

AUGUST 15, 2022

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, AUGUST 15, 2022, 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 (leaves meeting at 4:25 p.m.)
Norma N. Alvarez, Commissioner
Edna S. 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
Emilio Garcia, Health Director
Deborah Balli, Finance Director
Uchechukwu Echeozo, Director of Planning & Development Services
Janine Reyes, Tourism Director
Rudy Mora, Engineer
Michael Mora, Capital Improvements Manager
Diana Gonzales, Director of Human Resources
Susan Ivy, Parks Director
Kobby Agyekum, Senior Planner/HPO
Bill Donnell, Public Works Director
Juan J. Adame, Fire Chief
Ricardo Torres, Police Chief
David Bodiford, Accounting Manager
Charlie Sosa, Purchasing Manager
Avelino Valadez, Street Supervisor
Cameron Whittington, Water Supervisor
Deral Mills, Landfill Supervisor
David Solis, Risk Manager
Joe Casillas, Water Production Supervisor
Joseph Ramirez, Engineers Assistant
Arturo Perez, Garage Supervisor

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 4:00 p.m. with all five Commissioners present. Commissioner Hinojosa left the meeting at 4:25 P.M.

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)

Special Meeting – August 4, 2022

Motion made by Commissioner Lopez to approve the minutes of August 4, 2022, as presented, seconded by Commissioner Hinojosa. 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, 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 reported that the next City Commission is scheduled for Monday, August 22, 2022, beginning with the budget workshop at 3:00 p.m. and continuing into the regular agenda at 5:00 p.m. If needed a third budget workshop will take place on Tuesday, August 23, 2022. Ms. Alvarez further reported that there is a special meeting scheduled for September 6, 2022, at 5:00 P.M. During this meeting the Commissioner will have a public hearing on the proposed tax rate and the proposed City Manager's Budget. The Tax Rate Ordinance and City Manager's Proposed Budget will be introduced on September 6, 2022. Final passage of the Tax Rate and City Manager's budget will take place on September 12, 2022.

Commissioner Lopez commented that the City of Kingsville will be hosting its monthly Q&A Session, Facebook Live, on Tuesday, August 16, 2022, at 8:15 A.M.

Mayor Fugate commented that he attended his 50th High School Reunion this past weekend. He further commented that some of the classmates had the opportunity to tour City Hall.

IV. Public Comment on Agenda Items.³

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

No public comments were made.

V.

Consent Agenda

Notice to the Public

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

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

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

Motion made by Commissioner Lopez to approve the consent agenda as presented, seconded by Commissioner Alvarez and 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 zoning ordinance by changing the zoning map in reference to Garcia Ind Ac, Block 11, Lot 1 (Property ID 21326), (1.2 acres), also known as E. Santa Gertrudis; Garcia Ind Ac, Block 11, Lot 2, (Property ID 13682), (1 acre), also known as E. Santa Gertrudis; Garcia Ind Ac, Block 11, Lot 3, (Property ID 22101), (1 acre), also known as E. Santa Gertrudis, Kingsville, Texas, from AG (Agricultural District) to I2 (Heavy Industrial District). (Planning & Development Services Director).

2. Motion to approve final passage of an ordinance amending the zoning ordinance by changing the zoning map in reference to rezone KT&I Co, Block 2, Lot Pt 9 (Tract 8), (5.47 acres), also known as 1526 Young Drive, Kingsville, Texas from AG (Agricultural District) to R1 (Single Family Residential District). (Planning & Development Services Director).

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

3. Review and discuss proposed fiscal year 2022-2023 budget for departments of the City of Kingsville. (City Manager).

Commissioner Hinojosa stated that he would like to ask questions before the beginning of the budget workshop, as he will need to leave the meeting. Commissioner Hinojosa stated that for the last three years, he has been storing a lot of stuff that he does not agree with the budget process and has lost confidence in the budget process. He further stated that we wait until the very end to get the budget, which consist of over 400 pages and the Commission only has a week to prepare to approve or disapprove some of the expenses. He further stated that he does not like this as it doesn't give him enough time to go over the budget. The excuse received is that staff is waiting for the Appraisal District to certify the tax roll. These only effects two funds and one line item in each fund, and it's the tax rate. Commissioner Hinojosa asked why the budget process could not be started earlier than scheduled such as in June or July. Why does it have to wait until the very end to begin the process. He further commented that it is overwhelming for him to go over 500 pages of the budget. A week is not enough time for him to review the budget. Commissioner Hinojosa further commented that what he about to say, he hopes that it doesn't hurt anyone's feelings as he is speaking as a business. He stated that some changes need to be made on the budget process. He further commented that he feels that this budget has been shoved down their throats as staffs waits until the very last minute to give the Commission a complete budget. He also stated that it is very easy to plug in the tax rate that was used in the prior year as this is only an estimate budget that can be changed at the time the city receives its certified appraisal tax roll. Hinojosa further stated that he is not given enough time to review the budget and he is a very detailed individual. He further stated that there are some things in the budget that he does not disagree and further stated that he does not like the process and has lost confidence in it.

Mayor Fugate commented that maybe the process can begin earlier than usual, so that the Commission can have more time.

Commissioner Lopez asked if the process could start earlier than normal? She further commented that it would be great to begin the process during the summer as it would give the Commission enough time to review.

Mr. McLaughlin commented that this is the normal timeframe that budget process takes place. It's been done like this for many years.

Commissioner Hinojosa commented that he would have preferred to have known about the proposed Cost of Living Adjustment (COLA). He further stated that if the Commission votes no on this, it will make them look bad. In the past, the employees received a 3% COLA and feels that they have been employee friendly and now it is time to be taxpayer friendly. Commissioner Hinojosa stated that he is against the 4% COLA for employees but is not saying that employees shouldn't get a cost of living and understands that Social Security gave a 5.9% increase. He further stated that those on Social Security, it has been projected that they will receive a 9.6% increase this year. This is based on consumer price index for July, August, and September. Inflation was up prior to these dates but it seems to be stabilizing or decreasing now. He further stated that everyone needs money to survive, due to inflation, but he does not like the 4% increase across the board but doesn't mean he won't settle for something less. He further stated that he may settle for 4% but is not sure, as he doesn't like the numbers used to build the budget. Hinojosa further made a statement on the tax rate. There is a proposed rate of \$.840000 built into the budget, which is the same rate that was approved last year. With values increasing by 10%, the property tax will increase for the citizens. He further stated that it is time to assist the taxpayers of this community. He also stated that the no tax increase was \$.81 for the truth and taxation that was received. He further stated that the \$.81 would have been the correct amount in order to collect the same amount of tax, based on last year's. The law allows the city to go with the voter's taxable rate up to 3% which is \$.84, which his why he would like it under the \$.84. Commissioner Hinojosa further stated that the way staff is presenting the budget to him, he will be voting no. Only if there are changes made, he may change his mind. He also stated that the General Fund is in the negatives at this time; expenses are more than the projected revenue. He further stated that as for the tax rate, the city has been banking some money to the property tax. At the beginning of the year there was over \$150,000 in the fund balance. The city used \$225,000 of that money and put it into revenue. He also stated that if the city agrees to a lesser tax rate, the city can tap into this fund as there is over \$200,000, after the \$225,000 is taken out. Commissioner Hinojosa further commented that these are his concerns on the tax rate, and it is up to the Commission to decide how they would like to proceed. He also talked about budget amendment reserves. He stated that there is \$600,000 in the budget, \$300,000 in general fund, and \$300,000 in utility fund. If a budget amendment is needed it will be taken from that fund. He further stated that he wouldn't agree to any budget amendments from that fund. He stated that the budget has enough in it and Finance and City Manager can go in and find those funds. Hinojosa stated that his other concerns are with the classification plan, which he doesn't like its setup as the Commission has no control on how administration can move an employee from one step to the maximum step. He would hate for the city to be held hostage and someone applies at another facility that they may want to go to. For the employee to stay, that employee gets moved into a higher paying step within the compensation plan, which he

doesn't think is correct. He further stated that he found out about this through rumors and because the employee says they will be receiving this or that, it needs to be verified. When the employee files the application with the other entity, and it is asked if their former employer can be contacted, why doesn't the city get an agreement from the employee where the Commission can go back and ask the employer if this is correct. Hinojosa stated that he hopes to see some policy changes on this. He also stated that there are some department heads that are not on the classification plan but are on the salary schedule that they received, and one is the Garage Supervisor, Water Production Supervisor, and Wastewater Supervisor. He further stated that there are other things that are going on that he does not agree with. He stated that he is not aware of the city has a stipend policy, to which he doesn't mind giving a stipend, but is there is a policy that is being followed. He understands that some employees may be doing extra duties, but will they be doing the extra duties for the rest of the year. He stated that the stipend policy needs to be addressed. Commissioner Hinojosa further spoke about military pay. It is in the salary schedule that the commission received but didn't see who the employees are that are on military pay. He also stated that there are a lot of other things on the salary schedule that he does not agree with. As for clothing allowance, there are only certain individuals that receive clothing allowance which includes a department head. He also commented that staff is asking for an aquatic manager which he doesn't agree with as the city already has enough employees on staff and he will not be approving that position. Hinojosa went on to talk about the EDC Fund. He stated that the city has been funding this at \$100,000 which started in the past three years. That money is given to the EDC with no accountability. He stated that it was broken down on how the funds would be spend, but he would like to see accountability before agreeing to provide the funds. Hinojosa's final comment was that he has expressed his feelings on the proposed budget and would now like to be excused from the meeting. Hinojosa stepped out of the meeting at 4:25 p.m.

Mr. Mark McLaughlin, City Manager commented that he would like to thank staff on their hard work in preparing the Fiscal Year 22-23 proposed budget. He further apologized if the Commission felt that this budget was pushed into them, as stated by Commissioner Hinojosa, but this is the process the city has taken in the past. If the Commission wishes to change the process, they just need to let staff know so the process can be changed. He further stated that it takes staff some time to determine outside of the core budget. Core budget is numbers given to staff by the Finance Department that gives staff the normal amount they are expected to work with. Anything outside of the normal budget will need to be submitted as a supplemental, which is asking for additional funds that would not be included within their core budget. Some supplementals require significant investigation into the total cost. While staff works on their supplementals they also need to figure out where they are in their current budget and determine their Expected Annuals (EA's) for the remainder of the fiscal year.

Mr. McLaughlin stated that this is the 7th year in a row that the city's Finance Department receives the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). Due to new requirements, city will no longer submit its budget to GFOA. McLaughlin further stated that the following are changes that have occurred outside the normal budget. Inflation increased in FY 2020-2021 by 5.3%, city only gave staff a 3.5% Cost of Living Adjustment (COLA), which inflation out pays the buying power of the city staffs raise. This year, through August 15th, inflation has risen an additional 7.4% and he is proposing a 4% COLA, across the board, for this upcoming fiscal year. The COLA of 4% across the board, there is a place holder for both Fire and Police collective bargaining agreements. The city has a tentative agreement with Fire for the 4% COLA, Police has not agreed at this time, so staff is still working with them to come into an agreement. He further discussed the percentage to which social security has increased, calendar year they increased by 9.6% and it is projected to increase for calendar year 2023 by 9.6%. The proposed tax rate remains unchanged at \$0.8400 per \$100 of valuation. Staff's recommendation regarding to the city health insurance, is to switch from Entrust self-insurance medical to fully insured United Health Care. One big change in the proposed budget is staff working on a vehicle leasing program through Enterprise Fleet Leasing Services. The leasing program is used by many cities around the country. He has spoken with another city in area that is using the leasing program and they have stated that they are very pleased with the program. Mr. McLaughlin stated that what he would like to do for our city is lease 12 pickup trucks for Public Works, through the utility fund. Quality used vehicles will be transferred to the general fund departments as replacements. Mr. McLaughlin further stated that the proposed budget also includes 1 KPD Officer and 2 Firefighter positions. Tourism has requested a part-time change to a full-time and adds 4 part-time positions for special events, which will be out of the Tourism Budget. Included in the general fund is \$174,982 for a street sweeping contract, vendor is through BuyBoard. The contract will provide sweeping the Downtown area monthly and quarterly everywhere else, to include residential streets.

Commissioner Alvarez commented that in the budget book, it shows street sweeper contract 1x, and further asked what that meant.

Mr. McLaughlin explained that it is for only this upcoming year and will be updated for the next fiscal year. The contract is a per year contract. He further stated that this is part of the beautification that the commission has requested in the past.

Mayor Fugate asked what's the plan for the employees that were doing the street sweeper.

Mr. McLaughlin stated that those employees are from the Street Department.

Commissioner Torres asked if there will be a scheduled within the street sweeping contract.

Mr. McLaughlin responded yes and further commented that the historic downtown will be swept every two weeks or every four weeks. All residential streets will be done on a quarterly basis.

Mayor Fugate asked for the cost of a new street sweeper.

Mr. Charlie Sosa, Purchasing Manager responded that it's estimated at \$600,000.

Commissioner Lopez asked if the funds are available to start this contract this year.

Mr. McLaughlin responded yes, as it is budgeted for the upcoming fiscal year. He further stated that other funds included in the upcoming budget are funds of \$15,435 for water well transducers to monitor water well health. There are also funds of \$322,085 for a TCEQ required Landfill Drainage Plan, but there is no requirement as to when this needs to be done. The upcoming budget will also add 2 Chevy Tahoe's for KPD and a Street Department Rotary Broom to the fund 115 General Fund Tax Note. In the ARP fund, staff has earmarked \$726,872 of Utility Fund ARP funds for wastewater treatment plant improvements. There is a \$7,000 increase to Health Department budget specifically for vet care to include sterilizations.

Mayor Fugate asked how many dogs and cats these funds will sterilize. Mr. McLaughlin responded about 100.

Mr. McLaughlin further stated that he received a request from Kleberg County Judge Madrid for COVID Testing site, he is requesting payment for this year for \$50,000. Staff went into the current budget to see if it had been budgeted and weren't able to locate the funds. An agenda item for an interlocal agreement did not come before the Commission for approval. Mr. McLaughlin further stated that he recalls discussion on this but was never brought to Commission for approval. It was probably overlooked by staff, but it's something that can be corrected, possibly through ARPA funds.

Mayor Fugate commented that the new CDC regulations have changed to where certain requirements are no longer required.

Commissioner Lopez commented that the Kingsville Independent School District (KISD) will more than likely bring back where if you have contracted COVID the employee will be out for about five days and may be required to get a COVID test result of negative that would need to be done by a clinic.

Mr. McLaughlin commented that Judge Madrid will still be paying for the COVID Testing site to continue for the upcoming fiscal year.

Commissioner Lopez asked if services are free to employees from the COVID Testing site due to the city's insurance.

Mrs. Diana Gonzalez, Human Resources Director responded that the last time she checked with the facility, they were charging over \$100 if you did not have insurance. If the individual did have insurance, they would file it through them.

Mr. McLaughlin stated that the total of \$100,000 had not been budgeted for last year and this year's payment and feels that it needs to be added to the budget for the upcoming year and see if it could be paid from ARPA funds. Mr. McLaughlin further stated that the cost for housing inmates in the Kleberg County Jail has increased.

Mayor Fugate asked if the County Jail were taking in any city inmates at this time?

Mr. Ricardo Torres, Police Chief responded that they were not taking inmates on city warrants or Class C's.

Mr. McLaughlin commented that what the County Judge was asking for is when the city has an inmate in their jail, since the jail is fully staffed, he is going to open it back up, so when the city has an inmate, that inmate can be housed in jail. He further stated that the cost to maintain an inmate is more than the cost the city has paid in the past.

Commissioner Lopez stated that the city has an agreement for this and further asked what the deadline was on the agreement.

Mr. McLaughlin stated that what the County Judge is asking is to renegotiate the agreement and the cost.

Chief Torres stated that the agreement is perpetual. At this time the city is being charged \$55.00 per bed whether they are used or not. Anything over that is \$75.00 per day. The question on that contract is what exactly a city prisoner is. He further stated that at one

point, if an individual was taken into custody for murder and that individual had a city warrant, they would be considered a city prisoner. Chief Torres further commented that this needs to be remedied as it is obvious that the individual would not be a city prisoner. If an individual is strictly being held on city Class C misdemeanors, then this would be considered a city prisoner. Chief Torres stated that his direction to his staff is to go out to the jail and see if there are inmates and are being held on a felony charge, PR them out so that they are not being held for any city charges, as the jail will still hold that inmate on the felony charge.

Mr. McLaughlin stated that staff has budgeted \$140,000 per year for the seven beds that the city has to have every day. He further stated that the County Jail cannot keep inmates at \$55.00 per day, therefore the County Judge is asking the city to renegotiate the interlocal agreement.

Commissioner Alvarez asked for clarification on the cost per bed.

Mr. McLaughlin responded that the city pays \$55.00 for the first seven beds, and any additional beds are at a cost of \$75.00 per day.

Chief Torres commented that this is agreeable so long as the County provide the calculations on what they would like to charge the city. The city is not looking a shortchanging them but would like to know exactly what the city is paying for.

Mr. McLaughlin stated that he was told that the cost to maintain the County Jail this year was about \$4 million and in the past is has barely come close to \$2 million. He further stated that readdressing the jail contract would be the best thing to do as the last time it was looked at was back in 2018.

Commissioner Lopez commented that the city would need to renegotiate the contract as the city does not have its own jail to house its inmates.

Mr. McLaughlin further commented that the Council of Governments had stated that the city would be receiving \$3.946 million but has not been included into the budget but will be done through a budget amendment. He further stated that the city would need to figure out is how these funds will be used.

Commissioner Lopez asked if this amount of funds were part of the funds that the County Judge assisted in getting for the city? Mr. McLaughlin responded yes; the County Judge called the GLO directly to get the city this amount.

Mr. McLaughlin continued with the overview of the Fiscal Year 22-23 budget. The proposed tax rate of \$0.8400/\$100 of property valuation, which is the same as last year. Fiscal Year 22-23 proposed budget is \$94,224,776.21. The normal budget for the city is usually around \$53 million to \$55 million. Total proposed budget is \$14,378,874.77 less compared to Fiscal Year 21-22 current budget of \$108,603,650.98. The decrease in total budget is mainly due to the spending down of grant and federal funding. The ad-valorem is expected to raise an additional \$287,868 over Fiscal Year 21-22 amount. There is an additional \$83,541 added to Fund 21, Property Tax Reserve.

Commissioner Alvarez commented that she is concerned with the tax rate of \$.8400 and would like to see it decrease to \$.82.5.

Commissioner Lopez commented that she agrees with Commissioner Alvarez regarding lowering the tax rate from \$.8400 to \$.82.5.

Mr. McLaughlin stated that staff can rework the numbers and see how things would look if the tax rate was lowered as Commission suggest.

Mr. McLaughlin continued with the budgets overview. He stated that Operating vs. Capital Expenditures, total funds \$4,772,720.95 deficit and operating funds \$1,194,037.24 deficit. Known changes coming in the following funds: Revenues; Funds 001, 087, and 138. Expenditures; Funds 001, 087, and 120. Fund balance requirements are met at 25%. General fund is at \$507,853 above minimum requirements at 27.29% and Utility fund is at \$816,010 above minimum requirements at 32.97%. Utility fund revenues, proposed budget does not include any increases to water or sewer rates.

Commissioner Lopez asked if the rate study for both water and sewer rates were caught up? Mr. McLaughlin responded that it is by 1% to 2%.

Mr. McLaughlin further stated that the second year since 2011 deficit budgeted due to approved supplementals and increased personnel costs. The general fund revenues, sales tax and ad valorem revenues are budgeted to increase. Mr. McLaughlin stated that the next item to discuss is the city's compensation plan. In the compensation plan he has included a 4% Cost of Living Adjustment (COLA) and raising the possibility of raising the hourly rate to \$15.00 per hour, which is something the Commission has been asking for about three years ago. He further stated that this plan will show how everything was moved in order to get the lowest paid employee to \$13.00 per hour.

Commissioner Lopez commented that staff will need to start looking at the \$15.00 per hour sooner rather than later.

Mr. McLaughlin commented that it could be expensive to migrate to \$15.00 per hour. If the \$15.00 becomes the law by next year, the jump the city would have to make will not be as expensive if we had not raised the starting wage to \$13.00 per hour.

Mayor Fugate commented that he watched what city employees do, from the water department, and what they do only a daily basis. All that they go through while fixing a water leak or main break in our city.

Commissioner Alvarez commented that regarding the 4% COLA, maybe not this budget year, but what she would like to see the non-exempt employees to receive a higher percentage increase than the exempt employees. She further stated that this is something that was done in the school district. She also stated that this would be fair to the non-exempt employees.

Mayor Fugate commented that everyone in the meeting tonight are all exempt employees.

Commissioner Lopez commented that a COLA would need to be given across the board, as it is the law.

Commissioner Alvarez responded that if it is not called a COLA and call it a rate increase, then it can be done legally. Give the non-exempt employees a 3% and exempt employees a 2% so that the non-exempt employees can receive more as they are lower paid employees.

Commissioner Lopez asked if the City Attorney can look into this, as it may be that everyone would need to receive the same amount as it is considered a COLA.

Commissioner Alvarez commented that it is not a COLA it would be a salary raise increase, as this is how the school district has done it in the past.

Mayor Fugate commented that he does not agree with this and would like for everyone to receive a 4% increase.

Commissioner Torres asked if it is required to a COLA at certain percentage? Mayor Fugate responded no; the Commission does not have to give anything at all.

Mr. McLaughlin stated that it has always been done by percentage but there have been years that the employees haven't received a COLA.

Commissioner Lopez commented that since Mr. McLaughlin has been City Manager, the employees have received a COLA but previous years they hadn't received anything.

Mr. McLaughlin commented that the year before last was a 2% and last fiscal year it was at 3.5%. He further stated that the way he determines the percentage is by tracking the Consumer Price Index (CPI) as that is the rate of inflation and he wants the employees to not lose the purchasing power of their dollar. He further stated that he tries to match it to CPI, but he is almost 12% behind on inflation to what they are making now, but he is not proposing a 12%, so he is only proposing a 4% increase.

Commissioner Torres stated that she has looked at the pay scale and noticed that one employee who has been an employee of the city for 19 years and is concerned about how he and his family are surviving on that pay. She further stated that the 4% would increase this employee hourly but does not know how that family can survive on his hourly rate. She further stated that she is aware that employees go to school and attend educational courses, but for employees that do the hands-on work and for this particular employee to be with the city for 19 years and earn what he is earning is shocking to her. She further stated that she knows that his hourly rate will be increased to \$1.24 per hour, but another thing that she looked at was the police officers pay. If her son wanted to become a police officer, she would wonder how he would be able to survive on that pay.

Commissioner Lopez commented that police officers pay is different as they negotiate a collective bargaining agreement with the city.

Mr. McLaughlin commented that the police officer's current agreement, which is a two year contract ending this fiscal year, the contract states that the second year they are to receive the percentage stated on the contract for the second year or whatever the rest of the employees received.

Commissioner Lopez commented that with regards to the lower paying positions, this has been a discussion a couple of years ago, but she would like to see if everyone can receive the same COLA and give the lower paying positions a stipend that would increase their hourly rate.

Mr. McLaughlin stated that the proposal is a 4% COLA for the upcoming year. He further stated that staff has taken the compensation plan and moved it up and over to the right, which moved the hourly rate from \$12.00 to \$12.50 per hour. The non-exempt received more than the exempt class as they only received a 3.5% last year. The non-exempt

received the 3.5% but when the scale was moved up, they actually received more. It would be hard to take the bottom scale of hourly employees and move them to \$15.00 per hour, new employees, as you could have some employees that have been there for 15 years and making \$15.00 per hour.

Mayor Fugate commented that an issue we have is that discussions began with dropping the tax rate to \$.825 which will bring in less money to work with and now there are discussions about adding extra funds to the budget. If the Commission wants to give more money, then the tax rate would need to remain at \$.84.

Commissioner Alvarez commented that if the city keeps the tax rate at \$.84, those employees that need to pay their property taxes, will be paying their raise.

Mayor Fugate commented that there aren't any problems that money can't solve, it just needs to be figured out; but you can't cut revenues and increase expenses.

Commissioner Lopez commented that this has been a discussion every year since she has been on this commission, and Mayor Fugate is correct.

Mrs. Diana Gonzales, Human Resources Director gave a presentation on the compensation plan. She stated that you need to think about total compensation as it is not only hourly pay, but it also includes all the other benefits an employee receives. Conversations had been done regarding raising the wage to \$15.00 per hour a couple of years ago as it looked like the government was going to do something because Texas is under federal and so whatever the federal government does Texas has to do. At that point, they were looking at doing the increase within a five-year span. If the city keeps on track, as it is going, the city will be at the \$15.00 per hour in another two years. She further stated that what was done last year was a COLA increase, across the board, but there were also some salary adjustments done which gave the lower pay class positions anywhere from a 7% to 14% increase. She further stated that in the Fiscal Year 22-23 proposed compensation increase summary there are the following: Non Civil Service 4% COLA increase base wages which will affect 221 employees which will total to \$393,000 including fringe benefits; Non-Exempt Non Civil Service with compensation plan movements and \$13.00 will affect 47 employees totaling \$17,481; one new non-exempt position for the Health Department totaling \$39,828; one non-exempt position for police officer totaling \$55,698; two non-exempt positions firefighters totaling \$134,339; one non-exempt position for Recreation Coordinator totaling \$40,737; one non-exempt position for Plant Helper for Wastewater totaling \$37,164; and upgrade of 3 part-time positions to full-time positions totaling \$68,980. For the employee anniversary program, the upcoming year there are 92 employees that will receive their anniversary increase for a total of \$88,716. The 92 employees break down to 14 exempt employees, 63 non-exempt employees, and 15 civil service-police employees. For the class change summary, there are a total of 51 positions that will be changed, 36 full-time positions and 15 part-time positions. The total budgeted personnel costs have increase from last year. Last year the cost was \$20,621,956 to this upcoming year proposed at \$20,765,707. The fiscal year 23 proposed position summary is at 348 total employees which includes full-time, part-time, and temporary/seasonal. This number has increased by 9 since last year, being at 339 total employees. The nine additional employees are as follows: 1 full-time police officer; 2 full-time firefighters; 1 fulltime Recreation Coordinator; 1 full-time Animal Service Specialist; 1 full-time plant helper; 1 full-time Maintenance Worker; and 1 Administrative Assistant 1.

Commissioner Torres asked if part-time employees receive health benefits. Mrs. Gonzales responded no; only full-time employees receive those benefits.

Mrs. Gonzales further moved on compensation plan. The proposed changes/additions are as followed: 4% COLA for Non-Exempt Non-Civil Service positions for a total of \$393,949; Police and Fire Collective Bargaining Agreements, Kingsville Law Enforcement Association has not agreed on a contract at this present time and Kingsville Professional Firefighters Association has tentatively reached an agreement but is pending presentation to the City Commission; Health Insurance change from self-funded to fully-funded plan; and compensation and classification plan adjusted to migrate toward the \$15.00 per hour for lowest paid city employees. She further stated that this plan gets the city to \$13.00 per hour. Mrs. Gonzales further went over the compensation and classification plan and where certain positions would be placed within the compensation and classification plan. There are no proposed changes to the certification pay.

Commissioner Lopez asked if what is listed on the certification pay list is all that is paid, which is required for an employee's employment? Mrs. Gonzales responded that it is either a requirement or benefit to the city for an employee to have these certifications. Commissioner Lopez asked if the City Secretary's certification included in the plan. Mrs. Gonzales responded yes.

Commissioner Alvarez asked how many Customer Billing Specialist positions are there? Mrs. Gonzales responded that there are two. Mr. McLaughlin commented that one fills in as the supervisor when the Collections Manager is out.

Commissioner Torres asked if the one employee that fills in when the Collections Manager is out, do they receive extra pay during that period? Mr. McLaughlin stated yes, this is a change that has been made this upcoming fiscal year, which moves them up to a new step.

Mrs. Gonzales stated that with the new supervisor in the division, the duties are being reviewed so there was sufficient information to justify in moving that position one step up.

Mr. McLaughlin commented as there was discussion on the tax rate, the current tax rate is at \$.84 for the current year, and it has been proposed to remain at \$.84 for the next fiscal year. The no new revenue tax rate is \$.81303, and the voter approved tax rate is \$.84485.

Mayor Fugate asked if the tax rate is lowered to \$.82.5 will it make it harder for the city to raise taxes in the future? Ms. Alvarez responded yes.

Mr. McLaughlin stated that the tax rate that the city has is part of the calculation. Lowering the tax rate can be hard on the city if it chooses to increase it later.

At this time, Mayor Fugate called for a dinner break at 5:40 P.M.

Mayor Fugate reconvened the meeting from the dinner break at 6:10 P.M.

Mr. McLaughlin stated that he would like to respond to Commissioner Hinojosa's comment, made at the beginning of the meeting, regarding the pay scale. The pay scale has three columns, the bottom, midpoint, and highpoint of the pay scale. Other than the three employees that are on the list, City Manager, City Attorney, and Municipal Court Judge, all other employees fall under the City Manager. By approval of the compensation plan by the City Commission, it is the understanding that the City Manager has the authority to move employees between the pay scale. He further stated that he has done this one time after doing a rate study to determine what the employee should be paid compared to their peers, but it was also done as there were some things that the employee was doing and not being compensated for. Mr. McLaughlin further stated that when Commissioner Hinojosa asked to have a say in the matter, he has already given the City Manager to the approval by approving the compensation plan.

Mayor Fugate asked what's the percentage loss if the tax rate is lowered. Mr. McLaughlin responded that the city will loose about \$100,000 in revenue by dropping the tax rate from \$.84000 to \$.82500.

Commissioner Alvarez asked if the city decides to go with a tax rate of \$.82500 for the upcoming year will it be possible to increase it for the following fiscal year? Mr. McLaughlin responded that the city may not if it is more than 3.5% increase minus what needs to be taking out for sales tax.

Mr. McLaughlin continued the discussion with the tax rate. He stated that the Legislative change, this is the third year the voter approved tax rate percentage is 3.5% above the no new revenue tax rate. City's percentage is reduced by a certain portion of sales tax revenues. The tax rate scenario is, and average home value in Kingsville for 2021 was \$97,003 has increased to \$102,050 for 2022 which is a 5.2% increase. Property tax for 2021 for an average residence in the city is \$814.83 per \$97,003 valuation at \$.84000 tax rate. For 2022, the property tax for average residence in the city projected to be \$857.22 per \$102,050 valuation at \$.84000 tax rate. The net increase in ad valorem is \$42.39, which is the city's portion of ad valorem.

Mayor Fugate commented that with supply problems around the world and the price of materials increasing, Kingsville will be affected by it.

Mr. McLaughlin moved forward with the presentation of supplemental requests. The following supplementals were submitted and approved under the following categories: Personnel, 23 submitted with 8 approved; expenditures had 85 supplementals submitted with 20 approved; Information Technology had 18 submitted with 7 approved; and Capital Outlay had 37 submitted with 32 approved. There was a total of 163 supplementals submitted and 67 of those were approved. In personnel, the approved amount does not include any supplementals submitted which was included in the compensation plan movements or COLA/Anniversary increases. The Capital Outlay, the city will be entering into an Enterprise Fleet Lease and the approved supplementals include 12 new vehicles that will go to the Utility Fund. The Utility Fund will transfer their best used vehicles to the General Fund divisions that requested vehicles for next fiscal year 22-23.

Commissioner Lopez asked that with regards in the Tourism Department, the Special Events Downtown Manager salary increase it includes COLA and associated benefits. Then there are several other positions such as Accounting Manager, Finance Director, IT Manager, does that include the COLA, is this the amount that is being asked for plus the COLA?

Mr. McLaughlin stated that it just doesn't note it, but there weren't very many personnel issues that were approved.

Commissioner Lopez commented that it needs to be placed in there as it seems deceiving as she thought those positions would get an increase plus the COLA.

Mr. McLaughlin commented that none of the supplementals submitted for those position increases were approved, as it is shown on the documentation provided to the Commission. It was requested, but not granted.

Commissioner Alvarez asked about the \$100,000 for the rollout dumpsters and whether the customer has to pay for the rollouts.

Mr. McLaughlin responded that the customer pays for the service of those rollouts, the city purchases the rollouts. The customer will pay the rollout replacement fee if the customer damages or loses the rollout. The only time the customer does not pay for a broken rollout is for normal wear and tear.

Mrs. Deborah Balli stated that the proposed transfers to the general fund are as followed: Tourism 002 \$35,000 for administration costs; Utility fund 051 \$1,485,000 for administration costs, which is an increase due to inflation factor of 10%; General Fund Capital Projects 091 \$2,494.02 to close out fund; Street Fund 092 \$150,000 for street crew payroll cost reimbursements; Tax Note Series 2021 fund 115, \$24,985 for cost of issuance savings; Property Tax Reserve Fund 120, \$225,000 to assist in balancing General Fund budget; and General Fund Tax Note Series 2022 Fund 126, \$119,453.45 debt service payments not needed in fiscal year 21-22, which will be moved back from where it came from. Proposed Transfer to Tourism General Fund 001: \$12,054 for the PIO Stipend. This was formerly budgeted in General Fund, but it required a split funding in the payroll system. Since it is paid through Payroll, the charge follows where the employee resides and General Fund still pays for the cost, but through a transfer. Proposed Transfer to GO Debt Service: Solid Waste Capital Projects Fund 087 - \$201,571 for payments on (3) Garbage Trucks purchased through the 2021 Tax Note and the Wheeled Trash Compactor purchased through the 2022 Tax Note. Proposed Transfer to UF Debt Service: Utility Fund 051 - \$1,753,552.24 for debt service obligations; Storm Water Drainage Fund 055 - \$111,000 for the TWDB 2021 Taxable Bond Issue; UF Tax Note Series 2022 Fund 126 - \$93,523.76 for the debt service payments that were budgeted in this fund in FY 21-22 but not needed till FY 22-23. Proposed Transfer to Golf Course Maintenance Fund: General Fund 001 - \$10,020 for the required 3% of budgeted revenues to be set aside for Golf Course related maintenance projects. Proposed Transfer to Utility Fund: General Fund 001 - \$92,705 for 50% cost of personnel in Division 8000 and 8020 offset by 50% Personnel Costs of Division 3000 and the welder in Division 3030. Proposed Transfer to Landfill Closure Fund: SW Capital Projects Fund 087 - \$95,758.15 for the City Hall Payback Payment Schedule. Proposed Transfer to Park Maintenance Fund: General Fund 001 - \$25,000 for the annual allocation for park maintenance projects. Proposed Transfer to Economic Development Fund: General Fund 001 - \$251,000 for additional economic development assistance (\$100,000) and estimated tax incentive payments (\$151,000). Proposed Transfer to Safe Routes to School Fund: CO Series 2013 Drainage Fund - \$200,000 for grant cash match requirements. Proposed Transfer to Vehicle Replacement Fund for the Police Department: General Fund 001 - \$10,000 for annual allocation. Proposed transfer to vehicle fleet management Utility Fund: General Fund 001, \$10,000 for annual allocation. This fund was formerly the vehicle replacement fund for Public Works and is being used not for the vehicle fleet maintenance. This transfer will change from fund 106 to the new Fund 139. Other proposed transfer to vehicle fleet management is from utility fund 051, \$89,642 for the estimate cost of year 1 of the fleet management lease for 12 Utility Fund vehicles. Proposed transfer to Tax Note Series 2021: Vehicle Replace Fund-PD \$30,000 for partial costs of 2 police vehicles. There was savings in the tax note series 2021 and the \$30,000 was combined with that savings for the purchase. Proposed transfer to Texas Severe Weather-Mobile Generator will have a transfer from Utility Fund Capital Projects Fund 054 of \$35,456 for the grant cash match. Proposed transfer to Texas Severe Weather-Backup Generator from Utility Fund Capital Projects Fund 054 of \$68,894 for the grant cash match.

Commissioner Torres asked if there were two different backup generators? Mrs. Balli responded yes, one is mobile generator and the other is a backup generator.

Mr. McLaughlin went over the proposed budget. Total proposed revenues is \$89,452,055.26. Total proposed expenditure budget is \$94,224,776.21. Usage of operating funds fund balance is \$1,194,037.24; this is the amount that budgeted revenues do not cover budgeted expenditures on all funds classified as operating. Non-operating funds surplus is \$3,578,683.71 which is the amount of budgeted revenues that exceed budgeted expenditures on all funds classified as non-operating.

General Fund Balance: the city's fund balance policy requires a minimum of 25% of budgeted expenditures. The city sets an additional \$300,000 above the minimum to cover budget amendments. In the proposed general fund, these requirements have been met at 27.29%. General fund 001 revenues, eliminate transfer from property tax reserve fund 120 as it is no longer needed to balance general fund. Expenditures, add transfer to fund 087 to cover costs on new commercial side loader garbage truck of \$65,000, which is a capital outlay supplemental request. Fund balance change will now change to \$21,913,163 with

\$217,523 over minimum requirement; minus \$150,000 if the city lowers the tax rate to \$.82.5 for the upcoming fiscal year.

Mrs. Balli discussed the non-department general fund revenues. Non-departmental revenues are revenues that do not belong to any specific division and include rents, transfers in, sale of city property, publications, open records, interest earnings, and miscellaneous revenues. The original budget for fiscal year 21-22 was \$1,696,980.00, and the proposed budget for fiscal year 22-23 is \$2,133,845.47 with a change of \$436,865.47 which is made up from increase in rentals of \$744.00; transfers increase by \$414,225.47; fees decreased by \$604.00; and interest and other \$22,500.00 for a total of \$426,865.47.

Commissioner Torres asked about the rent for EDC offices. Mrs. Balli responded that the rent is more for the water towers and other types of rentals.

The budget presentation continued with departmental budgets.

City Commission: Changes within this budget are as follows: Personnel changes due increase in health insurance coverages; supplies, line added to cover costs of apparel for the City Commission; and in services, increase in training and travel for each commission member for the upcoming costs of the USS Kingsville trip. No supplementals were approved for fiscal year 22-23.

City Manager's Office: the organizational chart has two full-time employees within this department, City Manager and City Secretary. Changes to this budget are as follows: 4% COLA for City Secretary; longevity increases due to additional year of service for City Secretary; and decrease in health care costs due to change in provider and plans. There is a decrease in supplies and decrease in professional services and subscriptions. No supplementals were approved for fiscal year 22-23.

City Special: changes to this fund are as follows: increase in supplies; decrease in postage & freight, printing & publishing, equipment rent, claims costs, CC Disc Fees. There is an increase in professional services, appraisal district fees, special event costs, property insurance, tax office fees and miscellaneous. No supplementals approved for fiscal year 22-23.

Human Resources Department: this department has 4 full-time employees. Changes in personnel include the following: 4% COLA, additional year of service for each employee, one anniversary increase, and decrease in health care costs due to change in provider and plans. In supplies, there is an increase in employee recognition supplies and a decrease in supplies, safety incentives, and educational materials. Under services, there is an increase in memberships & catering and a decrease in printing & publishing, employment ads and subscriptions. There is a removal of prior year one time supplemental for Collective Bargaining negotiations. Leases is split funded lease is now 100% paid by this department. No supplementals were approved for the fiscal year 22-23.

Legal Department: this department has two full-time employees. Changes under personnel are 4% COLA, additional year of longevity for each employee, and decrease in health care costs due to change in provider and plan. Under services, there is an increase in communications and a decrease in professional services and subscriptions. Leases has a decrease in operating lease costs. No supplementals were approved for the fiscal year 22-23.

Planning & Development Services: this department has 11 full-time employees and 2 part-time employees. Proposed budget for the Planning Department is \$410,430. Changes under personnel are 4% COLA, additional year of longevity for each eligible employee, three anniversary increases, and decrease in health care costs due to change in provider and plans and a decrease in supplies. In services, there is an increase in postage & freight and a decrease in communications, professional services, grant cash match, printing & publishing, and subscriptions. In leases, there is an increase in operating lease due to correction of where the lease was previously charged. No supplementals for fiscal year 22-23 were approved.

Building Services: Personnel changes are as follows 4% COLA, additional year of longevity for each eligible employee, 1 anniversary increase, and a decrease in health care costs due to change in provider and plan. Under supplies there is an increase in motor gas & oil. Services has an increase in memberships & dues, and a decrease in communications and professional services.

Code Compliance: personnel changes are as follows: 4% COLA, additional year of longevity for each eligible employee, 2 anniversary increases, and there is a decrease in health care costs due to provide and plan change. In supplies there is an increase in motor gas & oil and minor equipment. Services has an increase in communication, Professional Services GPA, clean-up events, laundry, beautification, and demolitions. Services has a

decrease in professional services, printing & publishing, travel, memberships, and Keep Kingsville Beautiful. In this division there is the removal of prior year one-time supplementals for travel and minor equipment. Repairs has a decrease in equipment maintenance. No supplementals for Fiscal Year 22-23 were approved.

Solid Waste Division: this division has 16 full-time employees. The proposed budget for this division is \$3,309,200. Personnel changes are as follows: 4% COLA, additional 1 year longevity for all eligible employees, 6 anniversary increases, compensation plan increases for recycling technician. There is a decrease in health care costs due to change in provider and health plan. Supplies has an increase in supplies and motor gas & oil and a decrease in uniforms. Services has an increase in communications, laundry and a decrease in printing & publishing and utilities. Repairs has a decrease in vehicle & rollouts/dumpster maintenance. Prior year adjustments are a decrease of bad debt allowance. There were no supplementals approved for Fiscal Year 22-23.

Landfill: changes in personnel, 4% COLA, additional year of longevity for each eligible employee, 3 anniversary increases and a decrease in health care costs due to provider and plan changes. Supplies has an increase in chemicals, motor gas & oil with a decrease in uniforms and minor equipment. Services has a decrease in communications, printing & publishing, travel, equipment rent, state fees, and utilities and laundry. Repairs has a decrease in vehicle and equipment maintenance. Maintenance has a decrease in grounds and permanent fixtures. Leases has a decrease in capital lease payments due to payoff. No supplementals were approved for Fiscal Year 22-23.

Finance Department: changes in personnel, 4% COLA, additional year of longevity for each eligible employee, 6 anniversary increases, and a decrease in health care costs due to provider and plan changes. There is a decrease in supplies and computers and associated equipment. Services has an increase in communications, actuary services, and audit services. Services also has a decrease in professional services, software maintenance, travel, memberships, and subscriptions. Supplementals approved for fiscal year 22-23 are as follows: one-time diesel laptop for garage for \$10,183; recurring debtbook software for Finance \$9,750; recurring software maintenance for Human Resources for \$5,906; and recurring software maintenance cost for IT for \$10,000.

Municipal Court: changes in personnel, 4% COLA, additional 1 year longevity for all eligible employees. Decrease in health care costs due to change in provider and plan. Supplies has a decrease in supplies, uniforms, and minor equipment. Services has an increase in postage and freight with a decrease in printing & publishing, and travel. No supplementals were approved for the new fiscal year.

Facilities Maintenance General Fund: supplies have an increase in motor gas & oil and a decrease in supplies, janitorial supplies, uniforms, and minor equipment. Services has an increase in communications for Municipal Building, utilities for Municipal Building and City Hall, and laundry. There is a decrease in services for communications for City Hall. Repairs has an increase in vehicle maintenance and a decrease in equipment maintenance. Maintenance has a decrease in grounds and permanent fixtures. In capital outlay, FY 21-22 supplemental for small conference room conversions for \$5,000 was removed.

Police Department - Police Administration: changes in personnel, 4% COLA, additional 1 year longevity for all eligible employees, 2 anniversary increases, and a decrease in health care costs due to provider and plan changes. Supplies has a decrease in motor gas & oil, and minor equipment. A one-time supplemental for FY 21-22 was removed for minor equipment and 3 new office chairs. Services has a decrease in travel. No new supplementals were approved for the new fiscal year.

Police Patrol: changes in personnel, 4% COLA, additional 1 year longevity for all eligible employees, 12 anniversary increases. Decrease in health care costs due to provider and plan changes. Supplies has an increase in uniforms, and motor gas & oil and a decrease in supplies and minor equipment. Services has a decrease in professional services, printing & publishing, travel, laundry, and jail contract. Repairs has an increase in vehicle maintenance and a decrease in equipment maintenance. Supplementals approved for Fiscal Year 22-23, 1 Police Patrol Officer position added for a cost of \$55,840.

Communications: changes in personnel, 4% COLA, additional 1 year longevity for each eligible employee, 4 anniversary increases and a decrease in health care costs due to changes in provider and plans. Supplies has a decrease in uniforms, motor gas & oil, and minor equipment. Services has a decrease in communications, and travel. No supplementals approved for the new fiscal year.

Criminal Investigations: changes in personnel, 4% COLA, additional 1 year longevity for all eligible employees, 3 anniversary increases, and a decrease in health care costs due to provider and plan changes. Supplies has an increase in motor gas & oil, computer &

associated equipment, and a decrease in supplies, minor equipment, and animal care. Services has an increase in communications and utilities and a decrease in professional services, printing & publishing, and travel. Repairs has an increase in vehicle & equipment maintenance. Leases have an increase and capital outlay has a decrease from the removal of FY 21-22 one-time supplemental vehicle license plate reader system for \$10,665.

Community Services: decrease in motor gas & oil as there is no vehicle assigned to this division. Services has an increase in utilities and repairs has a decrease in vehicle & equipment maintenance.

Warrants Enforcement: changes in personnel, increase in longevity and overtime with a decrease in health care costs due to change in provider and plans. Supplies has an increase in motor gas & oil and a decrease in computers & associated equipment. Repairs has a decrease in vehicle maintenance. No supplementals were approved for FY 22-23.

Fire Department: changes in personnel, 4% COLA, additional 1 year longevity for each eligible employee, 3 anniversary increases, 2 new firefighter positions approved, and decrease in health care costs due to provider and plan changes. Supplies has an increase in motor gas & oil and a decrease in supplies, uniforms, chemicals, minor equipment, and medical supplies. Services has an increase in utilities and a decrease in communications, postage, professional services, professional service-ambulance, printing, travel, catering, laundry, medical treatment, and CC discount fees. Repairs has an increase in vehicle maintenance and a decrease in equipment maintenance. Capital Outlay has an increase in operating lease and a decrease in capital lease. Supplementals approved for FY 22-23 2 new firefighters for \$134,481.

Volunteer Fire: personnel changes are minor increases in all line items. Supplies has an increase in motor gas & oil and a decrease in uniforms, minor equipment, medical supplies. Services has a decrease in uniforms, minor equipment, and medical supplies. Services has a decrease in communications, postage, travel, utilities, and medical treatment. Repairs has a decrease in vehicle maintenance.

Public Works Administration: changes in personnel, 4% COLA and additional 1 year longevity for each eligible employee and a decrease in health care costs due to change in provider and plans. Services has a decrease in travel. No supplementals approved for FY 22-23.

Service Center: decrease in supplies, services, and repairs. Leases has an increase in operating leases. Approved supplementals for FY 22-23 is a one-time supplemental ice maker and bin for \$7,540.

Garage: changes in personnel, 4% COLA, additional 1 year of longevity for each eligible employee, 3 anniversary increases and a decrease in health care costs due to change in provider and plans. Supplies has a decrease in motor gas & oil and minor equipment. A one-time supplemental for FY 21-22 was removed for 9,000lb jack for \$3,800. Services has a decrease in communications. Leases has an increase in copier lease and capital outlay has a decrease in machinery & equipment. Removal of FY 21-22 one-time supplemental A/C Recovery Machine for \$6,000. No supplementals were approved for FY 22-23.

Street: changes in personnel, 4% COLA, additional 1 year longevity for all eligible employees, 8 anniversary increases, compensation plan increases for Maintenance Workers, and a decrease in health care costs due to change in provider and plans. Supplies has an increase in motor gas & oil and a decrease in supplies, uniforms, chemicals, and minor equipment. Services has an increase in travel and utilities and a decrease in communications and equipment rent. Maintenance has a decrease in signs, signals, and drainage. No supplementals approved for FY 22-23.

Health: changes in personnel, 4% COLA, additional 1 year longevity for all eligible employees, 5 anniversary increases, compensation plan increases for Animal Care Specialists, Customer Service Representative 1 and Kennel Attendants. Personnel has a decrease in health plans costs due to changes. New Animal Care Specialist position added. Supplies has an increase in motor gas & oil and animal care. Services has an increase in communications, professional services, and printing & publishing and a decrease in utilities, laundry, and other services. Repairs has an increase in vehicle maintenance and a decrease in equipment maintenance. Maintenance has a decrease in building maintenance. Leases has an increase in operating lease. Supplementals approved, new animal control specialist position added.

Parks Administration: changes in personnel, 4% COLA, Additional 1 year longevity for each eligible employee, 1 anniversary increase, and a decrease in health care costs due to change in provider and plans. Supplies has an increase in minor equipment and a decrease in supplies and uniforms. Services has an increase in professional services, memberships, and utilities with a decrease in communications and travel. Supplementals

approved for the FY 22-23 one-time office equipment for \$400, permanent datafy information collection service for \$3,000, and permanent – Rotary Club Association Dues for \$1,056.

Golf Course: personnel changes, 4% COLA, additional 1 year longevity for all eligible employees, 5 anniversary increases, compensation plan increase for Maintenance Workers, and a decrease in health care costs due to plan changes. Supplies has an increase in fertilizer and motor gas & oil and a decrease in supplies, irrigation supplies, pro shop supplies, maintenance supplies, golf course accessories, green maintenance, uniforms, and minor equipment. Services has an increase in professional services and utilities and a decrease in communications, printing & publishing, travel, and equipment rent. Maintenance has a decrease in building maintenance, grounds & permanent fixtures. Leases has a decrease in operating & capital lease. No supplementals approved for FY 22-23.

Parks Maintenance: personnel changes, 4% COLA, additional 1 year longevity, 3 anniversary increases, compensation plan increases for Maintenance Workers, and a decrease in health care costs due to changes. Supplies has an increase in weed control chemicals, pesticide chemicals, and motor gas & oil with a decrease in health care costs. Supplies has an increase in weed control chemicals, pesticide chemicals and motor gas & oil with a decrease in supplies, uniforms, minor equipment. Services has an increase in communications and a postage, professional services, travel, memberships, and equipment rent. Repairs has a decrease in vehicle and equipment maintenance. Maintenance has a decrease in building maintenance and all individual park line items. Leases has an increase in operating lease. Capital has an increase in equipment which is a one-time Shade Structure for Kleberg Park Playground for \$10,000.

Golf Course Pro Shop: personnel changes, 4% COLA, additional 1 year longevity for all eligible employees, 1 anniversary increase, compensation plan increases for Pro Shop Attendants, and a decrease in health care costs. This division only records personnel costs of the Golf Course Manager and Pro Shop employees.

Parks Recreational Programs: personnel changes 4% COLA, additional 1 year longevity for all eligible employees, anniversary increases, new position created for full-time Aquatics Manager, and increase in health care costs due to the new position. Supplies has an increase in supplies and uniforms. Supplies has an increase in supplies and uniforms and a decrease in minor equipment and safety/first aid. Services has a decrease in all items except CC discount fees. Supplementals approved for FY 22-23 New Aquatics Manager position for \$42,175.

Softball League: proposed budget remains the same as FY 21-22.

General Fund Transfers Out: Transfer to Tourism Fund 002 - \$12,054; PIO Stipend – An FY 21-22 stipend was budgeted in the City Manager's budget which resulted in split funding to occur in the payroll system. In order to eliminate the need of the Payroll System to split fund this payment, it is budgeted in the Tourism payroll section and then General Fund covers the cost through a transfer. Transfer to Golf Course Maintenance Fund 026 - \$10,020; General Fund is required to send over 3% of budgeted Golf Course revenues for specific capital maintenance projects. Budgeted revenues are $\$345,000 \times 3\% = \$10,350$. The budget needs to be adjusted by \$330. Transfer to Utility Fund 051 - \$92,705; General Fund and Utility Fund share personnel costs for Facilities Division 1805, Public Works 3000, Engineering 8000. In an effort to keep from splitting employees in the payroll system, Division 1805 employees are recorded in Utility Fund in Division 8020, Division 8000 employees are recorded partly in GF Division 3000 & UF Division 8000. *This transfer will need to be adjusted due to change in health care costs; 50% of 8000 Engineering Personnel Costs (in UF) - $\$517,311 \times 50\% = \$129,327.75$; 50% of 8020 Facilities Personnel Costs (in UF) - $\$168,820 \times 50\% = \$84,410$; Offset 50% of 3000 Public Works Personnel Costs (in GF) - $\$176,251 \times 50\% = (\$88,125.50)$; Offset 50% of Welder in Division 3030 (in GF) - $\$65,816 \times 50\% = (\$32,908)$.* Transfer to Park Maintenance Fund 093 - \$25,000; This is an annual allocation to ensure that General Fund sets aside this specific amount for Park Maintenance related projects. Transfer to Economic Development Fund 098 - \$251,000; \$100,000 Prior fiscal year and this fiscal year, the General Fund has transferred over this amount to assist the EDC with their efforts, \$10,000 – The Retail Coach \$20,000 – Housing Impact Studies, \$5,000 – Zac Tax Sales Tax Database \$15,000 – Economic Impact Studies, \$25,000 – Business Development Staff \$20,000 - Housing & Retail Developer Recruiter, \$5,000 – Economic Development Website \$151,000 are for the estimated payments on the tax incentive agreements. Transfer to PW Vehicle Replacement Fund 105 - \$10,000, Annual amount set aside to build up funding for vehicle replacements; Transfer to PD Vehicle Replacement Fund 106 - \$10,000, Annual amount set aside to build up funding for vehicle replacements.

Building Security Fund 025: FY 22-23 Estimated Beginning Fund Balance - \$36,708; Budgeted Revenues - \$13,000 and Budgeted Expenditures - \$18,330. FY 22-23 Estimated Ending Fund Balance - \$31,378. Expenditures - \$18,330, Door Access Project for the Municipal Court, which is an eligible expenditure for this Fund.

Golf Course Capital Maintenance Fund: This fund is used to account for 3% of budgeted revenues at the Golf Course to be used on golf course capital maintenance. FY 22-23 Estimated Beginning Fund Balance of \$68,511. Budgeted Revenues of \$10,020 and Budgeted Expenditures of \$0. FY 22-23 Estimated Ending Fund Balance of \$78,531. Known changes are, revenues need to be adjusted by \$330 due to budgeted revenues were increased to \$345,000 and 3% of \$345,000 is \$10,350; Revenues will increase to \$10,350; Estimated FY 22-23 Ending Fund Balance will increase to \$78,861. In FY 21-22, there was a major greens maintenance project undertaken by the city with contributions committed by the county. The project will be carried forward to next FY 22-23. Expenditures were not budgeted for FY 22-23 as no specific project was identified.

Solid Waste Capital Projects Fund 087: Residential \$4.30 of the \$21.00 Fee-Ordinance 2009-01. Commercial fees vary by the size of rollout & number of pickups. The intent was to set aside funding for the replacement of garbage trucks. FY 22-23 estimated beginning fund balance \$283,219 and budgeted revenues \$583,500 and budgeted expenditures \$619,911. FY 22-23 estimated ending fund balance \$246,808. Known changes: Revenues transfer in from General Fund 001 \$65,000 to cover the cost of a new Commercial Side Loader Garbage Truck. Expenditures, Commercial Side Loader Garbage Truck purchase \$308,529. Revenues will increase to \$648,500. Expenditures will increase to \$928,440. FY 22-23 Estimated Fund Balance will decrease to \$3,279. Solid waste capital projects fund 087; Expenditures for FY 22-23 are budgeted at \$619,911.48 vs \$908,660.16 for last fiscal year. Rollouts & Dumpsters \$100,000 annual budgets for rollouts and dumpsters; Capital Lease \$146,582.33 for the principal and interest payments on the Articulated Dump Truck & Garbage Trucks; Vehicle Maintenance \$26,000 for the Excavator Arm Repairs FY 22-23 supplemental; Street & Bridge Alley - \$50,000 Annual allocation; Transfer to Fund 011 \$201,571 for 2021 & 2022 Tax Note payment; and Transfer to Fund 090 \$95,758.15 for the City Hall payback payment.

Landfill Closure Fund 090: This is a \$3.00 landfill fee on both residential and commercial accounts. This funds the closure and post-closure landfill costs. FY 22-23 estimated beginning fund balance \$1,996,314. Budgeted Revenues are \$367,958 and budgeted expenditures are \$532,966. FY 22-23 Estimated Ending Fund Balance of \$1,831,306. Budgeted expenditures for Landfill Closure Fund 090, Expenditures for FY 22-23 are budgeted at \$532,966. FY 22-23 Supplemental, TCEQ Required Southside Landfill Drainage Plan \$322,085. TCEQ Permit Requirement of \$200,000 and FY 22-23 Supplemental for Parts for Portable Windscreens \$10,881.

General Fund Capital Projects Fund 091: This fund accounts for capital projects approved each budget. Transfers are made from the General Fund. FY 22-23 Estimated Beginning Fund Balance is \$2,494 with budgeted revenues of \$0. Budgeted Expenditures are \$2,494. Fiscal Year 22-23 estimated ending fund balance of \$0. Expenditures will transfer to general fund of \$2,494.02 to close out fund.

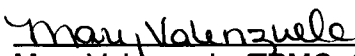
Street Maintenance: This fund accounts for the street maintenance fees collected from property owners. Expenditures for this fund are handled within this fund. No proposed fee increases for FY 22-23. Fiscal Year 22-23 estimated beginning fund balance is \$332,921. Budgeted revenues are \$1,035,000 and budgeted expenditures are \$1,274,982. Fiscal Year 22-23 estimated ending fund balance of \$92,939. Budgeted for street maintenance fund are, Expenditures of \$1,274,982; Street Sweeping Contract-SCA \$174,982; and Street & