

JUNE 27, 2022

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, JUNE 27, 2022, IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 5:00 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:

Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
Kyle Benson, IT Manager
Derek Williams, IT
Ricardo Torres, Police Chief
Emilio Garcia, Health Director
Juan J. Adame, Fire Chief
Deborah Balli, Finance Director
Uchechukwu Echeozo, Director of Planning & Development Services
Janine Reyes, Tourism Director
Bill Donnell, Public Works Director
Charlie Sosa, Purchasing Manager
Rudy Mora, Engineer

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 5:00 p.m. with all five City Commission members present.

INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)

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

MINUTES OF PREVIOUS MEETING(S)

Regular Meeting - May 23, 2022

Regular Meeting - June 13, 2022

Motion made by Commissioner Lopez to approve the minutes of May 23, 2022, and June 13, 2022, as presented, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Hinojosa, Alvarez, Lopez, Torres, Fugate voting "FOR".

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

Ms. Courtney Alvarez, City Attorney commented that the next City Commission meeting is scheduled for July 11, 2022. Agenda items for this meeting are due no later than Wednesday, June 29th. The city will be closed on Monday for the 4th of July holiday.

Commissioner Torres commented that she recently attended the Civilian Response Active Shooter Training, trained by Kingsville Police Department Capt. Daniel Gonzalez. She further commented that not only should this training be mandatory for all city employees but should be shared with other businesses and the community. This is a very important training that should be shared with all. Commissioner Torres further commented that Capt. Gonzalez gave a very well presentation on the active shooter topic.

Commissioner Alvarez commented that she attended the Council of Governments meeting on Friday, June 24, 2022, where they approved a resolution for one additional employee to the Kingsville Police Department.

Mayor Fugate and Ms. Janine Reyes, Tourism Director announced events that would be occurring this upcoming weekend in Kingsville, in celebration of the 4th of July holiday.

Commissioner Torres read and presented a proclamation to Venado District Scouts Unit 811, the first group of young ladies to the Venado District Scouts, Alexandria Rios, Trinity Freeman, Rose Davis, Sophie Gonzalez, and Eva Cruz.

IV. Public Comment on Agenda Items.³

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

Mrs. Mary Valenzuela, City Secretary read the following public comment on behalf of Mr. Lance Hamm, 912 South Creek. As of today, the 27th of June 2022, I have not received a formal response to my complaint other than the City Manager emailing me that the city staff was working on a response to my complaint. In reference to Item 23, Regular Agenda, in today's notice for the Kingsville City Commission meeting, I am in favor of the City of Kingsville adopting a formal Grievance Procedure similar to that which the City of Corpus Christi has adopted through their Ethics Committee/Ethics Complaint (link: <https://www.cctexas.com/services/general-government/ethics-complaints>). I know that my complaint to the city has not been the only complaint. It would be interesting to know how many complaints have not been answered over the years. Integrity is listed as a core value of the City of Kingsville. Integrity: "We will safeguard public trust by ensuring that our actions are consistent with our vision, mission, and core values. We are dedicated to a standard of values that promotes honesty and ethical behavior. We will treat our customers, as we would want to be treated and deliver the highest level of customer service possible." An adoption of a City of Kingsville Grievance Procedure, in my opinion, would strongly compliment the City's core value of "Integrity" and will result in the City's customers being treated fairly and treated as the City Commissioners and City Staff would want to be treated. Respectfully, Lance D. Hamm.

Mr. Terry Fitzwater, 5151 Hwy 77 South, commented that he would like to present the city commission with the newly printed Explore Kingsville and the greater Kleberg County areas magazine. Mr. Fitzwater further commented that he would like to thank Ms. Janine Reyes and Mr. Chris Maher for their assistance in putting this magazine together.

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 Lopez to approve the consent agenda as presented, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Alvarez, Lopez, Torres, Hinojosa, Fugate voting "FOR".

1. Motion to approve final passage of an ordinance amending the Fiscal Year 2021-2022 budget to accept and expend a donation from Other's First for firefighting equipment. (Fire Chief).

2. Motion to approve final passage of an ordinance amending the Fiscal Year 2021-2022 budget to increase the Park maintenance motor gas & oil budget due to rising costs. (Parks Director).

3. Motion to approve final passage of an ordinance amending the Fiscal Year 2021-2022 budget to accept and expend donations from the Kleberg County Attorney Task Force for healthy family events. (Parks Director).

4. Motion to approve final passage of an ordinance amending the Fiscal Year 2021-2022 budget to expend Tourism ARP funding for office furniture. (Tourism Director).

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

5. Presentation and discussion regarding a proposed Public Improvement District (PID) in the City of Kingsville. (City Attorney).

Mr. Dan Martinez, Winstead PC, City of Kingsville Bond Counsel stated that in part of the development community there are several tools authorized by the State to help communities and developers work together with developments in their communities. There are several different types of entities that can be created to help benefit communities as well as developers in terms of covering certain costs of the development themselves. Mr. Martinez stated that today's item is to explain the process and allow the commission to ask questions. Mr. Martinez stated that this is a project that is through the city and requires the city's consent and if it gets to a state where bonds are issued to cover some of this development, it will be at no cost to the city. The city's consultants are not covered by the city. There is no cost or issue to respect the city's credit or the ability to borrow money.

Ms. Melissa Killen, Law Firm from San Antonio made a PowerPoint presentation regarding Public Improvement District (PID) project. The location of this property/project is off General Cavazos Blvd. and bounded by Brahma Blvd. and E. Trant Road. It is being proposed to build 270 homes with a price point of about \$260,000. She stated that this is a portion of the property that is commercial.

Mr. McIlwain, Somerset Land Co. explained the type of commercial that will be placed in this area. He stated that they have a project like this in Sinton but on a larger scale as they developed on 1,275 acres and have been annexed into the City of Sinton. He further stated that he pledges to the City of Kingsville that a good portion of the money that is received from the bonds will be to reduce the cost of the lots and thereby the housing. In doing this they were able to attract the nation's largest home builder, D R Horton to come in and purchase every one of his lots in Sinton. He further commented that the way this works is that the attorneys for both sides will look at what the property value will be after its development and determine an amount of money in bonds that can be sold to offset some of the cost of public infrastructure roads, water, sewer, and electric. An assessment will be placed on the individual lots and homes to pay for this and there will be no cost to the city. He further stated that what they did in Sinton was that they had a fund with \$25,000 and utilized it then moved forward and replenished it. He stated that from start to finish with the City of Sinton, they made applications for a PID District in December 2019 and were accepted in the early part of 2021. He further stated that they were able to sell a \$28 million bond issue in January of this year. Mr. McIlwain spoke further about the project in Sinton. The PID bonds provide upfront and or reimbursement financing capability secured by a lien on the benefited land. The city may issue debt for the PID but does not pledge or encumber any city funds. This will not impact a city's credit rating as mentioned by bond counsel. A PID provides an ongoing revenue source for recurring reimbursement and/or operation and maintenance needs. Some of the PID authorized and eligible improvements include streets, sidewalks, water, wastewater, and drainage facilities, public safety and security services, health, and sanitation amongst other services. The city can negotiate some areas of the development as to how they would like the area to look to go with the look of the city. PID benefits to the city are development pays for itself, accelerates the timing of the development, PID debt is non-recourse to jurisdiction, has no impact on bond rating or bonding capacity, and allows the city and developer to agree to development standards. Benefits for the property owner cost certainty through fixed nature of assessments even if property values increase, the finite life of obligations due to fixed term of PID, ultimate flexibility as assessment can be prepaid without penalty at any time, no impact on "my property" by actions of others, and enhanced amenities for the higher quality community.

Commissioner Alvarez asked if the total acreage was 74 acres? Mr. McIlwain responded that it was 74 acres.

Commissioner Hinojosa asked if the average home price included the lot and home? Mr. McIlwain responded that it was the price for a finished product.

Commissioner Torres asked if this subdivision would have a Homeowners Association (HOA)? Mr. McIlwain responded that there will be an HOA. She further asked if there is an area near a church, and will it impede the church? Mr. McIlwain responded no, as that property is currently owned by Harrel Nix. He further stated that he is not sure what they would be doing with that, but the primary reason to purchase that would be to have access to General Cavazos. He also stated that they can get about 15 to 18 single-family lots in that area, but he just got this under contract on Thursday, so they are exploring the different options and is not aware if there is a need for any type of commercial property usage at this time. He also stated that this property is zoned C2 at present, but he will need additional time to be able to get more concrete information.

Mayor Fugate commented that this will not cost the city any money upfront and there is no commitment from the city. This will not affect the city's bond abilities and does not affect the city.

Mr. Don Gonzales responded that this was correct, the city will not be affected in any way.

Mayor Fugate asked if there will be a tax abatement when the property was sold.

Ms. Killen responded that it would be an assessment fee to the homeowners. When the property owner purchases their property and home, they receive a disclosure, as per Texas Law, that states that they are purchasing the property within a public improvement district and will be assessed a rate that is determined by a formula. This will allow the purchasers ahead of time that there is an assessed rate. The money collected from the assessment rate will then goes towards the bond that was issued at the beginning to pay for all the infrastructure. Ms. Killen stated that what it comes down to is a development paying for itself. The city does not have to do anything else other than creating a public improvement district.

Mayor Fugate asked if this would affect the city's ad valorem taxes? Ms. Killen responded no.

Mr. Dan Martinez stated that the assessment that is being referred to is only within the PID and does not affect anyone else in the city. Property owners within the PID will continue to pay their normal property taxes with the inclusion of a PID assessment fee. He further stated that the benefit for the city from this project is the growth the city will be receiving. The growth will provide additional taxes to the city, county, and other taxing entities.

Mayor Fugate commented that Mr. Manny Salazar had completed a housing study for our community and further asked Ms. Alvarez for the results of that study. Ms. Alvarez responded that she was not given any information on a housing study. Mayor Fugate further commented that maybe the city can have Mr. Salazar report at the next commission meeting on the housing study. He further stated that what is being asked for today, is what the housing study shows is needed for this community.

Commissioner Hinojosa asked how the bonds would be paid and who will determine the values for these properties?

Mr. Martinez responded that the bonds will be paid through the assessments. He further stated that you can only assess so much because it can drive your tax rate up. No one will want to come into a new development and have a high tax rate plus an assessment.

Commissioner Hinojosa commented that the city would not be responsible for this bond. Mr. Martinez responded that this was correct, it is solely payable through the assessment.

Mr. McIlwain explained how the City of Sinton went through the same process that is being asked from the City of Kingsville.

Mayor Fugate asked Mr. Don Gonzalez from Estrada Hinojosa if this would be similar to the city asking to borrow money and not having to go to the Attorney General?

Mr. Gonzalez responded that when the city borrows money for its bond issue everything must be approved by the Attorney General's Office as well.

Ms. Killen stated that the funding method they are proposing is a Public Improvement District (PID). She further stated that this is a great tool for this type of project, and the city is not under obligation and does not affect the city's credit rating. This is a development that will be paying for itself. She further explained that the homeowner will need to pay an assessment and that assessment goes into a pool of money that pays back the bonds. This would be for a definite amount of time, 20 or 30 years. The city's financial advisors will let them know what length of time can be whether it's 20, 30, or 40 years. Once the time is over, then they will pay their regular city and county taxes. She further stated that the city can issue debt for the PID, and it does not pledge or encumber any city funds and does not impact a city's credit rating. She also stated that some of the items that the PID is authorized to pay for are our streets and sidewalks;

water, wastewater, and drainage facilities; public safety and security services, health and sanitation; acquisition of rights of way; art installations; creation of pedestrian malls; erections of fountains; landscaping and other aesthetics; library facilities; mass transit; park, recreation, and cultural facilities; parking facilities; acquisition, renovation and/or construction of affordable housing; and formation, administration and operation expenses. She further stated that what happens is that the developer enters into an agreement with the city where the city can have some say in the development of this subdivision, as to what the city would like it to look like now and in the future. She further stated that the PID Assessment is converted to a tax rate equivalent and added to overlapping taxes. She further stated that an example would be the City of Kingsville 0.840000, Kleberg County 0.771870, Kingsville ISD 1.518900, and South Texas Water Authority 0.082426 with an existing tax rate of 3.213196 with an example of PID Annual Assessment of 1.00000 for a net total tax rate equivalent to 4.213196, paid by the property owner which is collected through the Appraisal District. She further stated that to make this affordable, what they are proposing is adding a TIRZ on top. She further gave an example of a TIRZ. The example, if you take a piece of property that is vacant and it pays taxes of \$100 per year, once the homes are built on the property the value will increase. So now each house is \$200 which is an increase of \$100 for the city. She further stated that what they will do is take half of that amount which is \$50 and place it into the bond fund, to lower the amount that the homeowner will have to pay. The city will still see a net increase of half, for example, \$100 plus 50% and at the end of the PID, the city receives the full amount. She stated that the city would not be out anything upfront and there is a fund that they will put money into and pay for the consultants and the development pays for itself and it will give the city an increased tax base, half of that will go back to pay and lower the amounts the homeowner will have to pay so that they are not so burdened. She further stated that at the end of the term, the city will get the full tax amount.

Mr. Martinez commented that this revenue is helping to pay for this infrastructure. The infrastructure gets conveyed to the city, it will be city property at the end of the term, but it will be the homeowners that will be paying for the PID. He also stated that a benefit for the PID is the development agreement. This will allow the city's presenters to negotiate the development agreement, as they cannot do whatever they want. City codes will be followed and input from the commission as to how they would like the city to look will be considered. Mr. Martinez further stated that this is a private/public partnership that allows the city to give its input without being responsible.

Ms. Killen stated that in the example that was given earlier, the rate was 4.2 then overlay the TIRZ they will get a discount of .42 so the rate will become 3.8. Property owners will get the disclosure at the signing of their home documents making them aware of the extra fee that will go towards the infrastructure.

Commissioner Hinojosa asked if the developer will be asking the city to waive building fees?

Ms. Killen responded that they are not contemplating asking for any waiver of fees. They are intending on paying all city fees for permitting, inspections, and any other fees the city may have. Ms. Killen continued with her presentation and stated that the next step would be for them to formally submit a petition to the City Secretary. The City Commission would have to accept that petition and then schedule a date for a public hearing. She further stated that once the petition is submitted and it gets accepted with the setting of a public hearing date, notices will then go out. They will notify the property owner by mail and submit a notice to the local newspaper notifying the public of the public hearing scheduled. She further stated that they will also be entering into the professional services agreement where the developer will pledge \$25,000 to cover the city's expenses, as the city should not have to pay to go through this process. The money will be put into a fund that will be handled by the city's Finance Department and so whoever looks at this analysis, City Attorney, Bond Counsel, or Financial Advisor they will get paid from this fund. When the fund gets to a low point, they will replenish it. She further stated that then they will do the development agreement. This agreement will state how the development of the project will look like and what the obligations are or if there are any restrictions or any give and take. She further stated that then, the Commission will accept a TIRZ Petition, Preliminary Financing Plan, and set a public hearing date. The Commission holds the public hearing on TIRZ then they will consider designating a reinvestment zone. Once this gets to the end, it will be submitted to the Attorney General and they will review it. Ms. Killen stated that this is a very transparent process with a lot of steps with the Commission being kept informed during the process.

Commissioner Torres asked if this was going to be a deed-restricted community?

Mr. McIlwain responded that the Homeowners Association (HOA), D.R. Horton, will set up its rules and regulations for the homeowners.

Ms. Killen responded also that not in the individual deed but would probably reference what they call CCRs, Covenants Codes Restrictions, which are usually with the HOA. In the past couple of legislative sessions, the legislature came down on HOA's and have multiple steps in public comments and public disclosures that they would have to give to their members, which are listed on the HOA's website.

Mayor Fugate commented that most of the regulations will be coming from HOA and not coming through deed restrictions.

Mr. Martinez stated that part of the agreement will be that it will be required to have an HOA as we wouldn't want them to come and then leave and the area goes down. We want it to be a nice community that the city wants and have it attractive to new home buyers. The development agreement will also benefit the bonds as the bonds will be out there for 30 years, and we would want that community to be maintained over that time.

Commissioner Torres asked if the developer would pay the HOA? Mr. Martinez responded that the homeowners would pay their HOA fees, but it's the developer's responsibility to make sure that one is set up, which in this case will be D. R. Horton Builders.

Commissioner Hinojosa asked if this would be a gated community. Mr. McIlwain responded no.

Mr. Martinez also responded by stating that it could not be a gated community as all these are public improvements that are required by law, and they are public improvements that are conveyed to the city.

Mr. Gonzalez commented that if he was in the commission position, there are a few things that he would want to know. One is that in setting this up the city maintains some control without having the debt or liability that is associated with the project. The second important thing is that you would want to have experienced people that have done this before involved such as the developer and builder. Once the home builder purchases this land then they become the one that will be assessed. If they don't build on it they will be paying on that assessment for years to come. He also stated that what the builder would want to do is convert that assessment that they would be paying on that property into a constructed home and then sell it for some type of profit. One other important factor is that there will be a much deeper level of due diligence that will need to be done. He also stated that that level of due diligence will need to come down to not only the estimated price of these homes but what is the timetable over which they will be constructed. The sooner you put a value on the ground, the sooner you will have those assessments coming in, and the bondholders will know that they will get paid back. He also stated that the ability to be able to overlay the TIRZ over the PID district will provide an additional layer of protection as the home builder will want to be incentivized to build those homes to get them constructed and sold. With this happening and assuming that the city is willing to part with 50% of that value for a certain period of time, you will get that value increase right as the development is occurring. The other good part is that at the end of the term of the PID and TIRZ the city gets 100% of the value and 100% of the infrastructure that was put in by the developer. The city gets all of this without liability. The liability goes to the owners of that property and does not fall on the city. The liability never transfers to the city and the city will know that those assets will convey to the city at a certain point in time.

Mayor Fugate stated that this is a reflection of the city and the good work that the staff has done, and no other city nearby is getting one of these. He further asked why Kingsville?

Mr. McIlwain responded that Sinton and Odem are two other cities that they are working with. No one else is doing this as they haven't had the opportunity to do it. The reason D.R. Horton chose Kingsville is that by building affordable housing that is \$25,000 less, the people will be willing to drive the extra 30 minutes or so.

Commissioner Hinojosa stated that it was mentioned that the properties will be secured by the tax rate, but will it also be secured by the land itself and all those houses in case the bonds are not paid?

Mr. McIlwain responded that if the bonds are not paid, it falls back on him, falls back on who owns the property. If the bonds weren't paid they would go to the tax accessor to foreclose, just as if anyone else hadn't paid their taxes.

Mayor Fugate commented that it is important to this commission to have Mr. Manny Salazar do a presentation on his housing study. This will show how Kingsville is in a shortage of homes at this time.

Ms. Killen commented that PID is a hot topic at this time and at the TML Annual Conference in October there will be a seminar that will be available for attendees.

Ms. Alvarez commented that she attended a virtual Land Use Conference provided by UT and attended Texas City Attorney's conference where it is always mentioned that PIDs are much preferred over MUDs.

6. Consider final passage of an ordinance amending the Fiscal Year 2021-2022 budget to appropriate funding for the parking lot preparation and hot mix overlay of the west, east, and north parking areas at the JK Northway. (City Manager).

Motion made by Commissioner Lopez to approve the final passage of an ordinance amending the Fiscal Year 2021-2022 budget to appropriate funding for the parking lot preparation and hot mix overlay of the west, east, and north parking areas at the JK Northway, seconded by Commissioner Hinojosa.

Commissioner Hinojosa stated that at a previous meeting Kleberg County Judge Rudy Madrid committed county funds if the project was over \$158,000. He further asked if a Memorandum of Understanding (MOU) between the City and Kleberg County would be drafted? Commissioner Hinojosa further commented that he wants to hold the county responsible for its part of this project. Ms. Alvarez responded yes.

Commissioner Torres asked if the Commission would be approving this item, before receiving an MOU?

Ms. Alvarez responded that all the budget amendment does is allocates or encumbrance funds. This does not mean that city staff will be releasing the funds, as the document would have to be in place before funds are released.

Commissioner Alvarez asked if the document would be presented to the city commission for a vote?

Ms. Alvarez responded that the Commission will not need to vote on the allocation of the funding, the commission will be voting on a resolution to approve the interlocal agreement between the city and the county for the parking lot project.

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

7. Consider final passage of an ordinance amending the Fiscal Year 2021-2022 budget to appropriate funding for the parking lot study and phase 1 buildout of parking areas around the baseball fields at Dick Kleberg Park. (ARP Funds) (City Manager).

Motion made by Commissioner Torres to approve the final passage of an ordinance amending the Fiscal Year 2021-2022 budget to appropriate funding for the parking lot study and phase 1 buildout of parking areas around the baseball fields at Dick Kleberg Park. (ARP Funds), seconded by Commissioner Alvarez.

Mayor Fugate commented that he will be voting for this item, but it is not a way to start a project for the city. The \$150,000 will not come close to what is needed out there. He further stated that when something like this comes up, the commission needs to speak with staff and allow staff to come up with a plan and then present that plan to the commission, and not to come up with a dollar amount of \$150,000 that is not connected to anything. Mayor Fugate further commented that he would like to see these funds go into city streets, but it is obvious to him that the majority of the commission wants this to happen therefore this is what is going to be done. He also stated that in the future he asks that the commission visit with staff on any projects they would like to see done.

Commissioner Lopez commented that when something like this is done, the commission allows staff to locate the funds and make presentations to the commission on those projects. She further commented that she is all for the parks getting fixed, but the commission needs to go to the city manager and see what he will present to the commission. Commissioner Lopez further stated that she is not sure what could be done with \$150,000.

Commissioner Torres commented that this was something that had been addressed with the city manager three times via telephone, person, and email, to which she has emails, so if this had been something that had been addressed, as Commissioner Lopez and Mayor Fugate just mentioned, then she wouldn't have had to bring it up. Commissioner Torres further stated that there have been several things that she has asked and spoken to the city manager about, to where now she has started to email the city manager as she wants proof of it. She further commented that this is the reason why it came up.

The motion was passed and approved by the following vote: Torres, Hinojosa, Alvarez, Fugate voting "FOR". Lopez voting "AGAINST".

8. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances Chapter VII, Article 6, Traffic Control Devices; providing for the restriction of parking during certain hours on both sides of East Ailsie Ave. from 14th Street to Shelly Blvd. and on both sides of East Kenedy Avenue from 17th to 18th Streets. (City Engineer).

Mr. Rudy Mora, City Engineer commented that this request was received from the Kingsville Independent School District (KISD). He further commented that at this time, he will need to reschedule the introduction of this ordinance due to recent changes from KISD.

Commissioner Alvarez stepped away from the dais at this time.

Commissioner Hinojosa asked that instead of having KISD pay for the signage being requested, can the city waive those costs?

Mayor Fugate commented that he didn't see a problem with waiving the fees for these signs.

Commissioner Lopez commented that she had a conversation with Mr. Mora, and it will not be that many signs as certain things were not correct and further stated that she also agrees with helping out KISD regarding waiver of signage fees.

No further discussion or action is taken.

9. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to provide funding for Storm Water Manhole Rehabilitation. (City Engineer).

Mr. Mora stated that the purpose of the budget amendment is to rehabilitate eight existing brick manholes with an interior geopolymer liner and construct sloped benches and inverts. The manholes are located on Armstrong Street between W. Kenedy Ave. and W. Santa Gertrudis Ave. This rehabilitation will prevent deterioration of the existing manholes and allow for proper storm water drainage through the existing conveying system.

Introduction item.

10. Consider authorizing Stormwater Manhole Rehabilitation Project to Vortex Companies via BuyBoard, as per staff recommendation. (City Engineer).

Motion made by Commissioner Hinojosa to authorize the Stormwater Manhole Rehabilitation Project to Vortex Companies via BuyBoard, as per staff recommendation, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Hinojosa, Lopez, Torres, Fugate voting "FOR".

11. Consider a resolution authorizing the City Manager to execute a letter Agreement with the King Ranch for Use of their Running W Trademark in the Fire Department Shield. (Tourism Director).

Ms. Janine Reyes, Tourism Director stated that the Kingsville Fire Department has been in the process of redesigning its patch for placement on uniforms and shirts. The Fire Department has requested the use of the Running W to incorporate the city's history and create a more uniform appearance that aligns with the Kingsville Police Department. This resolution will authorize a letter of agreement for permission to use the King Ranch Running W on the city logo as specified in the agreement.

Motion made by Commissioner Lopez to approve the resolution authorizing the City Manager to execute a letter Agreement with the King Ranch for Use of their Running W Trademark in the Fire Department Shield, seconded by Commissioner Hinojosa. The motion was passed and approved by the following vote: Lopez, Torres, Hinojosa, Fugate voting "FOR".

12. Consider a resolution authorizing the City Manager to execute a letter Agreement with the King Ranch for Use of their Running W Trademark in the Police Department Shield. (Tourism Director).

Motion made by Commissioner Torres to approve the resolution authorizing the City Manager to execute a letter Agreement with the King Ranch for Use of their Running W Trademark in the Police Department Shield, seconded by Commissioner Hinojosa. The motion was passed and approved by the following vote: Lopez, Torres, Hinojosa, Fugate voting "FOR".

13. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget for increased credit card fees. (Finance Director).

Mrs. Deborah Balli, Finance Director stated that credit card fees are trending to reach \$123,000 on a \$98,000 budget, thus a \$25,000 budget amendment is being requested.

Introduction item.

14. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to provide funding for the debt service payment from Fund 087 for the solid waste equipment purchased through 2021 and 2022 Tax Notes. (Finance Director).

Commissioner Alvarez returns to the dais.

Mrs. Balli stated that the garbage trucks were purchased through the 20-21 tax note. The final cost and delivery of some of the trucks have already been taking place, therefore staff can now do the proper allocation. She further stated that for the 2022 Tax Note, it was budgeted the actual Tax Note payment in the Tax Note fund and needs to go over to the debt service to make the actual payment.

Introduction item.

15. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to appropriate funding for 50% of the renovation costs of the golf course remaining 15 greens and the putting green. (Parks Director).

Mayor Fugate stated that they have redone 3 greens at the golf course and with the County Judge being a golfer, he has offered for the county to pay for half of the greens to get redone.

Commissioner Hinojosa asked what if it is more than \$240,000, will the county still be willing to pay 50% over that amount?

Mayor Fugate responded that as this is only an introduction agenda item, there is time for the city to get a commitment from the county that states that they will pay for half of whatever it takes to get it fixed.

Introduction item.

16. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to provide additional funding for increased motor gas and oils costs for the Golf Course. (Parks Director).

Introduction item.

17. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to appropriate additional funding for vehicle repairs on sanitation garbage trucks. (Public Works Director).

Mr. Bill Donnell, Public Works Director stated that this is for Fund 087 which had a budget of \$77,000 which has been over expended by \$55,408, therefore requesting \$55,408 to cover the over expended amount for Fund 087.

Introduction item.

18. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to provide funding for Water Well #23 repairs. (Public Works Director).

Mr. Donnell stated that Water Well #23 located at S. 6th Street and General Cavazos was completed in 2010 and is a good producing well for the south part of the city. Shortly into May, the motor shorted out and had to get a good driller to come in and pull it out. It shows that the motor had shorted and would need to be replaced. Severe pitting and corrosion of the pump deem it non-repairable, so a new pump is proposed. Some oil tubing and bearings will also need to be replaced. The column pipe appears to be in good condition. Anodes are proposed to be installed to minimize electrolysis in the well. Mr. Donnell further stated that to get this well back online, will cost \$120,645.00.

Introduction item.

19. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to provide additional funding for increased costs in solid waste. (Public Works Director).

Mr. Donnell stated that when garbage trucks are down for repairs, the routes take longer causing unpredicted overtime for Sanitation drivers and Landfill Operators. Motor gas and oil have nearly doubled since October 2021. Professional services for

the single-stream recycling compactor have nearly doubled from last fiscal year averaging over \$1,200 per month for hauling services. Vehicle and equipment parts are at an all-time high as parts have not been readily available most of the time. Mr. Donnell further stated that this will reduce the unappropriated General Fund 001 balance by \$183,768 and increase the overtime by \$45,317; motor gas & oil by \$38,948; professional services by \$8,000; vehicle maintenance by \$43,000; overtime by \$14,902 for landfill overtime and motor gas & oil \$33,781.

Introduction item.

20. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to provide additional funding for increased costs in the Police Department for overtime and vehicle maintenance. (Police Chief).

Mr. Ricardo Torres, Chief of Police stated that the police department is requesting additional funding for overtime in the Patrol Division, Communications Division, and Criminal Investigations Bureau to finish out the remainder of this fiscal year. Chief Torres stated that a budget amendment request is being made for an amount of \$121,248.88 to finish out the year as well as for additional funding for maintenance of their older police vehicles in the amount of \$15,889.68.

Introduction item.

21. Consider awarding Depository Services Agreement RFA#22-12 to Kleberg Bank, as per staff recommendation and authorizing staff to negotiate a contract. (Purchasing Manager).

Mr. Charlie Sosa, Purchasing Manager stated that this item authorizes the city to enter into negotiations with Kleberg Bank for depository service contract. Publication for Request for Applications for Proposal #22-12 was published in the newspaper on May 26th and June 2, 2022. Request for applications were accepted until 2:00 p.m. on June 7, 2022, and one response was received. After staff review of RFA 22-12, it is recommended that the city negotiates with Kleberg Bank for depository services. Kleberg Bank currently is the institution on record for the city's depository services and can meet and exceed the city's financial needs.

Motion made by Commissioner Lopez to approve awarding Depository Services Agreement RFA#22-12 to Kleberg Bank, as per staff recommendation and authorizing staff to negotiate a contract, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Torres, Hinojosa, Alvarez, Lopez, Fugate voting "FOR".

22. Consider introduction of an ordinance amending the Fiscal Year 2021-2022 budget to appropriate funding for landscape architecture services for Chamberlain Park. (Purchasing Manager).

Mr. Sosa stated that this item authorizes the funds to be budgeted from CO 033-5-1030-000 for landscaping architect services from Robert Gignac with Gignac Landscape Architecture from Corpus Christi, TX. Mr. Gignac has been retained to design and assist with landscaping for City Hall and Chamberlain Park in the amount of \$7,200. He further stated that Mr. McLaughlin and Mayor Fugate have met with Caroline A. Forgason daughter of the late Helen Kleberg Groves on plans to landscape city hall which includes all of the city hall, Cottage green space, and the proposed Chamberlain Park area. Mr. Gignac met with Ms. Forgason, Mayor Fugate, and Mr. McLaughlin to discuss the vision Mrs. Groves had for city hall landscaping and Chamberlain Park. Mr. Gignac has designed a landscaping plan for review to be approved by Ms. Forgason. Mr. Sosa further stated that funds for this project are available through 033-5-1030-31400 for an amount of \$7,200.

Mayor Fugate commented that Mrs. Groves originally wanted college students to work on the design, but the last time staff met with Texas A&M University, the university had 32 students that were going to design 32 proposals. After the staff discussed the process, the staff decided to go with a professional landscaper which Mr. Gignac has highly recommended.

Introduction item.

23. Discuss implementing a grievance procedure within the City of Kingsville. (Commissioner Torres).

Commissioner Torres stated that she had sent out an email and knows that there were some grievances/complaints that were made on staff, she commented that she would not be mentioning anyone's names, and these complaints haven't been addressed. She further stated that Corpus Christi has a grievance process.

Mayor Fugate commented that looking at the City Attorney, she is saying no.

Ms. Alvarez commented that Corpus Christi has an Ethics Policy and procedures for filing complaints under that, as does the City of Kingsville.

Mayor Fugate asked if it would apply to the City Commission?

Ms. Alvarez responded that the Ethics Policy does apply to the City Commission, but what is being discussed doesn't have anything to do with ethics, it has to do with another disgruntlement.

Commissioner Torres further commented that this is one of the things that she feels that need to be implemented or discussed in the grievance procedures. When there are complaints that come in on whether or not these issues are addressed if anything is sent back. She commented that she knows that there are three now that haven't received a response and these three complaints have been a couple of months. She thinks that as we hold ethically, we do need to respond to our citizens regarding these issues.

Commissioner Alvarez asked Ms. Alvarez if there is in place a grievance procedure for employees?

Ms. Alvarez responded that there are several grievance processes. If a citizen has a complaint about an employee of the city, they will need to contact the employee's supervisor. If an employee has a complaint about another employee of any stature the city has a handbook that has policies in place so that the employee can file and have the process be heard and addressed.

Commissioner Alvarez further asked who hears these types of complaints?

Ms. Alvarez responded that Human Resources usually receives them if it's on an employee and employee. If it's a commissioner that has a complaint about a city employee that is not their direct report, then they would need to contact the city manager about whatever issue they might have with that employee. If a commission member has an issue with one of their direct reports, they can take it up with that individual employee or they can ask for a personnel executive session and have it discussed in that manner. If a citizen has a complaint the "Commission", just as any other city, can make a public comment, vote when it's election time, or most Charters have a recall provision.

Commissioner Torres asked that if a citizen has a complaint against a director or an individual who is appointed by the Commission or someone that answers directly to the Commission, is that also addressed in there?

Ms. Alvarez responded yes, but these are two different things. If a citizen has an issue with a director, they can make that complaint with the city manager as the city manager oversees the director. If a citizen has a complaint with regards to one of the direct reports, Municipal Court Judge, City Attorney, or City Manager they could bring it to the Commission's attention, and then Commission can decide if this is something you would want to meet in executive session discuss with the pertinent employee.

Commissioner Torres further asked if a citizen has a complaint against the City Manager it then comes to the City Commission and then it is addressed that way?

Ms. Alvarez responded that the citizen could take the issue up with that position and if they are not satisfied with the outcome, they then can take it to that position's immediate supervisor, which is the Commission.

Commissioner Torres also asked if this was part of the process, is it just known or is it something that everyone is supposed to know? Is there something in writing that states that if a citizen complains about the city manager, sends him or her a complaint and it is not taken care of, then they can bring it to the Commission?

Ms. Alvarez responded that the citizen could bring it to the commission as the commission is the supervisor of the director reports.

Mayor Fugate commented that this could be problematic if citizens can file complaints about staff and have the commission take care of the complaint.

Ms. Alvarez commented that the commission can only receive complaints from the three positions that the commission appoints. She further stated that this type of grievance is different from the ethics policy that the city has and the process for filing a complaint under that which is something that was sided in the public comment that was submitted electronically today. These are two separate and different things. You can't say that the process for an ethics complaint, which has a very defined policy and a very defined procedure in it, is a can to just generic other types of grievance when satisfied with the resolution they have received.

Commissioner Hinojosa asked that as for the three appointed positions that the Commission makes, is there a grievance within the City Charter?

Ms. Alvarez responded no, which she had already reviewed in preparation for this meeting.

Commissioner Torres commented that she also looked at the City Charter and there is nothing that addressed that which is a concern of hers as well. The three positions that are appointed, if they are not giving citizens any answers or following through on their job descriptions or their job then there isn't anything that can be done. She further stated that they take the complaint to that certain individual and if that individual chooses to address then they choose to address it and if they don't, then they don't.

Ms. Alvarez commented that the citizens can come and make a public comment and inform the Commission of the problem that they are having which has happened and has been in place for over 100 years.

Commissioner Lopez commented that this would fall under personnel issues. If the complaint is one of the three positions, City Attorney, City Manager, or Municipal Court Judge if there is a complaint from a citizen, they can turn the complaint into the Commission then the commission would go into executive session with the individual whom the complaint was filed on.

Commissioner Torres asked if this is something that is in writing?

Commissioner Lopez responded that this is the procedure.

Ms. Alvarez responded that this is something that has been in place for over 100 years.

Commissioner Torres commented that because something has been done for over 100 years doesn't mean that there is something that doesn't have to be done that way.

Commissioner Lopez responded that it's part of the chain of command.

Commissioner Torres stated that now there are grievances that are out there, and nothing has been done about them.

Commissioner Hinojosa asked how this could be changed? Does the city need to have a Charter election?

Commissioner Lopez responded yes. She further stated that the Charter says that the City Manager will be hired, fired, or reprimanded by the City Commission, as the City Commission oversees that position. Lopez also stated that the City Manager, City Attorney, and Municipal Court Judge are not regular employees. Anything having to do with those three positions must be handled in executive session then come out and decide if the Commission wants to vote on something such as reprimand that position. The employees of the city have a grievance procedure. They file a grievance, and the Human Resources Department investigates it if there is a complaint it will go to that employee's supervisor and the City Manager then the grievance gets filed if nothing is worked out. As for the three positions that the City Commission oversees, there is nothing that addresses that. The only way to change the City Charter would need to get a petition, Charter Review Committee, and have an election. The Charter Review Committee comes up with changes then bring them to the Commission for approval then calls for an election where the voters will vote for the proposed change(s). Lopez stated that the Charter cannot be changed without voter approval. There has never been a grievance procedure as it has never been that way.

Commissioner Alvarez asked that if there is a complaint/grievance on one of the three individuals the director report to the Commission, who takes care of that complaint/grievance.

Both Mayor Fugate and Commissioner Lopez responded the City Commission takes care of that complaint/grievance.

Commissioner Alvarez commented that it's never come before the Commission and will not speak for Commissioner Torres, but there has been a grievance file from Mr. Hamm, but the Commission didn't know about it before.

Commissioner Lopez responded that Mr. Hamm has been emailing the Commission.

Ms. Alvarez responded that Mr. Hamm has also brought it up during two different public comments.

Commissioner Alvarez further asked if the Commission was supposed to have gone into executive session and taken care of that?

Commissioner Lopez responded no, as the complaint is against the Commission.

Commissioner Alvarez further asked then how is that complaint taken care of?

Commissioner Lopez and Mayor Fugate both responded to the voters when they vote.

Commissioner Torres asked if Mr. Hamm had filed a grievance against the City Manager?

Mrs. Mary Valenzuela, City Secretary responded that the complaint was only towards the City Commission, and she is not aware of a complaint filed against the City Manager by Mr. Hamm.

Commissioner Torres stated that there were, then asked Ms. Alvarez if she could mention the names of those individuals who have filed complaints/grievances?

Ms. Alvarez responded that she is not aware of what Commissioner Torres was speaking about.

Commissioner Torres then stated that there are three individuals, including herself, that filed a grievance against the City Manager. She stated that she is not sure if she could mention the other two individuals' names that filed the complaint. She further stated that as for her grievance it will be discussed, but for the other two complaints and asked if anyone else had received the complaints.

Mayor Fugate responded that he hasn't received anything and is not sure what Commissioner Torres is talking about.

Commissioner Alvarez stated that she knows of one, the mayor's neighbor.

Mayor Fugate asked if it was Liz Ramos?

Commissioner Torres mentioned that it was Liz and Lisa Bockholt.

Mayor Fugate commented that this was news to him as he wasn't aware.

Commissioner Lopez commented that she is not aware of this either.

Commissioner Torres asked if this could be discussed now?

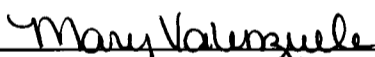
Ms. Alvarez responded that this is a discussion item on implementing a grievance procedure process. This was the item that was requested so that's what was placed on the agenda. Ms. Alvarez further commented that we don't want to get into the particulars of any allegation without it being done in a different format and a different discussion item.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 6:47 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary