

AUGUST 17, 2021

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON TUESDAY, AUGUST 17, 2021 IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 4:00 P.M.

**CITY COMMISSION PRESENT:**

Sam R. Fugate, Mayor  
Hector Hinojosa, Commissioner  
Norma N. Alvarez, Commissioner  
Edna Lopez, Commissioner  
Ann Marie Torres, Commissioner

**CITY STAFF PRESENT:**

Mark McLaughlin, City Manager  
Mary Valenzuela, City Secretary  
Courtney Alvarez, City Attorney  
Kyle Benson, IT Manager  
Derek Williams, IT  
Uchechukwu Echeozo, Director of Planning & Development Services  
Deborah Balli, Finance Director  
Susan Ivy, Parks Director  
Rudy Mora, Engineer  
Bill Donnell, Public Works Director  
Ricardo Torres, Police Chief  
Juan J. Adame, Fire Chief  
Diana Gonzales, Director of Human Resources  
David Solis, Risk Manager  
Charlie Sosa, Purchasing Manager  
David Bodiford, Accounting Assistant  
Janine Reyes, Tourism Director  
Jennifer Bernal, Parks Manager  
Cameron Whittington, Water Construction Supervisor  
Mike Mora, Capital Improvements Manager  
Ruben Chapa, Golf Course Manager  
Arturo Perez, Garage Supervisor  
Emilio Garcia, Health Director  
Darrell Mills, Landfill Supervisor

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate opened the meeting at 4:00 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)**

None.

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

None.

**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; Police & Fire Department – Grant Update, Police & Fire Reports; Street Updates; Public Works- Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Water And Wastewater Rate Study Presentation. No formal action can be taken on these items at this time."*



Ms. Courtney Alvarez, City Attorney announced that there is a budget workshop scheduled for Monday, August 23, 2021 at 4:00 p.m. with the regular meeting to begin at 5:00 p.m. There is also a special meeting scheduled for September 7, 2021 at 5:00 p.m. where the public hearings and introduction of ordinances for both the tax rate and the budget will be heard. The tax rate and budget are being proposed to be adopted at the regular meeting scheduled for September 13, 2021.

Commissioner Hinojosa commented that during the budget workshop on Monday, August 16, 2021, he commented that he was against the new position for an Accounting Assistant. He further commented that after looking at it, it was only for one position and he is for the grant writer, but the duties will be split, the administrative assistant will do the Grant Works between the utility and general fund.

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

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

No public comments were made or received.

#### **V.**

##### **Consent Agenda**

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

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

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

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

None.

##### **REGULAR AGENDA**

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

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

1. **Review and discuss proposed fiscal year 2021-2022 budget for departments of the City of Kingsville. (City Manager).**

##### **Parks & Recreation:** Susan Ivy, Parks & Recreation Director

Mrs. Ivy explained how the Parks & Recreation revenues have decreased this past year. This is all due to the pandemic and the need to close the pool and no hall rentals.

Commissioner Hinojosa asked if the park's donation of \$42,000, is that an annual donation or is it a one-time donation? He further stated that the donation is for this year and asked if this was the donation from Falfurrias?

Mrs. Ivy responded no. A lot of their larger donations come from the Brookshire Foundation and members of our community. She further commented that they did receive about \$20,000 in donations as well as received donations from the league sponsors.

##### **Parks Administration:**

Personnel changes include 3% COLA and \$2 per month per year of service of longevity increase as well as anniversary increases. Compensation plan increase for Maintenance Workers. New certification for Parks Manager. In supplies, there is an increase in uniforms due to new boot reimbursements and a decrease in minor equipment. In services, there is a decrease in communications, professional services, and utilities. No supplementals were approved for the new fiscal year.

##### **Golf Course Maintenance:** Ruben Chapa, Golf Course Manager

Personnel changes include 3% COLA and \$2 per month per year of service longevity increase as well as anniversary increases. Compensation plan increase for Equipment Operator, Foreman & Maintenance Workers. New certification for Equipment Operator. In supplies, there is an increase in uniforms due to new boot reimbursement, chemicals, fertilizer, motor gas & oil, and a decrease in irrigation supplies, pro shop supplies, and minor equipment. In services, there is an increase in communications, printing & publishing,



and credit card fees and a decrease in professional services, equipment rent, state fees, utilities, and laundry. Repairs have a decrease in equipment maintenance. Maintenance has an increase in grounds & permanent fixtures. Leases have a decrease in Jacobsen Mower capital lease payment. Capital has a decrease due to the prior year's backhoe lease purchased through a tax note. There are no supplementals approved.

Commissioner Torres asked for the revenue amount for this past year. Mrs. Balli responded that the revenue amounts are \$369,750.00. Mrs. Ivy also responded that it is \$304,000 year-to-date, which is a cumulation of fees that are charged at the Golf Course.

Commissioner Hinojosa commented that this is probably due to the green fees which are at \$25,000.

