System, Section 21- Fee Calculation, to increase the monthly stormwater utility fees for the purpose of funding the stormwater utility system. (Finance Director).**

Mrs. Balli stated that the budget that was submitted for proposed has an increase in the stormwater rate from \$1.25 to \$2.25 per ERU. This increase will cover our obligations of debt service that this fee was established for. It will allow a slight buildup of some reserves for a future project or other expenditure that comes up. It is staff's recommendation to increase this fee by \$1.00.

Mrs. Alvarez commented that this is the fee that the City Manager previously had reminded was initially proposed to be increased by the engineers that helped design the original stormwater fee, and that increase wasn't done previously.

Mayor Fugate asked that the \$1.00 that is going to be increased, was that what the engineers proposed.

Mr. Garza commented that staff had to reassess the calculation because we missed the two years of it having to go up. It was not only increased enough to cover the debt service payment on it, but increased enough to also help offset some other expenses related to stormwater. Garza stated that the increases is also paying for the lease payment on a new street sweeper and is assisting with some of the overhead expenses associated with the operations of the street department for mowing creeks and clear ditches, as it is all stormwater related.

Mayor Fugate commented that there have been several people talking about hurricanes and being prepared. Having funds available to assist in stormwater drainage is a good idea.

Introduction item.

**5. Consider introduction of an ordinance ratifying classifications and prescribing the number of positions in such classifications for the classified service in the Fire Department by adding one new fire fighter position. (Human Resources Director).**

Mrs. Diana Gonzales, Human Resources Director, stated that this is just to correspond with the budget which added one new fire fighter position. This will bring the fire fighter number from 18 to 19.

Introduction item.


**6. Consider a resolution authorizing the Fire Chief to enter into a Cooperative Agreement between the Texas A&M Forest Service and the City of Kingsville Fire Department for Department of Defense Firefighting Property Program Equipment. (Fire Chief).**

Adrian Garcia, Fire Chief, stated that this is giving staff to go into a cooperative agreement between the Texas A&M Forest Service. This is a free military truck that staff would like to take possession of to make it a high water vehicle in case of flooding and the need to evacuate citizens from flooded areas. In addition to this, we will be able to utilize it as a second brush truck, which we currently only have one. It is estimated about \$2,000 to paint and place our decals on the truck. There is one thing that needs to be fixed on the truck, this is the rear light on the truck, which will cost about \$300.00.

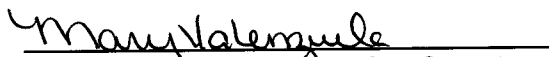
**Motion made by Commissioner Pena to approve the resolution authorizing the Fire Chief to enter into a Cooperative Agreement between the Texas A&M Forest Service and the City of Kingsville Fire Department for Department of Defense Firefighting Property Program Equipment, seconded by Commissioner Lopez and Commissioner Garcia. The motion was passed and approved by the following vote: Lopez, Pena, Pecos, Garcia, Fugate voting "FOR".**

**VII. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 6:44 P.M.

  
Sam R. Fugate, Mayor

**ATTEST:**

  
Mary Valenzuela, TRMC, City Secretary