

JANUARY 22, 2018

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, JANUARY 22, 2018 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

CITY STAFF PRESENT:

Jesús Garza, City Manager
Mary Valenzuela, City Secretary
Kyle Benson, IT Manager
Courtney Alvarez, City Attorney
Tom Ginter, Director of Planning & Development Services
Emilio Garcia, Health Director
Derek Williams, Systems Specialist
Bill Donnell, Public Works Director
Deborah Balli, Finance Director
Diana Gonzales, Human Resources Director
Leo Alarcon, Tourism Director
David Solis, Risk Manager
Ricardo Torres, Chief of Police
Israel Vasquez, Maintenance Manager
Sharam Santillan, Capital Improvements Manager
Richard Flores, Golf Course Manager
Susan Ivy, Parks Manager
Jennifer Bernal, Community Appearance Supervisor
Adrian Garcia, Fire Chief
Pete Pina, Landfill Supervisor

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 6:00 P.M. all four 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 - December 11, 2017

Motion made by Commissioner Lopez to approve the minutes of December 11, 2017 as presented, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Lopez, Pecos, Garcia, Fugate voting "FOR".

Special Meeting - December 18, 2017

Motion made by Commissioner Lopez to approve the minutes of December 18, 2017 as presented, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Garcia, Lopez, Fugate voting "FOR". Pecos "ABSTAINED".

Regular Meeting – January 8, 2018

Motion made by Commissioner Lopez to approve the minutes of January 8, 2018 as presented, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Lopez, Pecos voting "FOR". Fugate "ABSTAINED".

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

1. Public hearing for an alcohol variance for a Wine and Beer Retailer's Permit for the establishment known as Green Jay Bar and Grill located at 200 E. Yoakum, Kingsville, Texas. (Director of Planning and Development Services).

Mayor Pro-tem Lopez announced this public hearing at 6:04 P.M. Mayor Fugate recused himself from this item.

Mr. Tom Ginter, Director of Planning and Development Services reported that this establishment is already in place. The owners of the restaurant are making a change to their alcohol license, removing mixed beverage sale and making it only beer & wine. Due to the change, according to TABC, the establishment would need to go through the process in which

it had done when it first opened. The Engineering Department did the measurement of 1,000 feet from the front door of the establishment, and within the 1,000 feet, a church was within the area, therefore requiring an alcohol variance. Letters were sent out to residence/businesses within 300 feet notifying them of the change, no calls were received from those that received the notification.

Mayor Pro-tem Lopez 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. Ken Clark, 200 E. Yoakum, commented that his establishment is only downgrading the license from the sale Mixed Beverages to only the sale of Beer & Wine. He further commented that the City of Kingsville has this ordinance that goes a step further than what the Texas Alcohol and Beverage Code require. He also stated that when he first opened his establishment, there was no church within the 1,000 feet and therefore feels that his business should be grandfathered in. Clark asked for staff to look into possibly amending the alcohol ordinance as well as putting an ordinance in place not allowing church's in the downtown area.

There being no further comments made, Mayor Pro-tem Lopez closed this public hearing at 6:10 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-Communications 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, Landfill Update, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation, Demolition Update, Golf Course Update, . No formal action can be taken on these items at this time."

Mayor Fugate read and presented a proclamation to students of St. Gertrude Catholic School for Catholic School Week.

Mr. Bill Donnell, Public Works Director gave an update on the Streets. He stated that the past couple of weeks haven't been very favorable for the street construction. Staff was able to get two blocks done on Lott Street minus the intersection, as they had some issues with the base work. The crew also removed the Christmas ornaments downtown. Staff is now working on patching work and mowing over by the bypass, as requested by the Commission. Staff has also assisted at the JK Northway and getting it ready for the Livestock Show. This week staff has started work on Huisache between 5th and 3rd street, by ripping it out. Donnell stated that once they begin with the hot mix in this section, they will also address the intersection on Lott Street.

Mayor Fugate thanked Mr. Donnell and the Street Department for their hard work.

Mr. Garza commented that the Santa Gertrudis street project, this project for the most part is completed. The only remaining aspect of the project is the striping. There is an item on the consent agenda tonight, for another change order to do more striping. Garza further commented that previously staff had done a change order to do the turnouts which have gone a bit into the crossing streets. What staff forgot to do at the time was also is contemplate for the increase striping that it would come with, such as the additional crosswalks at all the intersections. Garza stated that staff does anticipate doing this this week, and once done, it would close out this project.

Commissioner Pecos asked for the total cost of this particular project. Mr. Santillan responded that the cost was \$760,000.00.

Mr. Donnell gave an update on the Landfill. He stated that staff had to go to TCEQ to discuss some drainage issue on the southside. In 1991 or thereabout, the city received approval from TCEQ to place the liner closer than design standard to the property line with a special variance. Hanson Engineering went to the TCEQ archives in Austin and found

documentation granting approval for the liner location and installation. Donnell stated that what this had done, with the conveyance of water during the permit amendment, staff had to convey it overlying trash. He further stated that Hanson Engineering is working to submit the drainage design by the end of this week. If TCEQ responds favorably to the proposed drainage solution, Hanson Engineering will then incorporate the overall drainage plan and calculations into the permit amendment and should submit the complete permit amendment approximately two months after notification from TCEQ approving the drainage design. Staff is hoping to have this done by May 2018.

Mr. Garza commented that the permit that the city is pursuing with TCEQ would allow us to go higher and be able to fill-in the voids that currently exist. By filling in the voids which exist and going higher, would produce a higher volume of run-off. Garza further stated that the current situation that is there now, is not compatible and not adequate enough to accommodate the increase runoff that the new larger hill would produce.

Mr. Richard Flores, Golf Manager gave an update on the Golf Course. Flores commented that the Golf Course is into day 49 of the irrigation installation. Due to weather conditions, the contractors are running a little behind on the project. The plan was to be finished by the end of January 2018, but now it looks like it will be completed in February. Flores further commented that nothing is growing at the Golf Course as they are not in the growing season. Some landscaping will be done to the entrance of the Golf Course, such as some planting of some botanicals and doing some xeriscaping that won't require too much work in the future. Flores stated that his staff is preparing for future projects and will keep the Commission informed of these projects.

Mayor Fugate asked how often does one redo greens at a regular Golf Course. Mr. Flores responded that they get done every 25 years, but really depends on the grass, but in some cases they could last for 30 years. Mayor Fugate asked when the Golf Course was built. Mr. Flores commented that the Golf Course was built in 1973 and opened for business in 1974.

Mr. Tom Ginter gave an update on demolitions. Mr. Ginter commented that staff has completed seven (7) demolitions since November 2017. Staff has scheduled two (2) for this week and two (2) more for the second week in February 2018. Ginter further commented that 702 W. Henrietta, it needs to have another inspection done, as per ordinance. As per the ordinance, it needs to be done by a building official, as the Commission is aware, the department is in recruitment for that position. Ginter stated that what he is planning on doing is contracting with a third party to conduct that inspection. An interview has taken place with the third party and staff is hoping to enter into an agreement with that individual.

