

JUNE 10, 2019

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, JUNE 10, 2019 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 6:00 P.M.

CITY COMMISSION PRESENT:

Sam R. Fugate, Mayor
Edna Lopez, Commissioner
Hector Hinojosa, Commissioner
Dianne Leubert, Commissioner
Arturo Pecos, Commissioner

CITY STAFF PRESENT:

Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
Kyle Benson, IT Manager
Derek Williams, IT
Susan Ivy, Parks Manager
Deborah Balli, Finance Director
Tom Ginter, Director of Planning & Development Services
Charlie Sosa, Purchasing Manager
Diana Gonzales, Human Resources Director
Emilio Garcia, Health Director
Adrian Garcia, Fire Chief
Ricardo Torres, Police Chief
Joseph Ramirez, Engineers Assistant
Alicia Tijerina, Tourism Administrative Assistant
Bill Donnell, Public Works Director
Robert Rodriguez, Library Director
Cynthia Martin, Downtown Manager
Janine Reyes, Tourism Director
David Soliz, Risk Manager

I. Preliminary Proceedings.

OPEN MEETING

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

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

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

MINUTES OF PREVIOUS MEETING(S)

April 22, 2019-Regular Meeting

May 6, 2019-Special Meeting

May 13, 2019-Regular Meeting

Motion made by Commissioner Lopez and Commissioner Leubert to approve the minutes of April 22, 2019, May 6, 2019, and May 13, 2019 as presented, seconded by Commissioner Hinojosa. The motion was passed and approved by the following vote: Lopez, Hinojosa, Leubert, Pecos, Fugate voting "FOR".

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

1. None.

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, Condemnation Update, Proposed Development Report; Accounting & Finance – Financial & Investment Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; Police & Fire Department – Grant Update, Police & Fire Reports; **Streets Update**; Public Works; Landfill Update, Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, **Emergency Management**, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Health Department, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Employee Recognition, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Wastewater Treatment Plant, Water And Wastewater Rate Study*

Presentation, Golf Course, Library Summer Programs, Grants Update. No formal action can be taken on these items at this time."

Mr. Carlos Cardenas, Eagle Scout made a brief report to the Commission on his Eagle Scout project. He stated that Keep Kingsville Beautiful has funded for him to paint old address markers.

Commissioner Leubert commented that Mr. Cardenas made a great presentation to Keep Kingsville Beautiful, which is why the project was funded.

Mr. Bill Donnell, Public Works Director gave Streets Update to the Commission. He also stated that with the storm that hit Kingsville on Thursday, June 6th, there are a lot of trees down. Crews have been working overtime to clear the areas for emergency crews.

Mr. Adrian Garcia, Fire Chief gave an update to the Commission regarding the storm. National Weather Service issued a severe thunderstorm warning at 6:44 p.m. for Kleberg County. Severe thunderstorm located 8 miles West of US Hwy 77, moving East at 35mph. Storm impacted Kingsville at around 7:12 p.m. with 60mph wind gusts and half dollar size hail. The impact was hail damage and wind damage. The National Weather Service issued a tornado warning at 7:15 p.m. due to severe thunderstorm capable of producing a tornado. Impact was flying debris, destroy or damage to mobile homes, damage to roofs, windows and vehicles as well as tree damage. Preparedness action was taken by activating the City's tornado sirens. City wide electrical power outage. The initial report was that 9,600 Kingsville residents were impacted with power outage. There is damage to numerous power poles, power lines, and electrical sub-stations. The storm did cause some minor to major damages. Moderate flooding around the city, but rain receded quickly.

Mayor Fugate asked how many inches of rain were recorded in the city. Chief Garcia responded that the didn't have that information at this time, but would get it and forward it to the Commission.

Chief Garcia continued with his presentation. Nixle updates were sent out to the citizens. During the storm, public safety maintained routine response until winds were in excess of 50mph. Public Works crews worked on removing trees from roadways to allow emergency crews go through as needed. Mutual aid was requested from Kleberg County Fire, Nueces ESD #3, and Alice Fire Department. Reports from the National Weather Service was that Kingsville was hit by downpours and wind burst, and not a tornado.

