

APRIL 23, 2018

**A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, APRIL 23, 2018 IN THE RECREATION HALL LOCATED AT DICK KLEBERG PARK, 501 EAST ESCONDIDO/SANTIAGO PARK LANE, KINGSVILLE, TEXAS AT 6:00 P.M.**

**CITY COMMISSION PRESENT:**

Sam Fugate, Mayor  
 Arturo Pecos, Commissioner  
 Al Garcia, Commissioner  
 Edna Lopez, Commissioner  
 Diana Guerrero-Pena

**CITY STAFF PRESENT:**

Jesus Garza, City Manager  
 Mary Valenzuela, City Secretary  
 Courtney Alvarez, City Attorney  
 Kyle Benson, IT Manager  
 Tom Ginter, Director of Planning & Development Services  
 Emilio Garcia, Health Director  
 Bill Donnell, Public Works Director  
 Rudy Mora, City Engineer  
 Susan Ivy, Parks Manager  
 Ricardo Torres, Chief of Police  
 Adrian Garcia, Fire Chief  
 Derek Williams, IT  
 Jessica Montalvo, Health Department  
 Jason Torres, Health Inspector  
 Diana Gonzales, Human Resources Director  
 Robert Rodrigues, Library Director  
 Cynthia Martin, Downtown Manager  
 Monica Longoria, Administrative Assistant  
 Richard Flores, Golf Course Manager

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate opened the meeting at 6:00 P.M. with all five Commissioner 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)**

NONE.

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

**1. Public hearing on an ordinance amending the zoning ordinance by changing the zoning map in reference to Garcia AC 2, Lot 46 T3, 4.7576 acres also known as 1601 N. 20<sup>th</sup> Street from I1-Light Industrial District to R1-Single-Family District, amending the comprehensive plan to account for any deviations from the existing comprehensive plan. (Director of Planning & Development Services).**

Mayor Fugate announced and opened this public hearing at 6:02 P.M.

Mr. Tom Ginter, Director of Planning & Development Services stated that the Nunez's who own the grounds desire to build two homes on this property. If the rezoning is approve, they will replat the property into two parcels to build the homes on. Ginter stated that it is his understanding that they want to build homes for family members. He stated that the zoning map show the property to the north is R1 to the east it is a combination of R2, R1, R3 and I1 and to the south, there is a street with I1 from there to Corral. Ginter mentioned that this would be a positive financial impact because currently the ground is not being used for anything so a home being built on each parcel would provide property taxes as well as allow the property owner to utilize property that they own for something they desire. The Planning and Zoning Commission met on this item on Wednesday, April 18<sup>th</sup> and voted 4 to 0, recommending approval.

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.

There being no comments made, Mayor Fugate closed this public hearing at 6:05 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-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, Planning Development Update, **Golf Course Update**, Municipal Court Update. No formal action can be taken on these items at this time.”*

Mayor Fugate presented two proclamations, one for Public Service Recognition Week and the other for National Small Business Week.

Mr. Garza presented the Employee of the Month Award for the month of March to Alicia Tijerina, Tourism Department.

Mrs. Susan Ivy, Parks Manager made a Power Point presentation update on the Recreation Hall renovations. Ivy further stated that as for the rent fees, they will be increased from a \$50.00 deposit to \$100.00 deposit and rental from \$250.00 to \$300.00.

Commissioner Garcia read to the audience some history he was able to locate regarding the Recreation Hall.

Mr. Bill Donnell gave a quick update on the Streets and what the department has worked on during the last two weeks.

Commissioner Lopez asked about the RFP for streets. Mr. Garza responded that staff is working on that. This should be completed by next week. Once it is completed, will post for about 45 days.

Mr. Richard Flores, Golf Course Manager, gave an update on the Golf Course. He stated that the project is on track. Staff should begin light fertilization sometime this week.

Mayor Fugate asked how the water system is holding up? Mr. Flores responded that it was holding up ok. Mayor Fugate commented that the greens and sand traps are looking good.

Commissioner Lopez thanked Mr. Flores and his staff for the hard work they having been doing on the Golf Course.

Mrs. Courtney Alvarez, City Attorney, reported that the next City Commission is scheduled for May 14<sup>th</sup>, with items due for this meeting on Friday, May 4<sup>th</sup>. The May 14<sup>th</sup> Commission meeting will take place back at its regular location, City Hall, 400 W. King Ave.

Commissioner Pecos asked staff, that when a call is made to the Fire Department, why does an ambulance always require a fire truck with it.

Mr. Adrian Garcia, Fire Chief, responded that it all depends on the type of call that is received, heart attack or stroke.

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

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

No public comments made.

#### **V.**

##### **Consent Agenda**

##### **Notice to the Public**

*The following items are of a routine or administrative nature. The Commission has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being*

*discussed separately unless requested by a Commission Member in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.*

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

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

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

- 1. Motion to approve final passage of an ordinance amending the Fiscal Year 2017-2018 budget to accept and expend a Parks donation from the Woman's Club (for summer program). (Parks Manager).**
- 2. Motion to approve final passage of an ordinance amending the Fiscal Year 2017-2018 budget to accept and expend a Fire Department donation. (Fire Chief).**

**REGULAR AGENDA**

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

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

- 3. Consider introduction of an ordinance amending the zoning ordinance by changing the zoning map in reference to Garcia AC 2, Lot 46 T3, 4.7576 acres also known as 1601 N. 20<sup>th</sup> Street from I1-Light Industrial District to R1-Single-Family District, amending the comprehensive plan to account for any deviations from the existing comprehensive plan. (Director of Planning & Development Services).**

Introduction item.

- 4. Consider accepting the Comprehensive Annual Financial Report of the City of Kingsville for Fiscal Year 2016-2017. (Finance Director).**

A presentation of the Comprehensive Annual Financial Report was done by Mr. John Womack & Company, P.C.

Mr. Womack reported that the GFOA Certification that the City of Kingsville is has received, which is an exclusive certification. The audit opinion is unqualified, which is the highest standard that a city can obtain. The primary in the general fund, last year the city had \$12.25 million in current assets in this year, down to \$11.137 million which is \$1,386,000 decrease. Liabilities is at \$1.494 million, down from last year \$1.545 million which is \$51,000 decrease. The unrestricted fund balance for the general fund last year was \$7.1 million and this year it is \$7.47 million. Police forfeiture fund, last year they had \$1.4 million and this year they have \$1.53 million with a total fund balance of \$461,000 at the end of the year. Debt service fund ended up with a fund balance of \$757,000 which was \$618,000 last year. Capital Projects fund is where you will be the largest decrease but this is due to the sale of bonds, which you will spend the money. Last year this account had cash of \$6,793,000 and this year that cash is \$4,230,000. Womack stated that the governmental fund type balance sheets are in good shape. Revenues are up in the general fund, last year there was \$17,862,000 this year it ended up at \$ 18,708,000. Expenditures and a combination of moves went from \$20,725,000 to \$21,683,000. A negative over operating revenues over expenditures of \$2.3 million. However it was brought in \$1.6 million transfers-in resulting in a decrease of \$1.3 million. The majority of this decrease was capital outlay and restricted resources, which was money that was set aside and actually spent. Police Forfeiture Fund, there is revenue of \$402,000 with expenditures of \$671,000 which resulted in a fund deficit of \$269,000 going from a \$1.26 million last year to \$1.146 million this year. In debt service, \$1.499 million and spent \$1.443 million in debt service. There was increase of \$138,000 with coupled with \$618,000 from the prior year, which the fund balance went up to \$757,000. Capital Projects, the only revenue it had was interest last year we had a \$6.74 million dollar bond, this year there was no new bond. The income we have is a \$55,933 in interest and spent \$3,778,000 on planned and budgeted capital outlay. There was a transfer-in of \$1.3 million to cover additional capital outlay and had a final deficit of \$2.5 million. When this is taken away from the \$6.5 that we had it goes down to \$4 million. The governmental fund types capital projects is paying down the way its suppose too with the debt service increasing slightly which needs to be maintained to \$750,000 to \$1 million dollars. This is not something that the city wants to drain out, so this is a positive move. Forfeitures are still very strong and the general fund is well capitalized. The Enterprise Fund ended up with a fund deficit of about \$445,000, from operation. There was \$48 million dollars in capital outlay verses

\$47,832 million, so we added \$369,000 in capital assets. The other interesting point is \$13,641,115, last year it was \$14,963,000, so it was paid down to \$1.3 million in bond debt. The city is liquidating \$1.5 million in debt every year and paying it down very rapidly. Womack stated that the cash flow, this is pure cash and not accrual, you get all the receivables and depreciation out of the way and all the non-cash items and what is pure cash. The \$8.8 million compare to \$8.4 million last year for an increase of \$400,000. Expenditures were \$7,459,000 versus \$7.162 million last year up \$300,000 resulting in an operating income of \$1.36 million dollars. There were transfers-out to capital outlay programs, debt service and to general fund -\$1.533,000 resulting in a net operating loss of \$82,000 in the Enterprise Fund. Internal Service Fund, which is major medical, brought in \$3.2 million, we had \$2.9 million, \$660,000 of stop gap recover, which really helps out. Revenues exceeded operating expenses of about \$227,000; added to the \$895,000 that we had last year and bring it up to a fund balance for major medical fund of \$1,168,000. Cash Flow, is for both entities except remove all the non-cash type items, \$2,085,000 which is the total net cash earned by the utility fund. There is a proceed of \$286,000, borrowed funds that people have paid back. Federal Grants came in at \$191,000 and transfers-outs to other funds of \$5 million resulting in a \$1.55 million transfer-out. The total debt service in the utility fund \$1,661,418, principal and interest and \$625 million in capital acquisitions, resulting in a total operating cash reduction of \$1.1 million dollars. The Utility fund took a little hit this year, within a good coverage range. Internal service fund is still at \$1.1 million of cash. There were no material findings and it was filed on time. Mr. Womack congratulated the Finance Department for all their hard work.

**Motion made by Commissioner Garcia to accept the Comprehensive Annual Financial Report of the City of Kingsville for Fiscal Year 2016-2017, seconded by Commissioner Pecos. The motion was passed and approved by the following vote: Pecos, Garcia, Guerrero-Pena, Lopez, Fugate voting "FOR".**

**5. Consider awarding the All-Risk Property Insurance Policy coverages (RFP# 18-011), as per staff recommendation. (Risk Manager).**

Mr. David Soliz, Risk Manager, reported that on March 11, 2018 and March 18, 2018, the City of Kingsville advertised a solicitation of proposals for an All-Risk Property Insurance Policy. A single proposal containing two options was received. The lone proposer is incumbent Carlisle Insurance. The proposal was reviewed by Charlie Sosa, Purchasing Manager and by the Risk Manager to ensure that all of the current policy's terms and conditions were met. The proposal was judged to have met the current policy's terms and conditions with expectation. Due to the devastating 2017 hurricane season, insurance markets have hardened significantly and are no longer willing to provide a \$1,000 all other perils deductible. The proposal has a \$10,000 AOP deductible. Staff recommends Carlisle Insurance Option #1 quote as the preferred choice for the May 1, 2018 through September 2019 policy term in the amount of \$223,619.40.

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

**6. Consider a resolution authorizing the City to submit an application to the U.S. Department of Homeland Security's Federal Emergency Management Agency for the purpose of requesting grant funding on behalf of the City for the 2018 Staffing for Adequate Fire and Emergency Response (SAFER) Grant program for additional firefighters for the Kingsville Fire Department with an anticipated cash match. (Fire Chief).**

Mayor Fugate asked if this was the same type of grant that was done last year, but was not received.

Mr. Adrian Garcia, Fire Chief, responded that it is the same, but instead of going out for three firefighters they will be going for two.

Commissioner Pecos asked how many firefighters were on staff. Chief Garcia commented that he has a total of 31 on staff.

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

**7. Consider a resolution granting an existing easement in the alleyway south of 208 South 14<sup>th</sup> Street and an intent not to abandon said easement. (Director of Planning & Development Services).**

Mr. Ginter reported that the McDonald's Corporation is planning on demoing the facility and build a new one, on the same spot at 208 South 14<sup>th</sup> Street. Ginter further stated

that they want to make sure that they can still continue to use the alley for business purposes such as the location of the dumpster. For their comfort level, a resolution approved by the City Commission authorizing this is desirable.

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

**8. Consider introduction of an ordinance adopting Unanimous Settlement Agreement, setting rates and establishing tariffs for the provision of natural gas service by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas Company within the City of Kingsville, Texas; declaring this ordinance to be a final determination of rates; requiring acceptance by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas Company of the rates prescribed herein; and establishing an effective date. (City Attorney).**

Mrs. Courtney Alvarez, City Attorney, explained the reasoning for this ordinance. The purpose of the ordinance is to adopt the Unanimous Settlement Agreement between the City of Kingsville and CenterPoint Energy Resources Corp., CenterPoint Energy Entex and CenterPoint Energy Texas Gas regarding the Company's Statement of intent to increase rates within its South Texas Division and to improve tariffs and proof of revenues that implement the terms of the Settlement Agreement. Approval of this ordinance will result in a \$3.0 million decrease in CenterPoint's annual revenues. This is a \$3.5 million reduction to the \$490,778 increase requested by CenterPoint in its Errata to its Statement of Intent. The Settlement Agreement also approves the Company's proposal to recover \$675,992 in expenses related to Hurricane Harvey restoration of service via a surcharge until the full amount is recovered. The Settlement Agreement also increase the residential monthly customer charge to \$19.00, and approves the recovery of reasonable rate case expenses through a surcharge on customers' bills. New rates would go into effect on May 22, 2018, under this agreement.

Introduction item.

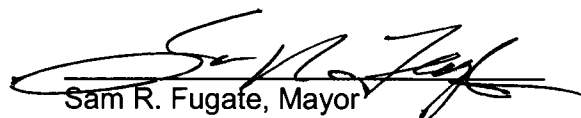
**9. Consider a resolution of the City of Kingsville, Texas finding that AEP Texas Inc.'s application to amend its distribution cost recovery factors (DRCF) to increase distribution rates within the City should be denied; finding that the City's reasonable rate case expenses shall be reimbursed by the company; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel. (City Attorney).**

Mrs. Alvarez stated that on April 3, 2018, AEP Texas, Inc., filed an application to amend its Distribution Cost Recover Factors (DCFR) to increase distribution rates with each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in distribution revenues of approximately \$3.1 million, an approximately \$800,000 decrease for the Central Division and \$3.9 million increase for the North Division. The resolution authorizes the City to join with the Cities Served by AEP to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

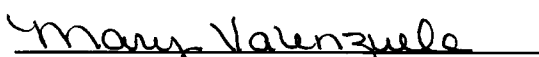
**Motion made by Commissioner Pecos to approve this resolution, seconded by Commissioner Garcia. The motion was passed and approved by the following vote: Garcia, Guerrero-Pena, Lopez, Pecos voting "FOR". Fugate "AGAINST".**

#### VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:17 P.M.

  
Sam R. Fugate, Mayor

#### ATTEST:

  
Mary Valenzuela, TRMC, City Secretary