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

Mrs. Courtney Alvarez, City Attorney reported that the next scheduled Commission meeting is Monday, February 12th with a deadline to submit agenda items on January 31st. She further stated that after attending a TCAP meeting in Austin, she was reelected for another two year term as Vice-President.

Commissioner Lopez stated that she had asked for an update on private ambulances.

Chief Garcia stated that they have hired their part-time customer service representative on January 8th. He is hopeful to get this off and running in February as he is aware that this is taking longer than expected, he has reached out to the Department of State Health Services as well as to the individual ambulance services and they have provided their inspections and they have met the Department of State Health Services annual inspection. Garcia further stated that this is to make sure that they are not operating within the city and not inspected. He stated that once the programs begins, it will add an additional inspection by the city to ensure that they are meeting all the minimum requirements that the city requires.

Commissioner Lopez asked if the private ambulances were not abiding by the City ordinance due to staff not doing the inspections?

Chief Garcia commented that working with the Planning Department, this particular program had fell off the plate three years ago. There is no records of any inspections happening for the past three years, that staff could locate. Garcia stated that what staff is trying to do is build a robust program to keep this from happening again.

Commissioner Lopez commented that the Fire Department has the same employees that were there more than three years ago that did it. Lopez further commented that her

concern is that the City is allowing these ambulances to operate in the City of Kingsville, collecting money from our residents, and we don't know what they have. She also stated that it doesn't matter what TDH has inspected, but if the city doesn't inspect then we don't know what they are carrying in there. She stated that just last week, she saw two ambulances running a Code 3 going down Ailsie, and they were not city ambulances, and this is her concern. Our citizens are being treated in these ambulances, where the city has an ordinance that states that the city is to inspect these private ambulances to make sure that they their employees have the correct certifications and correct equipment. Lopez stated that she brought this up back in July to the City Manager and nothing has been done. Lopez further stated that staff is dragging their feet on it and all staff has to do is go by the ordinance. She stated that a Customer Service Rep has nothing to do with this cause you really need Fire personnel to do these inspections, which they know exactly what to do, as the Fire Department has staff that has been there for a long time and know what to do. Lopez again stated that her concern is the citizens of this city.

Mayor Fugate asked Chief Garcia if he has received any complaints from citizens regarding poor treatment from any of the private ambulance services.

Chief Garcia responded that he has not received any complaints.

Commissioner Lopez commented that she has received complaints.

Chief Garcia commented that he agrees with Commission Lopez's comment regarding the inspection of these ambulance, but the reason for staff taking their time is to make sure is to keep this from happening again. Garcia stated that staff is involving software and the sole source of the Customer Service Rep is to maintain contact with these businesses, setup inspections and make sure that it doesn't fall off the plate. Garcia further commented that yes, the inspectors are there, which is perfectly fine, but the problem is not there, the problem is keeping up an annual inspection. If there is no process in place, to remind staff that they need to go out and inspect these ambulance services, then eventually it will go undone again, as to what we are seeing now. Garcia stated that he did some research cause he wanted to make sure that this is something that just fell off recently, but no, this is something that fell off the plate about three years ago, before his time. Therefore, he wants to setup a robust program that no matter who's in place, that there will be somebody that will become their sole purpose. This will schedule the inspectors to go out and inspect, but we have someone watching and communicating with these businesses and make sure that they come in every year to re-register, pay their fees, and make sure they are meeting all the requirements.

Commissioner Lopez commented that you don't schedule inspections, they need to be done randomly, because if you schedule them;

Chief Garcia commented that you schedule inspections and also do random inspections, but initially you have to schedule them as staff would need to obtain the information.

Commissioner Lopez continued with her comment stating that she has had some complaints from citizens about services which she has made the City Manager aware of.

Chief Garcia commented that those complaints be forwarded to his office so that he may speak with them and ensure them that staff is doing everything they can to get a robust program in place so that we can ensure that our citizens are protected, which it is his goal.

Commissioner Lopez commented that this is her concern, as they are running their services in our city and the city doesn't even know what kind of services they are providing.

Chief Garcia commented that he agrees with Commissioner Lopez's comments and he promises that staff will do everything that they can to ensure the safety of the citizens.

Commissioner Lopez again commented that her concern is the citizens and to make sure that they receive the same services as provided by the Kingsville Fire Department.

Chief Garcia commented that this is his goal as well and he is only trying to put in place a robust program that will keep this well into the future.

Commissioner Garcia commented that two to three years ago, the city got a taxi service, and the city was to calibrate their meters at that time and asked if the city has calibrated the meters since.

Chief Torres commented that the Kingsville Police Department calibrates their meters annually. Torres stated that they have a section of roadway that is out in the county where they calibrate the devices that are installed in the vehicles. Torres state that they have not done so this year, but will contact them so that this can be done. Torres stated that this is done every January when they come in to get their new Taxi Cab drivers license as well.

IV. Public Comment on Agenda Items.³

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

Mr. John Temple, 519 S. 19th Street commented that he has been in Kingsville for 30 years and have resided at the above address for 24 years. He would like to speak about the skatepark that was put in place at the Brookshire Pool. He commented that he is not against the skatepark but he does think that there are some things that need to be mentioned about it. He stated that since this skatepark has been built, there has been an increase of trash floating around the area. He also is concern about kids being out at the skate park at 2:00 a.m. He stated that his neighbor had his Christmas decoration stolen at 2:00 a.m., which the neighbor has on his security camera which was turned into the Police Department. Temple also stated that the light to the skatepark remains on 24/7. He stated that no matter what rules were posted regarding the skate park, so long as the light remains on, kids will go out there and play, no matter what time of day or night it may be. This is an issue especially on the weekends.

With time being up, Mayor Fugate asked the Commission if anyone had any objections with extending more time for Mr. Temple to finish his comments. No objections were made by the Commission.

Mr. Temple continues by commenting that the black fence that was put in place around the pool area should have been extended around the skatepark. He stated that the Dick Kleberg Park is locked and doesn't see the problem in locking down the skatepark after hours. Temple stated that a few days ago, there was some type of disturbance at the skatepark where police had to get involved. He stated that he had heard that the older kids are extorting money from the younger kids and wouldn't allow the younger kids play on the skatepark. He stated that he stills teaches and about a week or two ago, he decided to take a day off to take care of some personal things when he noticed about thirty school age kids at the skatepark during the day, when they should have been in school. He feels that the Kingsville Police Department need to drive around the parks during the day to make sure no kids are in violation of the daytime curfew. He feels that the police should have gone out there, when the thirty kids were there and handed each one of the them daytime curfew citations. Temple commented that he doesn't recall any input on the placement of the skatepark in this area. He stated that the skatepark wouldn't have been better if it was placed at Dick Kleberg Park as they already had a start of one out there which could be regulated. He further stated that he doesn't recall ever seeing that there would be a public meeting on the placement of the skatepark. Temple once again stated that he is not against the skatepark.