Commissioner Lopez asked if the City had a list of elderly and disabled citizens in the city. Chief Garcia responded that the city has a list of facilities where elderly are housed. Commissioner Lopez requested that she would like for the Nuns location off of 9th Street be added to the list, as they went without electricity and assistant for a couple of days.

Commissioner Hinojosa asked where the staging area was located where all the work was coming from. Chief Garcia responded that there was no staging area, although emergency staff did report to the parking lot of Walmart were assignments were handed out.

Chief Torres stated that staff was our removing trees and making sure that there were no injuries that came from the storm. He further stated that sirens were electronically and manually sounded; sirens ran for a total of 6 minutes and worked very well. The Kingsville Police Department had additional officers on staff the night of the storm.

Commissioner Hinojosa asked if the City had a list of residents that are handicap? Chief Garcia mentioned that there isn't a list other than them registering with STEARS.

Mrs. Courtney Alvarez, City Attorney commented that this is not something that the City needs to do. It is up to the citizens to register themselves with Call 211.

Staff mentioned that the City of Corpus Christi has offered assistance by the form of staff and heavy equipment to assist our city crews with the removal of debris and trees in our city. City of Corpus Christi staff will arrive on Monday and will continue to be in our community until Wednesday. Also, the Mayor from Falfurrias has made contact with the Interim City Manager offering assistance to our City. Falfurrias staff will arrive in Kingsville on Thursday with some equipment to continue the efforts in picking up brush. AEP is working hard to restore power to those areas that can take on power.

Mr. Patrick King, AEP Representative commented that crews have been brought in from other areas as well as bringing in contractors to assist them in the restoration of power.

He further stated that the northside of town was hit the worst. This is the area that crews are focusing on first. AEP had 330 technicians onsite immediately after the storm.

Mr. Bill Donnell, Public Works Director stated staff has backup generators going at all departments. Two water wells are working on their own power including STWA. Wastewater Plant is working on generators with no damage sustained from the storm. Mr. Donnell further stated that it can take crews up to 3 months to pick up all brush throughout the city.

Ms. Janine Reyes, Tourism Director stated that outreach efforts began Thursday evening with Tourism staff assessing available hotel rooms for those citizens without power and wanted to relocate safely. Staff continued to engage the public with links to AEP to determine outages. Staff followed up with Hoteliers to assess their damage, power status and availability. This information was also provided on social media through the Tourism Facebook Page. She stated that she was engage with media and sent out press releases. Press releases were provided in both English and Spanish and posted on the Tourism Facebook page. Corpus Christi news channels carried press conference live, as did Kingsville Visitors Center page and Commission Lopez. Important information appeared in multiple shows, additionally staff requested all stations to share information on their websites and social media as many were left without power and therefore had no television. Citizens were urged to remain weather aware and alerted them to the potential for outages to last through Saturday evening. Tourism created a pinned post at the top of their page which was updated in excess of 50 times as of Monday. Tourism coordinate with Interim City Manager and Fire Chief and decided to open the Train Depot as a location for residents to cool off. This information was shared on the Tourism social media and mainstream media sites. Other cooling stations were opened by Kleberg County through the city.

Commission commended city staff for a job well done and further thanked the City of Corpus Christi for their great assistance to our community. They also thanked Falfurrias for reaching out to our City and offering assistance as well as AEP for their hard work in trying to restore power to the community as soon as possible. The American Red Cross was thanked for coming in and providing assistance to the citizens of Kingsville.

Ms. D'Ann Ross of the American Red Cross (ARC) commented that the ARC has ran out of supplies today, but they are expecting another truckload of supplies to arrive this evening with additional supplies. The ARC will be back out in Kingsville the next morning.

Commissioner Lopez thanked Kleberg County Judge Rudy Madrid and County employees for their assistance as well as thanked employees of the City.

Mrs. Alvarez reported that the next regular Commission meeting is scheduled for June 24th, with a deadline to staff to submit their agenda items by June 12th. She further reported that she will be out of the office next week attending the TCAA Conference.

Commissioner Hinojosa commented that he would like it to be mandatory that all department heads to in attendance at every Commission meeting.

Mayor Fugate responded with a comment that he was not going to make it mandatory for all department heads to attend every Commission meeting.

IV. Public Comment on Agenda Items.³

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

Mr. Manuel Flores, 504 Alexander commented on item #12. He thanked City and County employees and the American Red Cross for all the assistance they have provided the community. He continued to comment that the City of Kingsville has a tremendous opportunity to move forward by making money from the hotel occupancy tax available to more entities and programs. He stated that he is aware of the current status of this money is, but he thinks it is also time to look to the future. There are some exciting things happening in the City of Kingsville, the Wilson Building which may or may not become another resource for the University, but there is also a place to have all types of festivals. He stated that Santa Barraza will be opening an Art Studio and there are talks about a film festival, which he is involved with himself. Monies from the hotel occupancy tax will help Kingsville take the next step into becoming a real attraction, not just for cows and cowboys, but also for the arts. The film festival has several international film entries. He would like for this money to be spread out to other artist.

Mr. Dave of 1506 Lewis commented that Ms. Janine Reyes is a very valuable member and manager. She has shown herself and able to step up to the plate. She has been

given an unworkable position to be in. He further state that in spite of having a \$60,000 increase in expected funds, she is still running a tremendous deficit. The idea of the JK Northway being involved in this fund is a bigger picture than just the item 12 situation. Ove the last four years, the income is \$500,00 with expenditure of \$700,000. With a \$200,000 per year deficit is unsustainable as she will run out of money next year, without any severe changes she is asked to fund. He further commented that Ms. Reyes stepped up a year ago and increased the bike riders event by over 20%. She traveled the entire valley and worked on the events behalf and did a great job at it.

Mr. Leo Garcia, 1533 Lewis Street commented on item #12. He stated that he serves on the Board and while they met on this item, and he further stated that the JK Northway is in the condition it is and this is the reason why they can no longer the support the Arts with the amount that has been given in the past.

Ms. Janine Reyes, 1501 N. Hwy 77 commented that she has been given an email by one of her Board members that he would like for her to read to the Commission. The email is from Mr. Lance Hancock, Chairman of HOT Board and it read as so, "I'm sorry I can't be at the meeting tonight, I had other business obligations in Houston today. I wanted to make sure I sent a comments as the HOT Board Chairman about the decision on the Conner Museum funding. The HOT Board had a very long and difficult discussion about the funding for the Conner Museum. The decision that we put forward to the City Commissioners was a difficult decision but one that has to happen for the future of the Tourism fund to be viable. I want to make sure everyone knows that there was a considerable amount of time and analysis taken to arrive at the decision we did. Lance Hancock, Chairman of HOT Board".

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 Leubert to approve the consent agenda as presented, seconded by Commissioner Pecos.

At this time, Mrs. Jean Claire Turcotte asked if she could make a public comment.

Mayor Fugate did not continue with the roll call vote, and allowed Mrs. Turcotte to make her comments.

Mrs. Turcotte, 3730 Andron commented that Ms. Janine Reyes of the Tourism Department is doing a fabulous job with that department. She further stated that she knows that all this boils down to money. She stated that maybe if everyone was to think about what they want to do and when they want to do it and have more of a plan as to where this money will be going and do it percentage wise. She also stated that it would be best to go with percentage verses lumps sum.

At this time, Mayor Fugate restated the motion and asked for roll call vote.

Motion was passed and approved by the following vote: Hinojosa, Leubert, Pecos, Lopez, Fugate voting "FOR".

1. **Motion to approve final passage of an ordinance amending the Fiscal Year 2018-2019 budget to receive and expend additional anticipated hotel/motel tax revenues. (Tourism Director).**
2. **Motion to approve final passage of an ordinance amending the zoning ordinance by granting a special use permit for 526 E. Kleberg Ave., also known as Orig. Town, Block 40, Lots 17-22, for auto paint and body shop use. (Director of Planning & Development Services).**
3. **Motion to approve a resolution authorizing participation in Bulletproof Vest Partnership Program FY2019 with the Office of the Governor, Justice Assistance Grant (JAG) for bulletproof vests for the Kingsville Police Department, authorizing the Chief of Police to act on the City's behalf with such program. (Police Chief).**

REGULAR AGENDA**CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:****VI. Items for consideration by Commissioners.⁴****4. Consider the appointment of Clarice Caraway Williams to the Parks & Recreation Advisory Board for a three-year term. (Director of Parks & Recreation).**

Motion made by Commissioner Lopez and Commissioner Pecos to approve the appointment of Clarice Caraway Williams to the Parks & Recreation Advisory Board for a three-year term, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Leubert, Pecos, Lopez, Hinojosa, Fugate voting "FOR".