Mr. McLaughlin commented that the green fees are doing well. He further stated that the projected amount is about \$345,000 at the end of this fiscal year with it budgeted at \$369,000 in revenues for next year.

Commissioner Hinojosa asked that on the year-to-date activities, is that up until April? Mr. McLaughlin responded that this is through a week ago.

Mayor Fugate convened the meeting to a 20-minute break at 5:25 p.m. Mayor Fugate reconvened the meeting at 5:43 p.m.

#### **Park Maintenance Fund :**

Personnel changes include a 3% COLA and \$2 per month per year of service longevity increase as well as anniversary increases. Compensation plan increase for Equipment Operators, Foreman & Maintenance Workers. New part-time Park Maintenance position approved. Supplies have an increase in uniforms due to the new boot reimbursement, and motor gas & oil, and a decrease in supplies for weed control chemicals, pesticide chemicals, medical supplies, and safety-first aid. Services have a decrease in communications, equipment rent, medical treatment, and advertising. Repairs have a decrease in equipment maintenance. Maintenance has a decrease in grounds and permanent fixtures, and various park accounts, which is due to some project rollovers from last year that were carried over from the previous year. Supplementals approved part-time maintenance worker position.

#### **Golf Course Pro Shop:**

Personnel changes include a 3% COLA increase and \$2 per month per year of service longevity increase as well as anniversary increases. Compensation plan increases for Pro Shop Attendants and the health plan has an increase due to staffing change of Golf Course Manager position. This division only records the personnel costs of the Golf Course Manager and Pro Shop employees.

#### **Parks Recreational Programs:**

Personnel changes include a 3% COLA increase and \$2 per month per year of service longevity increase as well as anniversary increases. Supplies have a decrease in uniforms and pool chemicals. Services have an increase in credit card discount fees. No supplementals are approved for this division.

Commissioner Torres asked that with regards to Park Recreational Programs it shows the expected annual of \$13,696.46 and only proposing the \$9,200?

Mrs. Ivy responded that the \$9,200 is their core budget that has been used for many years. She further stated that they get a lot of money that comes from donations every year, and this is where it is placed. This is where they pay for supplies and all that is needed to run their programs.

Commissioner Torres asked if that line item was being decreased? Mrs. Ivy responded that it is not being decreased, it's just going back to that amount to begin the new fiscal year, then amend it as donations are received.

#### **Softball League:**

Mrs. Ivy commented that last year was the first year that they went all the way through with the league. The year before registrations were done and tried to get the league started. But due to COVID-19 refunds for those registrations were made. Most of the money was refunded as some expenses had occurred such as equipment purchases and insurance. The amount that was refunded was 75% and gave all those people a discount this year of the 25% that didn't get back giving them a reduced fee for this year. This year the league registered 455 individuals.



Supplies have an increase in supplies and concession stands with a decrease in uniforms. Services have an increase in advertising. No supplementals approved.

**General Fund Transfers Out:** Deborah Balli, Finance Director

Transfer to Golf Course Maintenance Fund 026 for \$11,092. General Fund is required to send over 3% of budgeted Golf Course revenues for specific capital maintenance projects. Budget revenues are \$369,750 x 3% for a total of \$11,092.50. Transfer to Utility Fund 051 for 217,419.00. General Fund and Utility Fund share personnel costs for Facilities Division 1805, Public Works 3000, Engineering 8000, and the new accounting assistant in Finance. To keep from splitting employees in the Payroll System, Division 1805 employees are recorded in Utility Fund, Division 8000 employees are recorded in General Fund, Division 8000 employees are recorded in Utility Fund; 50% of 8000 Engineering Personnel costs in Utility Fund \$510,894 x 50% is \$255,447; 50% of 8020 Facilities Personnel Costs in utility fund \$152,744 x 50% is \$76,372.; Offset 50% of 3000 Public Works Personnel costs in general fund \$170,124 x 50% is \$85,062; and offset 50% of new Accounting Assistance in general fund \$58,676 x 50% is \$29,338. Transfer to Park Maintenance Fund 093 of \$25,000. This is an annual allocation to ensure that the general fund sets aside this specific amount for Park Maintenance-related projects. Transfer to Economic Development Fund 098 of \$270,000. The prior fiscal year of \$100,000 and this fiscal year, the general fund has transferred over this amount to assist the EDC with their efforts; \$10,000 for Retail Coach; \$5,000 Zac Tax Sales Tax Database; \$25,000 Business Development Staff; \$5,000 Economic Development Website; \$15,000 Housing and Retail Developer Recruiter; \$20,000 Housing Impact Studies; \$7,000 Community Marketing; \$5,000 Professional Development; and \$8,000 Economic Study. Estimated payments on the tax incentive agreements are \$170,000. Transfer to Public Works vehicle replacement fund 105 for \$10,000. This is an annual amount set aside to build up funding for vehicle replacements. Transfer to Police Department vehicle replacement fund 106 for \$10,000. This is also an annual amount set aside to build up funding for vehicle replacements. Transfer to Patrick Leahy Bulletproof Grant Fund 108 for \$9,585. This is a required grant cash match. Transfer to Tax Note Series 2022 fund 126 for \$125,280. This is for the estimated tax note payment for the following capital outlay purchases; Ford F250 Regular Cab for Code Compliance; three Chevy Tahoes for the Police Department; Pneumatic Roller for the Street Department; Excavator for the Street Department; and Bobcat Skid Steer for the Street Department.

**Building Security Fund 025:** Deborah Balli, Finance Director

This fund is used to purchase items related to building security for the Municipal Court. Revenues are generated from convictions and are part of the consolidated court fees. Fiscal year 21-22 estimated beginning fund balance is \$19,892. Budgeted revenues are \$14,500 and budgeted expenditures are \$0 for a fiscal year estimated ending fund balance of \$34,392. Mrs. Balli commented that if something comes along that is needed and staff isn't aware of a budget amendment can be done as there is a fund balance available. She further stated that the proposed revenue budget for fiscal years 21-22 is \$14,500.

**Golf Course Capital Maintenance Fund 026:** Ruben Chapa, Golf Course Manager

This fund is used to account for 3% of budgeted revenues at the Golf Course to be used on golf course capital maintenance. The fiscal year estimated beginning fund balance is \$11,834 with budgeted revenues of \$11,092. Budgeted expenditures are \$20,000 and the fiscal year estimated an ending fund balance of \$2,927. In fiscal year 19-20, there was a major greens maintenance project undertaken and the county contributed \$346,890 in funding. Expenditures for fiscal 21-22 were budgeted for \$20,000 as a placeholder. A specific project has not been identified at this time.

Mr. McLaughlin commented that this will be for the fairways. He further commented that he met with Golf Course Manager and Mrs. Ivy and looked at the current year's budget and early in the year they fund-balanced transferred \$120,000 from one of the Certificates of Obligation 033 and moved it into the Golf Course to make changes at the Golf Course.

**Solid Waste Capital Projects Fund 087:** Bill Donnell, Public Works Director

This fund is used to account for solid waste capital projects through transfers from the general fund. Fiscal year 21-22 estimated beginning fund balance is \$548,063. Budgeted revenues are \$574,200 with budgeted expenditures of \$793,030. Fiscal year estimated ending fund balance of \$330,232. Fiscal year estimated actuals budgeted is \$1,503,705 with activity of \$575,300. Fiscal year 20-21 budgeted revenues included \$930,000 for a capital lease for the garbage trucks which were then purchased through a tax note. Expenditures for fiscal years 21-22 were budgeted at \$793,030 versus \$1,425,450 for the last fiscal year. Annual budgets for rollouts and dumpsters replacement for \$71,900, vehicle maintenance \$77,000, alley and street maintenance for \$50,000, and the capital lease for the garbage trucks and articulated dump truck \$296,550. In the Capital lease, there was a decrease of \$930,000 due to the capital lease for the garbage trucks budgeted in fiscal year 20-21. Fiscal year 21-22 approved supplementals are a one-time dozer undercarriage



rebuild for \$21,643 and a one-time excavator undercarriage rebuild for \$15,154. Transfer to general fund 001 is \$87,707 which includes John Deere Dozer final capital lease payment of \$68,308; dozer tractor & sprocket repair for \$5,549 and water truck repair for \$13,850. Transfer to Landfill Closure fund 090 of \$96,114.12. City Hall's payback payment continues through fiscal year 41-42. Transfer to tax note fund 126 for \$76,962 estimated payment on Wheeled Trash Compactor.

Mr. McLaughlin commented that the 2013 BoMag cost about \$40,000 to \$50,000 per motor per wheel for when the BoMag breaks down.

Commissioner Alvarez stated that for the supplemental requests, the machinery and equipment that were approved, are these the same items that total \$2,403,789.00? Mr. McLaughlin responded yes; this is what was requested but not approved.

Commissioner Torres asked there is a negative amount of \$217,830.12 and asked what this amount was negative.

Mr. Donnell commented that the importance of the compactor is second to our employees. When the compact is being used, it gets 1,2000lbs per square yard, without it goes down to about 700lbs per square yard so we lose airspace almost at 50%. This shows how important this piece of equipment is to the life of the landfill.

Mrs. Balli explained that with regards to Commissioner Torre's question, the revenues that are being budgeted for next year are \$575,200 and budgeting expenditures of \$793,030 which gives you the negative amount of \$217,000. Balli further stated that there is a fund balance of \$548,063. This is how the fund balance goes from \$500,000 to \$300,000 as more expenditures are being budgeted rather than over revenues. She further stated that part of the fund balance is being used for this fund.

Commissioner Torres further asked if this was not a negative amount? Mr. McLaughlin responded that it is a negative if you compare revenues versus expenditures which we already have the money in the bank.

#### **Landfill Closures Fund 090: Deborah Balli**

This fund accounts for the funds needed when the landfill will incur closure and post-closure costs. Revenues are generated from a fee established to pay for these costs. For fiscal year 21-22 the estimated beginning fund balance of \$1,788,672 with budgeted revenues of \$369,164 and budgeted expenditures of \$200,000. Fiscal year estimated ending fund balance of \$1,957,836, and the fund will continue to grow. Mrs. Balli stated that by the time the landfill closes there will be enough money to cover the post-closure cost when that time comes. She further stated that the amount that is needed in the fund balance is calculated by engineers and auditors which is based on how many years are left in the landfill and based on projections on what we think we need to have and how fast we need to get there.

Commissioner Hinojosa asked why the city has to have this fund. Is it a TCEQ requirement?

Ms. Alvarez responded that it is a TCEQ requirement as it is very expensive to close a landfill and even after it is closed you have to have your post-closure expenses and compliance requirements.

Mrs. Balli stated that there are some revenues generated from fees that are established to help pay for some of these costs. Revenue snapshot shows them between \$300,000 and what is proposed for next year's budget is \$273,000. Expenditures are budgeted for \$200,000 which is for a TCEQ Permit requirement.

Mr. Donnell explained the TCEQ Permit requirement by stating that this is for the second phase of the drainage project at the southwest end of the landfill where drainage is sent over where there is existing trash. It will need to be lined and create a swell through there so that drainage can flow through without penetrating the trash. This is calculated at 16,600 square feet at \$132,800. He further stated that there is a vent that needs to be installed for a cost of \$4,500 and then they would need to straighten the access road.

#### **General Fund Capital Projects Fund 091:**

This fund accounts for capital projects approved for each budget. The fiscal year estimated beginning fund balance is \$1,265. Budgeted revenues are \$1,228 with \$0 budgeted for expenditures. The fiscal year's estimated ending fund balance is \$2,494. If there is a need for this money, it can be moved back into the general fund as there are no requirements or restrictions on this money. The budgeted revenue comes from a transfer from CO Series 2016 Fund 033 as a way to close out that fund which is where the \$1,228 came from. There were no expenditures budgeted for this fund for fiscal years 21-22.



**Street Maintenance Fund 092:** Mark McLaughlin, City Manager

This fund accounts for the street maintenance fees collected from property owners. Expenditures for this fund are handled within this fund. Fiscal year 21-22 has a fee increase proposed. This fund was created in 2016 where property owners paid \$5 per month with commercial accounts being billed according to square footage and traffic count. This street user fee brings in about \$802,000 for street repairs for a year. For fiscal year 21-22 the estimated beginning fund balance is \$410,922 less budget amendment, which will be coming forward on August 23<sup>rd</sup>, to move \$140,000 to finish West Sage Road and the second course for Santa Gertrudis from the University to Highway 141 and also to chip seal 6<sup>th</sup> Street from Corral to Business 77. This will leave the funding balance at the end of this year with \$290,000. Budgeted revenues for the new fiscal year are \$1,075,373, with the increase to the Street User Fee, and budgeted expenditures at \$1,046,356. Fiscal year estimated ending fund balance of \$430,939 less budget amendment coming for \$140,000.

A street priority list was given to the Commission showing every street in the city. It shows how each street listed has been scored from a score of 100 being great to 0 being bad. This priority list is for fiscal year 21-22. The Street Priority list is published at the end of the minutes as "Exhibit A".

Mr. McLaughlin stated that there is a proposed fee increase included in the fiscal year 21-22 budget that includes; residential fees increase from \$5 to \$6 per month; Non-residential Tier 1A now divided into 3 tiers, Tier 1A at \$500 which includes 13 properties; Tier 1B at \$250 which include 13 properties; and Tier 1C at \$150 which include 4 properties. The current trip adjustment factor is a 90% discount and is proposed to go to 85%. Expenditures for street work are budgeted at \$896,356. Budget transfers out occur annually for \$150,000 for reimbursement of payroll costs for the Street Construction Crew.

Commissioner Torres asked that for Santiago Lane, located inside Dick Kleberg Park, can Kleberg County assist with the cost of repairs for this street as it was used for the COVID-19 Vaccination clinic? Mr. McLaughlin commented that it is the city's to maintain as per the interlocal agreement where the city is responsible for the park and the park's maintenance which includes the road. Commissioner Torres further asked if any of the federal funding or state funds from COVID can be used for these repairs. Mr. McLaughlin responded no as streets don't qualify as infrastructure.

**Park Maintenance Fund 093:** Mrs. Susan Ivy, Parks & Recreation Manager

This fund accounts for specific park maintenance projects. The general fund annually sends over \$25,000 for this specific purpose. Fiscal year 21-22 estimated a beginning fund balance of \$43,785. Budget revenues are \$25,000 with expenditures of \$54,174. The estimated ending fund balance is \$14,611. The expenditures of \$54,174 comes from the following: minor equipment \$2,000; one-time concrete work on men's restroom \$5,000; one-time electricity pole replacement \$4,000; one-time plumbing upgrade pool restrooms \$5,000; one-time posts & cables for all parks \$12,674; permanent engineered wood fiber for playgrounds \$10,000, which is required to be kept at a certain height; permanent pool & skate park repairs \$5,000; and red dirt for ball fields \$10,500.

**Vehicle Replacement Fire Fund 097:** Juan J. Adame, Fire Chief

This fund is used to accumulate funds for future vehicle purchases for the Fire Department. Fiscal year 21-22 estimated beginning fund balance is \$170,628. Budgeted revenues and budgeted expenditures are \$0. The fiscal year's estimated ending fund balance is \$170,628. Chief Adame commented that this will allow the city to look at vehicles and see if there are any issues with the equipment. It will also allow us to look at what grants are available. Chief Adame stated that in fiscal year 18-19, revenues came partially through the Ambulance Supplemental Grant Program. He further stated that he was supposed to be able to apply again in fiscal year 19-20, but there was some change to the program.

**Economic Development Fund 098:** Mark McLaughlin, City Manager

This fund accounts for the revenues and expenditures related to economic development. Fiscal year 21-22 estimated beginning fund balance is \$33,063. This fund relates to how we have to fund all the different programs in the EDC that transfer out to the general fund and also pays incentive agreements. Budgeted revenues are \$376,000 with budgeted expenditures of \$360,000. The fiscal year's estimated ending fund balance is \$49,063. There are no major changes other than in services where there is an increase in Estimated Tax Incentive Payments. There is a decrease in allocation to the insurance fund. Funds are not having to send in their share of an additional contribution due to the health insurance fund balance.

**Vehicle Replacement Police Fund 105:** Mark McLaughlin, City Manager

This fund is used to accumulate funds for future vehicle replacements for the Police Department which are received through general fund transfers. For fiscal years 21-22, the estimated beginning fund balance is \$10,000. Budgeted revenues are \$10,000 with



budgeted expenditures at \$0. The fiscal year's estimated ending fund balance is \$20,000. This fund was started last year with Police and Public Works. Fire Department already had this fund going. This is a way to start building funds for future vehicle purchases. In this fund, it has revenues of \$10,000 for next year. This fund has only existed for 2 years and has an estimated fund balance of \$20,000. The general fund will continue to make an annual transfer of \$10,000. It will continue to build up until there is enough funding to purchase vehicles. Mr. McLaughlin commented that he has the tax note proposed for the three police vehicles and as the year goes on, he will address it with the Police Chief and see if there is a way to get the motorcycles back in.

**Vehicle Replacement Public Works Fund 106:**

This fund is used to accumulate funds for future vehicle replacements for the Public Works Departments. Fiscal year 21-22 estimated beginning fund balance of \$10,000. The fiscal year's estimated ending fund balance is \$25,261. Revenues for next year \$10,000. This fund has only existed for 2 years and has an estimated fund balance of \$25,261. The general fund will continue to make an annual transfer of \$10,000. These funds will continue to build up until there is enough funding to purchase vehicles.

**Tax Note Series 2021 Fund 115:** Deborah Balli, Finance Director

This fund was used to account for tax note proceeds used to purchase the fiscal year 2021 capital outlay of police vehicles, fire command vehicles, garbage trucks, and gold course backhoe. This fund still has a fund balance due to the status of the garbage trucks. Once all purchases have been completed, this fund will be closed. Fiscal year 21-2 estimated beginning fund balance is \$466,301. Budget revenues and expenditures are \$0. The fiscal year's estimated ending fund balance is \$466,301.

**Property Tax Reserve Fund 120:** Mark McLaughlin, City Manager

This fund is used to accumulate funds to be used to address future budget shortfalls. Funds are transferred from the general fund based on a calculation that is part of the tax rate. The fiscal year estimated beginning fund balance is \$351,435. Budgeted revenues are \$79,885, which is done from previous years as the proposed rate is \$.84 and this fund adds the difference between a baseline of \$.83 and the adopted rate. Budgeted expenditures are \$0. The estimated ending fund balance is \$431,320.

**ARP State & Local Fiscal Recovery Fund 121:**

This is a new fund for the City. The State was to request funding on August 6, 2021, with TDEM. This is a stimulus package that allows for certain types of projects and the City of Kingsville is on track to receive a share of this package. The fiscal year 21-22 budget was based on the initial allocation of half the total amount of \$5.52 million, but we found an updated amount on the TDEM website of \$6.2 million which includes an additional \$752,000 allocated. The amount of money that was entered into the budget is a holding place until specific projects or programs are identified. Fiscal year 21-22 estimated beginning fund balance is \$0. Budgeted revenues are \$2,776,000 with budgeted expenditure is \$544,505. Estimated ending fund balance is \$2,231,495. Mr. McLaughlin stated that the city has three years to spend the ARP money.

Commissioner Alvarez asked if the ARP money has restrictions on how it can be used.

Mr. McLaughlin responded yes, there are certain things that money can be spent on, loss revenue, loss of wages for COVID related reasons, COVID related cost, and infrastructure which is defined as only water, wastewater, and broadband. He further stated that there is a lot of economic incentives that deal with business development, loans, and grants. He further stated that staff has already been thinking about how to put this money to use. Revenues of \$2,776,000 which is 50% of the initial \$5.52 million are budgeted as a holding place. It is anticipated to use these funds for an Economic Development program and or a broadband infrastructure program depending on priorities set by the Commission. Mr. McLaughlin further stated that some of the proposed ideas, which pass the criteria for use of ARP money.

Commissioner Hinojosa asked if this money was to be directly deposited into the city's bank account with no pass-thru through anybody else?

Mr. McLaughlin responded that it will go through TDEM which is the Texas Division of Emergency Management.

Commissioner Hinojosa further asked if the money would go straight to the city's bank account. Mr. McLaughlin responded yes.

Mr. McLaughlin continued with his presentation. He stated that some of the expenditures of the ARP money include a new computer for Building Official & Planning Department for



Software which qualifies as an expenditure through ARP money; \$500,000 Economic Development Grant Program which is the same as the current fund of 202 for the Façade Grant Program. Fund 202 will be going away and with the new Economic Development Grant Program will come new guidelines and applications that will require Commission's approval. Also proposed is \$114,224 for back pay hazardous duty pay for city employees from January through March 2021. The hazardous duty pay is not included in the total of \$544,505, as it was just thought of after the slides were made. Mr. McLaughlin further stated that there are two more fundings that he is not aware of the cost at this time. One is the funding to match with the County for a jobs creation program with Coastal Bend Collect for jet engine mechanics. This will assist Naval Air Station-Kingsville in keeping engine mechanics employed with our base and keep the jets up. The cost for this program is to be determined, although Rolls Royce has already designated some of the engines for the program. There is also funding, which is to be determined, for the engineering study and potential loan match for Wastewater Treatment Plant upgrades, which is the Garver Study.

Mayor Fugate commented that the program with Coastal Bend College is critical.

**Economic Development Grant Program Fund 123:**

This fund has been created to record and manage the economic development grant program that is proposed using ARP funding once priorities have been established by the City Commission. The fiscal year estimated beginning fund balance is \$0. Budgeted revenues are \$500,000 with budgeted expenditures of \$500,000. Fiscal year estimated ending fund balance of \$0.

**General Fund Tax Note Series 2022 Fund 126:** Deborah Balli, Finance Director

This fund is used to account for the tax note proceeds used to acquire the fiscal year 21-22 capital outlay purchases from the general fund of the three police vehicles, Bobcat Skid Steer, Excavator, Pneumatic Roller, Wheeled Trash Compactor, and Ford F250 Regular Cab truck for Code Compliance. The estimated beginning fund balance is \$0, as it is a new fund. Budgeted revenues are \$1,477,722 with budgeted expenditures of \$1,477,722 leaving an estimated ending fund balance of \$0. Revenue of \$1,477,722 includes note proceeds of \$1,275,480; transfer from the general fund of \$125,280 for estimated note payments from all items listed mentioned except for the Wheeled Trash Compactor. Transfer from Solid Waste Capital Projects of \$76,962 for the estimated note payment on the Wheeled Trash Compactor. The expenditures are the estimated costs of the approved capital outlay supplementals. Vehicle estimated cost of \$25,639 for the F250 Regular Cab Truck; Machinery/Equipment estimated cost of \$485,382 for the Caterpillar Wheeled Compactor for the landfill; Vehicle estimated cost of \$193,199 for the three police vehicles to replace the three 2008 vehicles, which are the oldest in the inventory; Machinery/Equipment estimated cost of \$571,260 for the Skid Steer, Excavator and Pneumatic Roller for the Street Department; and principle and interest estimated note payments of \$202,242. Mrs. Balli stated that all amounts are only an estimate.

**CO Series 2016 Fund 033:**

This fund is used to account for the transactions of the CO Series 2016. This fund will be closed in fiscal year 21-22. Fiscal year 21-22 estimated beginning fund balance \$1,128. Budgeted revenue is \$100 with budgeted expenditures of \$1,228. Fiscal year ending fund balance \$0.

**CO Series 2013 (Streets) Fund 067:**

This fund is for Streets. Fiscal year 21-22 estimated beginning fund balance \$29,017. Budgeted revenues \$0. Budgeted expenditures \$29,017 which will transfer to fund 092 Street Maintenance Fund to close out the fund. Fiscal year estimated ending fund balance \$0.

**General Obligation (G.O.) Debt Service Fund 011:**

This fund is used to account for the payment of the general fund debt service. Revenues are generated from the I&S portion of the Ad Valorem Taxes. Fiscal year 21-22 estimated beginning fund balance \$400,044. Budgeted revenues \$1,667,096 and budgeted expenditures \$1,602,249. Fiscal year estimated ending fund balance \$464,891. Fiscal year 19-20 activity was substantially higher than budgeted due to a bond refunding that occurred mid-year, which was not known when the budget was adopted. Market conditions became favorable for this refunding. The additional revenues were the bond proceeds of the refund. Expenditures for the debt service payments for the outstanding tax-supported bond issues for the general fund and include 2013 CO Series; 2016 CO Series; 2020 Limited Tax Refunding Series; 2021 Limited Tax Refunding Series; 2021 Tax Note Series; and Paying Agent Fees which incur when we did the actual payments.

**Tourism Fund 002:** Janine Reyes, Tourism Director

Revenues are received from Hotel Motel Occupancy Taxes and expenditures are spent based on State guidelines. Fiscal year 21-22 estimated beginning fund balance \$440,385.



Budgeted revenues \$638,650 with budgeted expenditures \$698,898. Fiscal year estimated ending fund balance \$380,137. For the fiscal year the estimated actuals at \$552,836. Personnel changes in this fund include a 3% COLA and \$2 per month per year of service longevity increase as well as some anniversary increases. Special Events/Downtown upgraded to exempt Class 8 and part-time Maintenance Worker, which was not utilized, changed to part-time Customer Services Representative II. Supplies have an increase in supplies, uniforms, merchandise cost of goods sold. Services have an increase in professional services, special events & festivals, printing & publishing, training & travel, and memberships & dues. Services have a decrease in communications, contractual services, utilities, advertising, and museums. Maintenance has an increase in sign wayfinding, grounds & permanent fixtures with a decrease in an operating lease. Leases have a decrease in operating lease. Capital outlay has an increase in building. Supplemental approved, Maintenance in Sign Wayfinding one-time additional signs for \$20,492; Maintenance grounds & permanent fixtures one-time AC Repairs \$11,000; Maintenance grounds & permanent fixtures one-time garage door & dormers \$29,282; and capital outlay, building, one-time parking lot for Visitor Center \$150,000. Ms. Reyes commented that the one-time AC Repairs and the one-time garage door & dormers are for the Train Depot. Transfers to fund 001 of \$35,000, an annual allocation which takes care of administration services by divisions such as City Manager, Finance, Human Resources, IT, Facilities, etc.

Commissioner Alvarez asked if the revenues are projected at \$638,000 with expenditures of \$698,000, how can this be? Ms. Reyes responded that this is the capital outlay where they will be using part of the fund balance which will cover upgrades to the parking lot and fix the depot as well as keep the department going for the year.

Commissioner Torres asked if the expenditures include the new position? Ms. Reyes responded yes.

**JK Northway EDA Fund 203:** Mark McLaughlin

This fund has had no activity this year but should pick up this next year. Mr. McLaughlin further stated that he has reminded the County Judge that for any of the EDA Grant expenditures, the city is in at \$557,000 balance of committed funds, the city will need to see what those expenses are and have them approved by the City Commission.

Commissioner Hinojosa commented that he hopes that the City Commission does not approve them until the State approves those expenditures.

**PD State Seizure Fund 005:** Ricardo Torres, Police Chief

This fund is used to account for revenues and expenditures resulting from State seizure awards. Fiscal year 21-22 estimated beginning fund balance is \$883,319. Budgeted revenues are \$1,200 with estimated expenditures of \$356,343. Fiscal year ending fund balance of \$528,176. Chief Torres stated that due to the grants received they have to pay for licensing which totals to about \$150,000. He also stated that they recently received 55 body cameras to replace the current body cameras which was a lengthy process with the Department of Justice to get those. Changes in this fund include an increase in supplies for minor equipment, and computers & association equipment. Services have an increase in professional services and subscriptions. Capital has a decrease in building due to prior year supplemental for weight equipment.

Mayor Fugate asked if anything was pending with the District Attorney's Office Chief Torres responded no, but they have had a seizure of \$280,000 and are waiting to be awarded.

Commissioner Alvarez asked for the status of the canopy.

Mr. McLaughlin responded that the initial estimates came in at \$275,000 which will be all general fund, so therefore it is being postponed.

Commissioner Alvarez then asked if the seizure money could be used for this?

Chief Torres responded yes, but they are so low on funds at this time that they are being very frugal. He further stated that this is something that is needed as one vehicle costs about \$63,000, fully equipped.

Mr. McLaughlin stated that as the fund balance grows through the year in the general fund a budget amendment will be brought for approval, not for all vehicles, but for some, try to do a bit at a time.

Commissioner Torres asked with regards to subscriptions, does this refer to licenses?

Chief Torres responded that it includes licenses and software subscriptions.



**PD Federal Seizure Fund 028:**

This fund is used to account for revenues and expenditures resulting from federal seizure awards. Fiscal year 21-22 estimated beginning fund balance is \$111,266. Budgeted revenues are \$75 with budgeted expenditures of \$30,000, which comes from impressed funds used for undercover operations. The fiscal year's estimated ending fund balance is \$81,341.

Commissioner Hinojosa asked if yearly audits are performed on the federal seizure fund?

Chief Torres responded that occasionally they are done, but not enough where it has been an issue for the Police Department.

**Municipal Court Technology Fund 031:** Deborah Balli, Finance Director

This fund is used to provide for the technology needs of the Municipal Court. Revenues are generated from consolidated court fees. Fiscal years 21-22 estimated a beginning fund balance of \$40,779. Budget revenues are \$13,000 with expenditures are \$8,900. Fiscal year estimated ending fund balance of \$44,879. Expenditures of \$8,900 for professional services for notification calls and copier lease for Municipal Court.

Mr. McLaughlin commented that this fund had a larger expense this year but hasn't done it, therefore we will be carrying over a sizable fund balance that wasn't spent this year.

**Law Enforcement Off Stand Fire Fund 010:** Juan J. Adame, Fire Chief

This is a small fund awarded to the Fire Department. The fund is used to record the allocation from Law Enforcement Officer Standards and Education. A fund must be used to ensure the continuing education of personnel or to provide necessary training as determined by the agency head. The fiscal year estimated beginning fund balance is \$0. Budgeted revenues are \$2,656 with budgeted expenditures of \$2,656 leaving the fiscal year estimated fund balance \$0. Chief Adame stated that a determination of how it will be spent will be made.

Mr. McLaughlin asked if this could be used for the basic TCOLE license for the Fire Marshall. Chief Adame responded yes.

**Stonegarden Fund 016:** Ricardo Torres, Police Chief

This fund is used to account for the Operation Stonegarden grant. This is a year-to-year grant that is in conjunction with Kleberg County. The amount received can range from \$90,000 to \$170,000 in overtime funds. Torres further stated that there is an extra \$62,000 for vehicles. For the last three years, they have been able to fund an additional four units. One unit is on order at this time along with the other police units, but due to a shortage of computer chips, the delivery of units is delayed. Chief Torres further stated that he also has fund 009 which brings in about \$3,200 from the Comptroller's Office for training such as the Police I Academy. Chief Torres stated that the police department currently has an application for Operation Border Star where they have applied for \$78,000. This grant has not been awarded yet.

The fiscal year estimated beginning fund balance is \$0. Budgeted revenues are \$90,000 with budgeted expenditures at \$90,000 leaving an estimated ending fund balance of \$0. Revenues of \$90,000 from grant funding award. Expenditures of \$90,000 for overtime and associated benefits of \$28,000 and vehicle for \$62,000.

**Texas Parks & Wildlife Grant Fund 094:** Susan Ivy, Parks & Recreation Director

This fund is used to account for the Texas Parks & Wildlife Grant for improvements to Dick Kleberg Park and includes playgrounds, interpretive signage/kiosks, sensory garden, and wheelchair maze, picnic tables and shelters, exercise equipment, ballfield renovations, multipurpose field renovations, and grant signage. The fiscal year estimated beginning fund balance is \$0. Budgeted revenues are \$265,968 with budgeted expenditures of \$265,968 leaving an estimated ending fund balance of \$0. Mrs. Ivy stated that she is hoping to close out this grant next year. The deadline for closure is the end of June 2022. She further stated that they have completed 74% of the projects in the grant. Most of this money went in for the shade structure over the playground at Dick Kleberg Park for a cost of \$149,000 of the \$448,000 grant. The renovation of the ball fields is almost complete for a budget of \$176,000. Irrigation at the multi-purpose soccer/football field will be put in as well as the purchase of picnic tables. There is also a circle of exercise equipment that will be purchased which will be placed in the playground area. There will be shelters around the trail installed and some permanent signage that is required at the end of the grant. Those projects will be completed by March or April of 2022.

Commissioner Torres asked what is the D. Lopez history of baseball?



Mrs. Ivy responded that D. Lopez is for Donovan Lopez who wrote a book about the King Ranch Baseball Team that was in Kingsville many years ago. He is contributing photos and history to the Kiosk that will be located near the baseball fields.

**Nat'l Trust for Historic Preservation Grant Fund 095:** Deborah Balli Finance Director  
In fiscal year 18-19, the city received a CLG grant for \$20,000 that had a \$20,000 cash match requirement for the design guidelines of the local historic district. In fiscal year 18-19, the National Trust for Historic preservation granted the city \$5,000 to be applied to the \$20,000 cash match of the CLG grant. Both grants have been completed and this transfer needs to be done to close out this fund. Fiscal year 21-22 estimated beginning fund balance is \$5,000. Budgeted revenues are \$0 with budgeted expenditures at \$5,000 which will transfer to the general fund to close this fund. The fiscal year ending fund balance will be \$0.

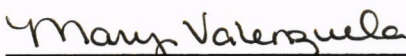
With this being the last fund presented for this workshop, Mr. McLaughlin mentioned the upcoming funds for the next budget workshop scheduled for August 23, 2021.

#### **VI. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 6:40 P.M.

  
Sam R. Fugate, Mayor

#### **ATTEST:**



Mary Valenzuela, TRMC, CMC, City Secretary