Mrs. Patti Sunday, a new resident to Kingsville and would like to introduce herself to the Commission. Sunday commented that about two years ago, she and her husband started thinking about moving to Kingsville. The first person she met is Kyle Benson while visiting the Chamber of Commerce when her husband was having his interviews with TAMUK. She asked the individual at the Chamber if there was anyone that knew about marketing or promotion that she could speak to about, and this is when Kyle came in and introduced himself. She further commented on how beautiful City Hall was. She stated that her and her husband leave near NAS. She runs near her home and wanted to thank whoever mows that area as there was a time in October when she ran and came across smooshed rattlesnakes and so when it got mowed, it gave her some space to get off the road while she jogged. She thanked the Commission for the Golf Course. She met with TAMUK last week and went through their native seeds program for non-profit pro-bono that she is working for from the Valley. She stated that her daughter takes golf lessons with Judge Carrillo's daughter which has been a part in her to make friends. She further stated that she would like to thank the person that says that they are contracting and outsourcing, which she just sent her clients an article on how outsourcing is the future of scaling out your business. Sunday further asked about the liquor permit that is listed on tonight's agenda. She that she has two clients that are tentatively interested in having a bike race in Kingsville, as part of Baffin Bay, and part of that would involve having adult beverages at night in a pedestrian way. She also stated that one of her clients is a faith based client, therefore she is always for churches. She commented that she visited with a vendor during the Ranch Hand Festival and came across a rosary with the Dallas Cowboys emblem on it. She then asked the vendor for the story on why placing that symbol on there. She stated that the vendor told her that they were made at the time that Tony Romo was hurt, she thought that this was a loyalty of faith and the sports team.

Consent Agenda**Notice to the Public**

The following items are of a routine or administrative nature. The Commission has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Commission Member in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.

CONSENT MOTIONS, RESOLUTIONS, ORDINANCES AND ORDINANCES FROM PREVIOUS MEETINGS:

(At this point the Commission will vote on all motions, resolutions and ordinances not removed for individual consideration)

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

1. Motion to approve final passage of an ordinance amending the Fiscal Year 2017-2018 budget for critical repairs to Fire Department truck aerial apparatus tower 1. (Fire Chief).
2. Motion to approve change order #3 for Santa Gertrudis Street Improvement Project to re-stripe stop bars and crosswalks on intersecting streets in amount of \$6,880.00. (Capital Projects Manager).

REGULAR AGENDA**CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:**VI. Items for consideration by Commissioners.⁴

3. Consider appointment of Denise Zimmerman to the Main Street Advisory Board for a two-year term. (Director of Planning & Development Services).

Motion made by Commissioner Garcia to approve the appointment of Denise Zimmerman to the Main Street Advisory Board for a two-year term, seconded by Commissioner Lopez and Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Lopez, Pecos, Fugate voting "FOR".

4. Consider an alcohol variance for a Wine and Beer Retailer's Permit for the establishment known as Green Jay Bar and Grill located at 200 E. Yoakum, Kingsville, Texas. (Director of Planning and Development Services).

Motion made by Commissioner Pecos to approve the alcohol variance for a Wine and Beer Retailer's Permit for the establishment known as Green Jay Bar and Grill located at 200 E. Yoakum, Kingsville, Texas, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Lopez, Pecos, Garcia voting "FOR". Fugate "ABSTAINED".

5. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinance by amending Section 15-6-26-Home Occupations, revising Home Child Care Regulations. (Director of Planning & Development Services).

Mr. Ginter reported that Alejandra Montiel, a local day care director has asked the Planning & Zoning Commission to change the allowable level of children that can be cared for to the state law. Currently the ordinance caps the number at 6. State law allows up to 12 (depending on ages) for a home occupation. Ginter stated that the Planning & Zoning Commission met on January 18, 2018 to consider the item and voted 4 to 0 in favor of the recommending approval of the amended ordinance.

Mayor Fugate asked why the City is different from what the State Law allows.

Mrs. Courtney Alvarez, City Attorney stated that when the item was first brought up to her attention, she did some research through some old City of Kingsville Code Ordinance Books which goes back several decades, so it's possible that when the initial ordinance was put in place which back in the 1980's, it could be possible that the State regulations at that time only allowed six (6). Alvarez further stated that there is a difference now, which she is not sure as she didn't look at the State regulations that far, under the State Home Occupations for childcare, they have one set for regulated home childcare and a different regulation for license childcare. This would depend in which category of home childcare you fall under, so staff worked on some language that would mirror the State regulations with regards to the allowance for the maximum number of children at a home daycare that would fit whether the individual had a regulated or

licensed home childcare facility with the State. Alvarez also stated that they would still to fall under the State regulations and there is a special matrix that looks at the age of the children in a regulated facility versus a licensed facility which is what will dictate the maximum number of children. Alvarez further stated that as this particular ordinance relates to childcare, it hadn't been looked at or addressed for several decades, the State laws may have changed and outpaced the ordinance and what it originally allowed for. This will bring it into compliance, but they would always follow the State law.

Mayor Fugate asked for staff to summarize what the advantages are.

Mr. Ginter stated that the advantages are that it allows home occupation daycare such as Alejandra to have more children. In her presentation to the Planning & Zoning Commission, there is a need and desire for affordable and quality daycare in this community and he believes that Alejandra can do this for the community. Ginter stated that the applicant has a degree and has been in the business for some time now. She gave an excellent presentation to the Planning & Zoning Commission on her skills and abilities and also provided letters from perspective clients that will bring their children to her, if she can have more than six (6). The applicant has a waiting list of children at this time.

Mayor Fugate asked about notices and who would need to be notified about this change.

Mr. Ginter responded that notices were sent out to those within 200ft of the proposed area. Staff did not receive any complaints from those that were noticed.

Commissioner Garcia asked if this particular business would be in a neighborhood and asked about parking? Mr. Ginter responded yes.

Commissioner Pecos commented that they wouldn't really need parking, as they would only be dropping off and picking up the children during certain hours of the day.

Commissioner Garcia further commented that it's like the situation at school, such increased traffic in the area.

Mr. Ginter stated that this discussion occurred during the Planning & Zoning meeting and the applicant is aware of the parking, but they do drop off and pickup kids.

Commissioner Garcia further asked if staff was intending on installing some type of signage, both sides of the street, stating for traffic to slow down. Mr. Ginter responded that staff has no plans on installing signage.

Alejandra Montiel, 1900 Shelly, has been a Kingsville resident for over 20 years. Being that her residency is located behind the High School and Perez Elementary School, her area already deals with heavy traffic. The area already reduced speed limits as well as school zones. She stated that her clients take no longer than two minutes to drop off and pickup their children. All her clients have different work schedules, so they all drop off and pickup at different times. She stated that she leaves in a corner home with a three car driveway, which is used by her clients to park as well as the side and front of the home, when driveway is not available. She only has one neighbor as she resides on the corner house. This neighbor is aware of the type of business she runs and is also listed as her emergency preparedness. She stated that by being licensed, she has to follow the minimum standards required and she also gets random inspections. She stated that everything is up-to-date and has received zero (0) citations since she's been in the business for four (4) years. Montiel stated that she did work commercially for three years where she was the Executive Director of her own daycare business where she had 89 children. She stated that in the end, this was not the way to go if you want to see some profit. She decided that going small as this, is better for her and her family and the community.

Introduction item.

6. Consider accepting donations totaling \$7,000 from Kingsville hoteliers and business owners to assist with construction of a dog park. (City Manager).

Mr. Garza stated that the Commission recently accepted a donation of \$25,000 for the dog park. Since that time, local hoteliers that are directly involved with that foundation, have come forward and individually, through their own businesses, have donated an additional amount in the total of \$7,000. Donations were received from the following hotels: Comfort Inn Kingsville, \$500; Americas Best Value Inn, \$500; Best Western Kingsville Inn, \$500; Budget Inn, \$500; Econo Lodge, \$1,000; Executive Inn, \$500; La Quinta Inn, \$500; Rita's Super Store, \$500; Riviera Inn and Suites, \$500; Super 8 Motel, \$1,000; and Holiday Inn, \$1,000.

Motion made by Commissioner Lopez to accept this donation, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Pecos, Garcia, Lopez, Fugate voting "FOR".

7. Consider introduction of an ordinance amending the FY17-18 budget to accept and expend Park donations from local hoteliers for dog park. (City Manager).

Introduction item.

8. Consider resolution ordering the City of Kingsville General Election, designating voting precincts, polling places establishing election procedures and appointing Early Voting Clerk. (City Secretary). (CONSIDERE UNA RESOLUCIÓN QUE ORDENA LAS ELECCIONES GENERALES DE LA CIUDAD DE KINGSVILLE, DESIGNA LOS DISTRITOS ELECTORALES Y LOS SITIOS DE VOTACIÓN, ESTABLECE LOS PROCEDIMIENTOS DE LAS ELECCIONES Y NOMBRÁ A LA SECRETARÍA ENCARGADA DE LA VOTACIÓN ANTICIPADA). (SECRETARÍA MUNICIPAL).

Motion made by Commissioner Lopez to approve the resolution ordering the City of Kingsville General Election, designating voting precincts, polling places establishing election procedures and appointing Early Voting Clerk, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Garcia, Lopez, Pecos, Fugate voting "FOR".

9. Consider a resolution authorizing the City to submit an application to the Texas Parks and Wildlife Department's Texas Recreational Trails Fund-Grant Program for the purpose of requesting funding for recreational trails at Dick Kleberg Park for the Kingsville Parks Department with an anticipated \$50,000 cash match, authorizing the City Manager to submit the grant and the City Parks Manager as the grant official to act on the City's behalf with such grant program. (Parks Manager).

Mrs. Susan Ivy, Parks Manager stated that this resolution authorizes the submission of a Texas Parks & Wildlife Department grant application. It authorizes the City Manager to act as the executive officer and Parks Manager as authorized representatives in all matters pertaining to the participation in the grant program. The application will be for up to \$250,000 of grants funds to carry out the creation of a public-use trail at Dick Kleberg Park, which is one of the most requested at the park. If awarded, the City must initiate the approved project with its own funds and be reimbursed up to 80% of allowable costs after submitting documentation of expenses. The City would be responsible for a match amount of 20% of the total award, which equals \$50,000.

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

10. Consider a resolution authorizing the City to submit an application to the FEMA Assistance to Firefighters Grant requesting grant funding for a fire vehicle and for a respirator fit testing system on behalf of the Kingsville Fire Department with an anticipated \$82,000 cash match. (Fire Chief).

Mr. Adrian Garcia, Fire Chief stated that the Fire Department is requesting approval to apply for an Assistance to Firefighters Grant, which if awarded will assist in replacing the department's 17 year old fire engine and enhance their SCBA Program by adding an SCBA Respirator Fit Testing System. This grant was applied for last year, but was denied. The grant request is for \$820,000 with the City responsible for a cost share of \$82,000 when the grant is awarded and fulfilled. The engine will be replaced with a Rescue Pumper, which will increase the department's chances of being awarded the grant and improve their current response model. Garcia stated that they are also asking to add an SCBA Respirator Fit Testing System to enhance their in-house SCBA Program, by allowing required equipment testing to take place in-house instead of contracting an outside company. If awarded the grant, it will cover \$738,000 with a cost share portion of \$82,000, covered by the City.

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

11. Consider introduction of an ordinance amending the Fiscal Year 2017-2018 Budget to accept and expend an Edward J Byrne Memorial Justice Assistance Grant for the purchase and installation of dispatch consoles at the Police Department. (Police Chief).

Mr. Ricardo Torres, Police Chief stated that the Police Department had previously applied for a JAG Grant which they were awarded two T-Series Dispatch Consoles for the Telecommunicators dispatching for Police and Fire. In order to install the dispatch consoles properly the floor plan of the Communication section will have to be changed. The reconfiguration of the area will allow for installation of the two awarded dispatch consoles and additional consoles in the future. Staff requested written quotes from three vendors and received two responses back. Gravely's Construction was the lowest of the two quotes received for an amount of \$18,000. These funds will come from the unreserved fund balance.

Introduction item.

12. Consider introduction of an ordinance amending the Fiscal Year 2017-2018 Budget to accept and expend an Office of the Governor Criminal Justice Division Body Armor Grant. (Police Chief).

Chief Torres stated that the department is in receipt of a Statement of Grant Award from the State of Texas to equip their law enforcement officers with rifle-resistant body armor. The cost to outfit 54 City of Kingsville Police Officers at a cost of \$795.00 for a total award of \$42,930 with no cash match.

Introduction item.

13. Consider introduction of an ordinance amending the Fiscal Year 2017-2018 Budget for additional engineering services for the Landfill. (Public Works Director).

Mr. Bill Donnell, Public Works Director stated one of the last issues being addressed with TCEQ before the permit amendment is submitted is the conveyance of storm water over the existing liner at the south end of Sector 1. In 1991 or thereabout, the city received approval from TCEQ to place the liner closer than design standard to the property line. Naismith/Hanson Engineering went to the TCEQ archives in Austin and found documentation granting approval for the liner location and installation. A meeting took place with TCEQ in Austin where Naismith/Hanson Engineering presented a conceptual design to convey storm water in a lined trench over the existing trash liner that is favorable to the city and was tentatively approved by TCEQ to proceed with design and submit with the permit amendment. This budget amendment will reallocate funding of \$40,000 from the general fund balance.

Introduction item.

14. Consider introduction of an ordinance amending the FY17-18 Budget to accept and expend a Defense Economic Adjustment Assistance Grant (DEAAG) for land purchase near Naval Air Station-Kingsville to prevent encroachment. (Director of Planning & Development Services).

Mr. Tom Ginter, Director of Planning & Development Services stated that he has applied and was awarded a grant through the Texas Military Preparedness Commission. In this application is was to acquire property to prevent encroachment. Staff is looking at three properties to encroach and acquire and to eliminate a water hazard. Ginter further stated that this grant commences March 1st and end August, 2019.

Introduction item.

15. Presentation and discussion on the reallocation of CO 2016 Fund moneys for different CO projects. (City Manager).

Mr. Garza stated that when the City received the CO 2016 Series in Spring of 2016, there was an original list of projects that staff recommended being funded. Since that time, there has been some adjustments to that project list. Some projects have been removed from the list and some have been added to the list. When staff first received the CO 2016 Series, there was \$260,000 that was allocated towards the Golf Course and for the Parks there was \$2.25 million dollars allocated for the Golf Course in Spring of 2016. Over the last eighteen months there has been a policy direction from the City Commission to continue to invest in the Golf Course, which has been done, but has resulted in the elimination of projects elsewhere. Garza further stated that after this reallocation for the Golf Course, it would be from \$260,000, which the case in Spring 2016, to \$773,000, after the allocation that will goes towards the green improvements. As it relates to the Parks, the original amount was \$2.25 million dollars and will go down to \$1.8 million dollars for the Parks. Garza further stated that the City has about 1.2 million dollars which is tied up with some projects that were recently approved, such as the Kiddie Pool and Splash Pad. Garza also mentioned that there is \$225,000 for the greens improvement at the Golf Course, which is a high estimate that was done purposely, but hoping that the number comes in less than that. Garza stated that what

is left for the Parks is \$150,000 for the Green Space, to be located next door to City Hall; \$90,000 for the Dog Park and parking lot, staff is not anticipating spending all this money as the city has received some donations for some of these projects. Garza continued to state that there has been \$150,000 that was approved for the Kiddie Pool and \$150,000 for the Splash Pad as well. There is also \$20,000 for Parks pool renovation, which was intended to try and get started with reconfiguring some of the entrances to the existing bathrooms. There is also recreation hall improvements, such as remodeling the bathrooms, fixing the window issues that exist at the recreation hall, also to be included is some technology such as projectors, screens and also a new stage. There has been some minor work to the exterior of the building as well as renovation to the office part, which has been completed already. Garza further stated that there is \$337,000 for cash match for grants, in case a cash match is required. Garza stated that staff is waiting to hear from the Lowe's Grant as well as a different Parks & Wildlife Grant that staff applied for which is a much broader bigger grant that included improvements to the fields as well as other playground equipment within Dick Kleberg Park. Garza commented that if for some reason the City doesn't get awarded any of these grants, staff anticipates still leaving this money there to go towards cash matches, of course, if the city doesn't get awarded these grants, staff will continue to search for other grants to apply for in the future. Garza stated that as previously approved, there is \$50,000 for the Downtown Pavilion, which will remain there for the site improvements that are currently ongoing, with a cushion of \$26,000, just in case any of these projects run higher than estimated. Garza stated that some of the projects that were cut are the money that was allocated for Loop Road, as there is no money left in CO 2016.

Commissioner Garcia asked that he condition of Loop Road, what is the anticipated length of life on that road.

Mr. Garza commented that staff hasn't discussed this from that perspective in terms of life of the Loop Road.

Commissioner Lopez asked if this was not in the plans to do anything with Loop Road. Mr. Garza responded that there isn't any funds for that project. Lopez further asked if staff had any idea of what it would cost for Loop Road. Mr. Garza responded that staff came up with a number at the beginning which was allocated almost \$900,000 for the complete reconstruction of Loop Road. Garza commented that this wasn't to say that it needed a full reconstruction on that road. Staff has priced what it would cost for in-house overlay of the project which was around \$600,000, just for materials to do an overlay with in-house staff. Garza stated that this would also account for the parking lot as well.

16. Presentation and discussion on employee health plan and options. (City Manager).

Mr. Garza reported that the Commission an update on where staff is at on looking for solutions on the Health Insurance Fund. Garza stated that in the time he has been here, which is a little over two years, he has personally been involved with budget cycles and both budgets he has included in the City Manager's Summary as well as in the Budget Message some serious concerns about the financial sustainability of the City's Health Insurance Fund. When staff started looking at some of the historical data, it was evident that there has been some sustainability concerns with the Health Insurance Fund for quite some time. A binder of information was provided to the Commission which was inclusive to the Employee Health Plan Design Task Force, which consisted of an eleven member task force. Garza further stated that after looking at some of the historical data will show some of the contributions that the City has had to make to keep this plan afloat. This amount totals to \$800,000 in the last five years. Garza stated that anytime you need to transfer funds into a fund in order to keep it sustainable is not good or ideal. There is evidence of a consisting track record of allocations that have been provided to the insurance fund. Garza stated that these contributions were coming from the funds that have personnel, general fund, utility fund, tourism fund and the Task Force fund when the city had it, as these were all funds that paid salaries. After speaking with staff, the rational was that they would take some money from those funds and develop the additional contributions. Through the budget process, there has been some discussion on the challenges within those funds, although the city no longer has the Task Force Fund, which is not there any longer. The utility fund runs in a deficit, which has the city dipping into the reserves fund in order to keep the utility fund afloat, which is an issue that staff is trying to address. Garza stated that there is also some concerns on the General Fund. Through the quarterly updates that he provides as well through the budget annual process, there has been some decreases in the planning permits as well in Municipal Court. The level of confidence that staff feels is that there would be money available to transfer to the insurance fund, which is not existent, for reasons that were just mentioned. This forces staff to look at solutions to try and figure out what can be

done to address this issue. Garza stated that during the budget process there was a presentation from a representative from Carlisle, who is the City's consultant through the health development process which provided a survey, which is being provided in the notebook given to the Commission. This survey was put together that took into account organizations the same size as our city's, as well as organization in our similar government function. This survey was provided to all the Task Force members as well as to the Commission. Garza touched on some of the highlights of that survey. He stated that the majority of employers are annual deductibles as opposed to monthly as our city. These is also some information pertaining to the percentage of organizations that offer Health Savings Accounts (HSA), which is something that was discussed. There was also information pertaining to the split of the cost for insurance. It was very clear that across the board it was 80/20, as it's the standard. It also provided some information on tiers to show what common practice is when it comes from the different tiers. Presently the City only has two tiers at this time for our employees. Common practice is that, there would be more than two tiers. There is also some information showing the comparative with other local entities our size, through the open records process, to see where they were with premiums and employee contributions. This information would show the Task Force what other entities have to offer their employees. Garza further stated that it was also important to get input from our employees which was done through a survey, meetings with employees and their family members and the Task Force. Information to the employees through the meetings and survey consisted of questions such as deductibles, co-pays, and pharmaceuticals. This would give staff an idea as to what matters most to the employees. All the information collected was provided to the Task Force which had some key elements that came through process. Some of the things that stood out was shifting to an annual deductible such as creating tiers for employees and looking into a HAS. He stated that through the survey and the meetings that were provided to our employees, you have some that care about the deduction that is made on their pay check and you have some that are interested in the deductibles. Garza stated that one of the ideas that came from this information is having options, which would give the employees that want to take a higher risk to pay less per month, can have the option to do so. As for the employee that is not wanting to take the risk, has the option that has a plan with lower deductible, but paying a higher price per month. All this information was discussed with the Task Force before getting to the conversation about making changes to the plan. Garza stated that this year, the city is looking at having a \$613,000 deficit in the city's insurance fund. He stated that this is the first time that it is projected to go above \$4,000,000 in expenses to cover claims, which is the first time this has happened. He further touched on the revenues verses expenditures. He stated that five years ago, in 2013, those expenditures were \$2.5 million dollars. This will show the range on how expensive medical care is getting. Garza stated that these are some things that outside of our control. He stated that the city is trying to have a sustainable fund, so that if next year there is another \$615,000 deficit, there would be enough money to be able to cover it. It is estimated that we have only \$300,000 in fund balance, which will be certified once the audit is complete, which staff anticipates having complete in March, but nonetheless, these are the estimates that staff has put together. Garza stated that there was a question from the Task Force about what number is the city trying to achieve in terms of a debt reduction number. Garza stated to give an idea to those in attendance at this meeting, staff has developed an option to help create roughly \$600,000 in that debt reduction, which is more or less equivalent to what the deficit is this year. Garza asked the commission to turn to a page within their notebooks that shows a plan that would estimate in debt reductions per year. This information provided is from a monthly stand point. This information has four tiers rather than two tiers as we presently do. The four tiers are: employee only, employee/spouse, employee/children, and employee/family. For employee only, it increases to \$85.00 per month, which is currently \$30.00 for an increase to the employee of \$55.00. For employee/family, it would go from paying \$118.00, which is the amount being paid now to paying \$254.00, which would be an increase of \$136.00 per month. Garza stated that all of this has different implications when it comes to deductibles; so with a \$2,500 annual deductible, it also has an 80% co-insurance. This is a lot of change that would need to happen in order to achieve a \$600,000 debt reduction. There is a high preference from the employees and staff, to transition into changes, but there wasn't a specific recommendation that came from the Task Force, but there was a strong preference from employees to start slow and ease into any significant changes. Garza continued by stating that this is a lot of change that will be coming to employees. Staff took a step back to look at, if it was phased in, what would it look like for the next six to twelve months, depending on what is done. Garza stated that staff has looked at the expenses for claims for the first quarter, which was estimated for this fiscal year to spending \$4.1 million dollars, so now staff wanted to see if the city was on track to spend that or not, which is was staff's hope that we wouldn't be spending that amount. Garza commented that some change needs to happen sooner rather than later, so that the city is in position to absorb a potential deficit next fiscal year. Garza stated that currently, the city has

around \$300,000 in the fund balance for the insurance fund and so for arguments sake, you added another \$600,000 deficit next year, something would need to change in the plan to attain another \$300,000 or locate \$300,000 from other funds to transfer in there. Garza also stated that when staff went back to the drawing board to develop some different options. Some of the different options that staff came up with is having a third option and having a deductible plan that has a \$3,500 annual deductible at 80% co-insurance, this was just to see what it would look like to the employee contribution, which it only lowers it to \$10.00 per month for employee only, which would go from \$85.00 to \$75.00. Garza commented that this would be a huge change to the employees, so staff came up with different options. Garza first shared what would be worst case scenario with the Commission. Garza stated that staff developed a different option that lowers the cost to the employee but would only have a debt reduction of about \$350,000, which is only an estimate.

Mr. Garza spoke about information that was in the notebooks that were provided to the City Commission.

Commissioner Garcia asked that the choice of the three plans would reduce it. Mr. Garza responded that it would reduce it roughly \$350,000. Commissioner Garcia asked if the three plans were available. Mr. Garza further responded that all of this would determine on which plans employees signed up for.

Mr. Garza stated that there was some feedback on continuing to look at ways to phase it in. There was conversations about how we can take components of this and but only address certain aspects of it. There was an idea by a member of the Task Force, to doing something similar but keeping 100% co-insurance. Those figures were looked at and it showed what contributions would look like as well as some estimated savings. Staff was somewhat surprised to see that debt reduction be what remained around the \$360,000 to \$370,000 range by simply shifting this to \$100,000 co-insurance which would have an impact on the premium. When any changes are made to the design, it will affect the premium. If staff went with a similar structure that was 100% co-insurance, the employee contribution would be \$77.00 for an individual employee, which would be an increase of \$47.82. For employee and family, it would be \$232.00 for an increase of \$115.00, which would almost double from what they are paying now, but would come with a \$2,500 annual deductible, but would be 100% co-insurance. Garza stated that this is a viable option for us as it accomplishes making significant change while also limiting the expenses to the employees by having 100% co-insurance. The biggest fear for an employee by making the changes that were suggested earlier, was not only covering the deductible, but covering the percentage and capping out a max out of pocket. Staff also thought of an idea of bringing in a Health Savings Account (HSA), for employees to save money, if they choose too, which is a mechanism that other cities have taken into account. Some cities have also gone to the route of seeding those HSA's, if funds are there, as a way to help the employee start a health savings. Garza stated that there was another questions from one of the Task Force members asking that if nothing was to be changed, and simply changed the employee contributions which is the \$77.00 for employee only ranging all the way to \$232.00 per employee but keep the \$250.00 monthly deductible that we have now, how much debt reduction would it bring in which would be around \$96,000; this would add \$100,000 to the insurance fund. Garza commented that there are pros and cons to any changes and part of having this conversation with the Commission, is for staff to get a sense of the level of comfort and risk that the Commission feels in terms of which route to spend more time coming up with more specific information. Garza stated that we as staff have specific concerns on the financial sustainability of the fund, which was estimated to only have \$300,000 this year. If next year's deficit is \$600,000 worth, where is the \$300,000 coming from. Garza stated that if we simply just increase the rates, it would bring in almost \$100,000 to the health insurance fund, which would still leave us at \$200,000 and where would that come from. Garza commented that what makes it challenging is that there no way to know for sure what out estimated expenses would be next year. A big part of conversation with employees is that by making changes to the deductible by making from monthly to annual; looking at going for a Third Party Administrator (TPA), which currently the city has a TPA that administers our plan because of the monthly deductible setup, which makes it very challenging for TPA's to compete with this TPA when we keep a monthly deductible. There could potentially be some benefit by going through competitive process, having an annualized deductible, which there is no way to know that for sure, as the city has been in this monthly setup for so long. Garza stated that the reason this is being brought up to the Commission is for staff to get a sense for what the Commission's appetite is for change, for risk, fully understanding that of the potential that would come in the next fiscal year. Garza stated that there could be more money transferred from general and utility fund, but that mean that staff would need to consider cuts, which is an option. It is important for the Commission to understand the pros and cons of how we move forward and what potentially the budget process may

look like this upcoming fiscal year. Any change that is done to the health plan, would require 60 day notice with our TPA. So the moment the Commission approves changes to the health plan, since it would require Commission approval, staff would notify the city's TPA so that they can make the proper adjustments, which is why staff used the May 1st tentative date, anticipating that if a decision did come in February, there would be that 60 day period for our TPA to adjust. This would also require an open enrollment period, which would take some time.

Commissioner Lopez asked that during the Task Force meeting, there was a question asked that if the city did not raise the monthly premium that the employee pays, but just raise the deductible, to prevent their take home pay from being affected.

Mr. Garza responded that he doesn't think that staff ran that scenario, but staff will do so. Staff did run the scenario that if the employee increase their contributions and kept everything else the way it is now, is how staff came up with almost \$100,000 to come from employee contributions.

Commissioner Lopez commented that the consensus of the Task Force was that they were worried about the premiums, deductibles and co-insurance, but what came up at the last meeting that they would not prefer for the monthly rate to increase and would worry about the deductible later.

Mr. Garza commented that staff can run that scenario but just mentioning the scenario that were mentioned today, that would be a substantial change. For example, in the scenario where the employee pays \$85.00 per month, that's already with at \$2,500 deductible at 80% co-insurance. If the Commission wants to see the plan where the employee pays \$30.00, you would be looking at a much higher deductible with a potential split in the co-insurance, assuming that staff went this route.

Commissioner Lopez commented that this was one of the last things that was talked about at the last HPD Task Force meeting.

Mr. Garza responded that from staff's perspective, do find value in shifting to an annual so that we can go through an RFP process for a TPA, and can be better aligned with other employers, at this is the end goal. Garza further commented that if the Commission decided to keep things the way they are now and simply increase employee contributions and the additional \$100,000, we would still need to look at making changes at some point. Garza stated that the Task Force has discussed of making some minimal changes now and going through the RFP process in April or May timeframe and see where we are come budget time to see what full extent changes need to be made for an October 1st start date. Garza stated that there are a lot of questions that staff and the Commission have, and unfortunately they can't be answered as staff can really say how much the expenses will be next year until we get closer to the summer. Garza commented that this is a matter of comfort of risk and understanding what possible can happen if different scenario play out. Garza further stated that staff is looking for policy guidance from the Commission regarding this issue.

Commissioner Lopez commented that she went back to the approved budget for this fiscal year and was looking at fund 001 General Fund, and the beginning fund balance, the amount listed in the approved budget was an unaudited amount, which is not a true figure. Lopez stated that maybe now, staff can go back, look and see if we have a true figure there and maybe something could change to where staff can find some money. Lopez stated that in her opinion, employees who make \$10.00 per hour are the ones that will be affected by all this. Lopez commented that as it was discussed in the Task Force meeting, there pay would go to \$8.11 per hour, as it was brought up by Mr. Campos. Lopez stated that most of the City's employees are head of households and she feels that the City Manager needs to go back into the budget, as it was never discussed during the budget workshops what the City could do. She further stated that it was all about employees paying and she doesn't feel that this is fair. She commented that now is the time to go back into the budget and see which line items can be reduced and see how much money the City Manager can come up with to help our employees, as they didn't receive an increase this year and we are here now wanting to take more money from them. Lopez stated that this is expensive for those employees that are not highly paid.

Mr. Garza responded that on the comment made by Commissioner Lopez regarding unaudited numbers, this information comes from the City's auditor. Every Spring the auditors goes through the exercise of finalizing the number that Commissioner Lopez mentioned, that was unaudited, so staff expects to have those numbers in March. The specific figure that was mentioned, that staff doesn't know for sure how much it will be,

staff will know those numbers once the auditors are done with the auditing process which should be in March.

Commissioner Lopez commented that she couldn't believe that the city had an unaudited number in the budget.

Mr. Garza responded that every year that the city goes through the budget, it has an unaudited numbers.

Commissioner Garcia asked what is the average contribution that the city pays for employees for medical coverage premium.

Mrs. Deborah Balli, Finance Director responded that for the employee only, the city pays annually about \$6,300 to \$6,400; anyone other than employee only, this year it's about \$14,000 that the city pays. Balli further stated that the employees contribute \$30.00 per month, which is \$360 verses \$6,400 to \$6,500 that the city pays.

Commissioner Garcia commented that there is a fallacy when someone says that the City doesn't do anything or help its employees. Garcia stated that individuals need to consider the medical coverage along with the hourly rate, but unfortunately, when you are working by the hour, your home budget is setup by the money you receive. He stated that he thinks this is what the employees are concerned about, which they have a right to be concerned. Garcia stated that when you reduce it, as what Commissioner Lopez is talking about. But to say that the City doesn't do anything for their employees, it's a fallacy as the total package received by the employee is much higher.

Mr. Garza stated that staff saw an 8% increase on premiums from fiscal year 2017 to 2018. This 8% was not passed on to the employees, which totaled to amount of \$238,000 additionally that the city paid in fiscal year 2018.

Mayor Fugate commented that ever since he's been Mayor, the City has always put in money into this. He stated that this fund has always been under funded.

Mr. Garza commented that he is not referring to transfers, he is referring to the city's portion of cost. The increase in the premium cost went up 8%, which the expense was not passed on to the employees. When staff was going through the budget, every department stated increase to health insurance, as the city paid an almost \$40,000 that was put into the budget in order to not passing on the 8% to employees. Garza stated that what is important is that there is a significance that the city is providing and that has provided over the years by not passing on these increases and premiums to employees. Garza commented that prior to 2012/2013, cities weren't contributing anything. There has been a huge benefit that has come from the city's standpoint, that he knows is very difficult for the employee to understand, as they have been accustom to a certain way of it being for so long, which is part of staff's challenge, to educate our employees on how much the city has contributed towards the city's health insurance cost. Garza further stated that Commissioner Lopez is correct on that the City has not done Cost of Living Adjustments to our employees, but it is important to know in fiscal year 2018 budget there is over \$126,000 that is in the budget that was approved that went to pay increases to two-thirds of the city's workforce, through the Collective Bargaining Agreements and through anniversary increases that employees receive every year. Garza commented that this is an important thing to consider, as the city does a lot for the employees in the form of the compensation plan that we have which gives employees an increase on 1,3,5,10, & 20 year anniversary. He further stated that he feels that Commission Lopez is correct, but it is unfair to say that the City has not done anything for its employees, as he just mentioned two examples of things that have been done for our employees during the current fiscal year budget that has been approved.

Commissioner Lopez commented that she didn't think that this is what she said or meant, that the city hasn't done anything. Lopez stated that what she was saying is that it was never mentioned as to how the City could help. Lopez stated that what was being said was that we were going to have to raise rates, but it never did come up. Lopez stated that it was one of those things where it's done and the employees are the ones that would have to make this up, and that's it.

Mr. Garza commented that he would be afraid to what changes the city would have to make, if nothing changes. He stated that he referenced the fact that if nothing changes, the city only has \$300,000 in the fund balance for the health insurance fund, if nothing changes because we try and take on more responsibility, what's going to get cut; Golf Course and Community Appearance gets cut, these are sort of things that are non-sort of essential things that the city does. These could be some significant changes to the

operation of the city. Garza stated that staff can put some scenarios together so that the Commission can see what some of those cuts would look like, if we ended up having to do that, which is something staff is trying to avoid. He further stated that he would be concerned if the city did nothing and is having to choose between closing down the Golf Course, shutting down Community Appearance, or cutting other positions.

Commissioner Lopez commented that this isn't what she was talking about and feels that the City Manager is going too far, as this is not what she was talking about.

Mayor Fugate commented that historically the city has had to fund the insurance. He stated that since this existing plan went into effect in 2001, there hasn't been many changes made to it. Fugate further commented that Mr. Garza is the third City Manager that he's dealt with and is the first City Manager to try and address this issue. Fugate stated that he thinks that it is important to see what other governmental entities are providing their employees. These problems that are being discussed during tonight's meeting are not isolated only to Kingsville, Fugate says that these type of issues other local government entities are having to deal with as well. In his opinion, this is something that everyone will have to bare the expense too, which is not something he wants to do. He commented that he gets asked, what is the best thing about being Mayor, and he comments that it's the City's health insurance, as the city has great health insurance. Fugate stated that this is something that cannot be ignored any longer.

Commissioner Garcia commented that one good thing about this is that the City is being transparent about the issue, but eventually, the city will need to decide on something.

Commissioner Lopez commented that she would like to see the Health Plan Design Task Force to continue meeting and provide some better numbers to the Commission.

Mr. Garza commented that what would help staff is some general policy guidance, as it would need to come from the Commission for consideration and approval, and at some point we will have to make a decision regarding this issue.

Mayor Fugate commented that staff has given the Commission a lot of information tonight, and the Commission needs an opportunity to review all the information mentioned during tonight's meeting.

Mr. Garza commented that this is something that would need to be decided fairly soon. What risk is the City willing to take on as we move forward. Garza stated that there is no right or wrong to that question, it's just a matter of organizational preference, which is something he would like to receive from the Commission during tonight's meeting.

Mayor Fugate asked what it is exactly that the City Manager is wanting to hear from the Commission.

Mr. Garza responded by stating that what would be helpful is some direction as to, a change needs to happen now, which would make a huge difference. Garza further stated that this is something that would have to come to Commission for approval, which the next City Commission is scheduled for February 12th, so at some meeting in February staff would bring something for the Commission to approve, what would it look like, and is it an overarching policy that the city would want to take, which is making a decision in February. This would be one approach, which would be a different approach if the Commission decided to take the risk and not change anything and deal with this in the summer and have a 10/1 change.

Mayor Fugate commented that there are other scenarios that were mentioned that staff may want to develop for the Commission. Fugate asked for staff to gather all the information that staff would like for the Commission to look at and consider.

Mr. Garza asked the following specific questions; yes or no to annual deductible?

Mayor Fugate stated that it would be unfair for Mr. Garza to do this. Fugate further stated that staff has given the Commission a lot of information and it would be unfair for the Commission to tell staff that they are going to decide on one thing or another during tonight's meeting. Fugate stated that staff needs to give this Commission an opportunity to review the information given to them tonight and come back at the next City Commission meeting and discuss it. At that time, the Commission can give staff the direction that is being asked for.

Mr. Garza agreed with Mayor Fugate's comments can commented that while the Commission reviews the information, it would allow staff to look at the scenario that

was brought up by Commissioner Lopez. Staff will reconvene with the Task Force and share that scenario and try to work with the auditor and see if staff can come up with some informal numbers, in order to have a more realistic conversation on the actuals for last years, as Commission Lopez has brought up.

Commissioner Pecos commented that he appreciates all the information staff has provided the Commission. Pecos stated that this puts the city in a situation where the City will have to make a decision sooner or later, where the city will have to raise the employees contribution or have to look for a half million dollars again. Pecos stated that may be staff could seek other insurance companies to bid for the city insurance.

Mr. Garza stated that the city already goes out for RFP'S every three year to go through a competitive process. The challenge that the city faces is that since we are setup on a monthly deductible, makes it very difficult to have a true comparison, as a lot of these companies are setup to provide services on an annual deductible. So when they submit their responses to our RFP, they submit it in an annual form. At that time, staff has to go back and divide it up which becomes very difficult to make the comparison, without making this change. Garza further commented that he thinks that staff, as well as the Commission would want to see what would come from that type of process, by shifting to an annual deductible so that we can have a more apples to apples comparison.

Commissioner Pecos commented that this way, in all fairness, staff would get a better picture on this whole situation. He stated that he recalls years back when the City became self-insured, the city saved large amounts of money, and now it has caught up with us. He would like for staff to look at what other companies have to offer to the City.

Mayor Fugate commented that this has been a problem, that he has seen, through three City Manager's, and Mr. Garza is the first one to try and tackle the issue, which he appreciates Mr. Garza for doing this.

17. Executive Session: Pursuant to Section 551.071, Texas Government Code, Consultation with Attorney Exception, the City Commission shall convene in executive session to seek legal advice from the City Attorney regarding a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter. (City Attorney).

Mayor Fugate announced both Executive Session's (agenda item's #17 & #18) and convened the meeting into closed session at 8:17 P.M.

Mayor Fugate reconvened the meeting into open session at 8:36 P.M.

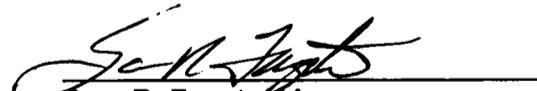
18. Executive Session: Pursuant to Section 551.074, Texas Government Code, the Personnel Exception, the City Commission shall convene in Executive Session to deliberate the appointment, employment, and duties of the vacant City Commissioner position. (Mayor Fugate).

19. Consider appointment of a qualified citizen to the City Commission to fill an unexpired term. (Mayor Fugate).

Motion made by Commissioner Garcia to appoint Mrs. Diana Guerrero-Pena to fill an unexpired term, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Garcia, Lopez, Pecos, Fugate voting "FOR".

VII. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 8:36 P.M.



Sam R. Fugate, Mayor

ATTEST:

Mary Valenzuela
Mary Valenzuela, TRMC, CMC, City Secretary