5. Consider accepting donations for Healthy Family Partners Events for Parks Department recreational programming. (Parks Director).

Motion made by Commissioner Pecos to accept donations for Healthy Family Partners Events for Parks Department recreational programming, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Pecos, Lopez, Hinojosa, Leubert, Fugate voting "FOR".

6. Consider introduction of an ordinance amending the Fiscal Year 2018-2019 budget to receive and expend Park donations for recreational programs. (Parks Director).

Commissioner Hinojosa commented that in the packet they had the information on the bid, but it didn't give them more information as to what it was.

Mayor Fugate commented that at this time the item on the floor is the budget amendment for the Parks donation.

Commissioner Hinojosa comments that he stands corrected.

Introduction item.

7. Consider awarding bid for RFP#19-06 for Water Well #23 Ground Storage Tank replacement, as per staff recommendation. (Purchasing Director).

Mr. Charlie Sosa, Purchasing Manager reported that the purpose of the project is to replace the existing Ground Storage Tank (GST) at Water Well No. 23. The GST has been out of service since September 2018 because leaks and doesn't not comply with state requirements. The Engineering Department provided the engineering services for this project. The project was advertised in the local paper and online on May 2nd and May 9th. A pre-bid was held on May 15th and the bid opening and the bid opening was on May 22nd. The base bid was to remove and install new galvanized bolted tank. Alternate No. 1 was to include a concrete ring foundation. Alternate No. 2 included a powder coated finish in lieu of a galvanized finish. Bids were received from four contractors which included Black Castle General Contractor from New Braunfels, TX, TTE, LLC from Spicewood, TX, J.S. Haren Company from Athens, TN, and Donald Hubert Construction from Kingsville, TX. References verified for each of the contractors. Sosa further stated that four options are being presented. The Base Bid ranged from \$120,000 to \$251,000. Base Bid plus Alternate No. 1 Bid ranged from \$125,000 to \$293,800. Base Bid plus Alternate No. 2 Bid ranged from \$125,000 to \$257,100. Base Bid plus Alternate 1 & 2 ranged from \$130,000 to \$299,900. The ground storage tank has been scheduled for repair since September 2018. The City would fund the project from account 054-5-6002-54300 which has \$150,717.50 allocated for ground storage tank replacement. Sosa stated that it is staffs recommendation to award the project to Donald Hubert Construction Company of Kingsville for the Base Bid and Alternate No. 2 in the amount of \$125,000 and authorizing the City Manager to execute a contract for the same.

Commissioner Hinojosa commented that for the \$125,000, there was no backup to the bid and asked what exactly it is that we will be doing, Alternate No. 1 or 2?

Mr. Sosa responded that demolish the existing tank that is there now. They will then come in and place a new ring with a gravel base inside the ring and construct a new a ground tank. He further stated that it will be a galvanized with a powder coat inside which should last longer than the galvanized storage tanks.

Motion made by Commissioner Pecos to award bid for RFP#19-06 for Water Well #23 Ground Storage Tank replacement, as per staff recommendation, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Lopez, Hinojosa, Leubert, Pecos, Fugate voting "FOR".

8. Consider a resolution authorizing the Interim City Manager to enter into a Standard Form of Agreement between the City of Kingsville and Contractor on the basis of a stipulated price for Water Well No. 23 Ground Storage Tank replacement Project (RFP#19-06). (City Engineer).

Mr. Sosa stated that this item allows the Interim City Manger to enter into the contract for the Ground Storage Tank.

Motion made by Commissioner Pecos to approve the resolution authorizing the Interim City Manager to enter into a Standard Form of Agreement between the City of Kingsville and Contractor on the basis of a stipulated price for Water Well No. 23 Ground Storage Tank replacement Project (RFP#19-06), seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Hinojosa, Leubert, Pecos, Lopez, Fugate voting "FOR".

9. Consider a resolution authorizing the Police Chief to enter into a Memorandum of Understanding for Mutual Assistance between the Kingsville Police Department and the VA Texas Valley Coastal Bend Health Care System for police service to the VA property in the City. (Police Chief).

Mr. Ricardo Torres, Police Chief reported that as Chief of Police and the designee of the City Commission and City Manager be allowed to enter into the MOU between the City of Kingsville and Department of Veterans Affairs VA Texas Valley Coastal Bend Health Care System.

Commissioner Hinojosa asked why this has to be entered as an MOU? Chief Torres responded that this is what they are requesting.

Motion made by Commissioner Leubert to approve the resolution authorizing the Police Chief to enter into a Memorandum of Understanding for Mutual Assistance between the Kingsville Police Department and the VA Texas Valley Coastal Bend Health Care System for police service to the VA property in the City, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Leubert, Pecos, Lopez, Hinojosa, Fugate voting "FOR".

10. Consider a resolution authorizing the Interim City Manager and the Fire Chief to enter into a Clinical Affiliation Agreement between the Kingsville Fire Department and the School of EMS. (Fire Chief).

Mr. Adrian Garcia, Fire Chief reported that the Kingsville Fire Department is requesting to enter into a Clinical Affiliation Agreement between School of EMA and the City of Kingsville Fire Department for the purposes of allowing Emergency Medical Services Students to ride out with Kingsville Fire Department personnel during their clinical ride-outs. He further stated that the agreement was vetted through he Legal Department and Risk Management and was determined that this meets all the requirements.

Commissioner Lopez asked where the school of EMS is located. Chief Garcia stated that the school of EMS is affiliated with the Texas EMS Academy which is located in Corpus Christi. He further stated that they have to have an affiliation separately in order to make it work, so the students are in Corpus Christi.

Motion made by Commissioner Lopez to approve the resolution authorizing the Interim City Manager and the Fire Chief to enter into a Clinical Affiliation Agreement between the Kingsville Fire Department and the School of EMS, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Pecos, Lopez, Hinojosa, Leubert, Fugate voting "FOR".

11. Consider an interim option on calculating fees for residential remodeling building permits in City Code of Ordinances Section 15-1-16 based on recently adopted H.B. 852. (Director of Planning & Development Services).

Mr. Tom Ginter, Director of Planning & Development Services reported that on May 21, 2019, the Texas State Legislature passed H.B. 852. This bill prohibits the practice of using the cost of a proposed structure or improvement to calculate the building permit fee. The Planning & Zoning Commission met on June 5th to discuss and consider this action. In addition, staff was able to provide data on the residential permits that have been approved since October 1, 2018. He further stated that after discussion on the options that were listed on the email from TML, they are recommending the following: Have the permit applicant agree to pay the current fee and offer to refund any fee difference when a new fee schedule is adopted. The Planning & Zoning Commission voted 4-0 to recommend this option.

Mayor Fugate asked when this goes into effect? Mrs. Alvarez responded that it went into effect on May 21, 2019, the day it was signed.

Mr. Ginter stated that this only includes remodeling residential and not new construction.

Commissioner Hinojosa commented that in the packet it stated that the City of Irving had already passed an ordinance and asked if the City of Kingsville will be following this as well.

Mr. Ginter responded that the City of Kingsville does not have to follow suit, it is only a suggestion. He further stated that the ordinance for Irving is very lengthy as it is a community of 200,000 in population and their fees get very detailed compared to ours.

Commissioner Hinojosa asked if at the next meeting staff will have a fee schedule for the Commission to consider.

Mr. Ginter responded that this is his goal. Mrs. Alvarez commented that the fee schedule will be brought to the Commission in July.

Motion made by Commissioner Pecos to approve an interim option on calculating fees for residential remodeling building permits in City Code of Ordinances Section 15-1-16 based on recently adopted H.B. 852, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Lopez, Hinojosa, Leubert, Pecos, Fugate voting "FOR".

12. Consider recommendations from Hotel Occupancy Tax Advisory Board for arts and historical funding. (Tourism Director).

Mayor Fugate commented that from what he understands, all they are doing tonight is that there is a contract and if it is going to be renegotiated, the city has to give them 90 days' notice. He further commented that the City is not doing anything tonight other than saying that they want to speak about the contract. He further stated that the Commission is not planning on making any plans to do anything other than getting the ball rolling for negotiating.

Mrs. Alvarez commented that this item is only for giving direction to staff so that they know what to negotiate for on the city's behalf.

Mayor Fugate commented that they would prefer for staff to tell the Commission what it is that they need. Commissioner Lopez commented that she agrees with Mayor Fugate. Fugate further stated that they would like for staff to give to the Commission what it is that they need. He further stated that he is instructing Tourism to come back with something that they could live with. Fugate further commented that he would like to apologize to the Tourism staff for the last meeting where comments were made and not being true. He also stated that comments were made that made it seem as staff was being deceptive and they weren't. No one was changing the contract the last time, it was simply to get the ball rolling. He also stated that the Museum is near and dear to his heart as well as his mothers. He stated that the Museum needs to start fundraising as it was done about 20 years ago.

Ms. Janine Reyes stated that she has asked for a balance sheet and financials for the Friends of the Conner Museum. She has also offered to follow guidelines for non-disclosure as it is not for commercial use. She feels that it is fair to have a comprehensive view of the financial, particularly given the Tourism's situation. Ms. Reyes stated that the local hotels are doing fairly well. There are 13 hotels with 735 rooms. Ms. Reyes gave a PowerPoint presentation, of which a copy was not provide for the minutes. She stated that the first month of the third quarter, they are above \$39,124.00 from where they were this time in April last year. She further reported that the only month they took a hit was in October where they were down \$4,354, but was picked up quickly to the first quarter where they were above \$14,831.25 with the second quarter, January through March it was at \$14,554 and now in the first month of the third quarter \$9,738. Reyes commented that they anticipate it to be another good month with the NCAA Track and Field Tournament. She stated that its not that the hotels aren't making any money that is the issue. Reyes stated their concern is that their fund balance is not in a health state. She also stated that it is great to have the venue tax passed but the city has to plan accordingly for the JK Northway to be offline for some time.

Mayor Fugate commented that if the County is successful in their EDA Grant of \$6,000,000, the contract would need to be renegotiated with the County.

Ms. Reyes further stated that 106% is being spent which is more than what they are bringing in which is anticipating \$600,000 HOT fund coming in for the year.

Commissioner Hinojosa commented that cuts will need to be made somewhere in the budget, as we are in a difficult situation. He further stated that it is not only the Conner Museum that is affecting the budget, but overall. He stated that the impression he is getting is that we are targeting the Tourism department. He also stated that if the Tourism budget is going to be adjusted, then it would need to be done across the board, such as look at salaries and utilities and where we can cut down on utilities. He stated that staff will have tough decisions when it comes to the budget as he does not like to use the fund balance, but if the money is not coming in, there is money being transferred from general fund to utility fund and façade. He stated that the façade \$134,000 is going out from another fund.

Ms. Reyes commented that they have been very cautious. There expenditures are not above average. She was asked at a previous time if expenditures were up, certainly they were with the Special Election they did increase their budget for that election, but was a one time increase. Ms. Reyes stated that her operations expense did increase but it was a one time increase. She stated that the reason they are looking at the Conner

Museum is that there are two parts in her budget that are percentage based. One is required by State Statute, which is required minimum marketing of which the minimum requirement is 15%. She stated that they haven't made it to 15% yet, which is a concern of hers. She stated that with them budgeted at 106%, she cannot cut from their legally, as they are already behind on that. She further stated that other percentage based from her budget is the MOU with the Conner Museum which is 14.285% that was negotiated back in 1979. Standard practice for cities, which she has surveyed several and brought it towards the HOT Boards attention back in February, is 5% or less. Corpus Christi does 4.8% and Amarillo does 5% only for marketing assistance. She stated that you can't spend out more than 15% as it is not common practice to hit the number of which you are allowed to spend.

Commissioner Hinojosa commented that he understood what Statue said 15%, but if we don't have the money coming in, how can the money be spent.

Ms. Reyes commented that the money is coming in. Commissioner Hinojosa responded that he didn't think so. Reyes stated that the money is coming in which is why she has had to ask for more money into her budget as they are getting it from the excess funds which they are bringing in an additional \$75,000 which will cost her \$20,000 more in expenditures with the MOU and with their required marketing minimum.

Commissioner Hinojosa further commented that if the money is not coming in, how come we spend money that we don't have.

Mayor Fugate commented that the money is coming in.

Commissioner Hinojosa commented that why then is the fund balance being used.

Ms. Reyes commented that their percentages are exceeding 100%. She further mentioned all that is being paid from her budget: Train Depot, half of the Main Street Manager position, façade grant, JK Northway, and the operations out at the Visitors Center. She further stated that with her budget they run three facilities and three full-time staff plus herself and two part-time employees. She stated that she knows that they need to look as to where to cut in the budget, but her budget is already stretched thin.

Commissioner Hinojosa commented that we are going to have a tough budget ahead of us, and staff will need to look at where to cut down their budget.

Mayor Fugate commented that he feels that this conversation is swaying away from the Commission only needing to give staff authority to renegotiate the MOU with the Conner Museum. He is not sure that all of this information is has anything to do with the decision that needs to be made tonight.

Ms. Reyes commented that the recommendation from the HOT Board is to reduce the funding to the Conner Museum to a flat rate of \$30,000 in addition, they wanted to put another \$30,000 aside that the Conner or any other groups could apply for funding. This would be a process where there would be an application filled out and state what they would be using the funding for and how many hotel rooms they will be filling during their event.

Commissioner Leubert asked that the \$30,000 that is available to any other organization that could put heads in beds, that would go to Tourism and the HOT Board and pick who the money should go to and how much.

Ms. Reyes responded that the HOT Board would be the decision maker on that, and none of this money goes back into her budget. Any monies not handed out, would pad the fund balance. She stated that the other \$30,000 they receive this year would go to off strain the fund balance. She stated that they don't expect to weigh their dependence on the fund balance entirely, but they do hope that by funding events and making people focus on putting heads in beds that they are able to spread that gap.

Commissioner Lopez commented that the Conner Museum is part of the University. So a lot of times when people come to the University events such as Hoggie Days or the track meet that just occurred, some of those visitors go to the Conner Museum and some are staying at the local hotels.

Mayor Fugate commented that the Conner Museum wasn't open during the track meet.

Ms. Reyes commented that the Saturday morning of the track meet, which is normal operating hours for the Conner Museum, they closed. The Museum did not make the Visitors Center aware that they would be closed on that day. They had people at the Visitors Center where staff was directing the visitors to the museum, just to find out it was closed. She stated that the Train Depot was opened as they had every hotel room nearly filled and the city needed to provide entertainment for the visitors.

Commissioner Lopez commented that there are other things that happened at the University where people also visit the Conner Museum.

Ms. Reyes commented that in February they presented the fund balance concerns. They also presented the best practice use at the funds being at 5%. They had no engagement from the Conner. May 16th they had their HOT Advisory Board meeting where Mr. Plant had confirmed that he would be at that meeting, but did not attend; a reminder was also sent that morning. On May 28th, Reyes stated that they weren't able to speak and Mr. Plant stated that he was blind sighted. Reyes stated that she approached him outside City Commission and he walked the other way. On May 29th, Reyes stated that she followed up with an email but received no response, but did receive a read receipt on that email. She further stated that she has been trying to get some of the financial from the Friends of the Conner Museum, but no luck. She further stated that she would recommend in making this a requirement before giving out funding. This would be just to see any entities financial status before giving out money. Reyes stated that because we have to guess on what's going on with their budget, this is what they provided year after year. In 2017 request, Conner reported that the HOT funds paid 77% of the Curator position and halftime Visitor's Service Specialist, however the Curator is no longer employed there.


Commissioner Hinojosa commented that there is too much finger pointing and there is no need.

Both Mayor Fugate and Commissioner Lopez commented that there is no need for all this as it is too much information.

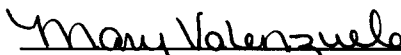
Motion made by Commissioner Pecos to recommend the Hotel Occupancy Tax Board for Arts and Historical funding which gives staff the power to go back to the Conner Museum and renegotiate with them, seconded by Commissioner Leubert. The motion was passed and approved by the following vote: Hinojosa, Leubert, Pecos, Lopez, Fugate voting "FOR".

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:43 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary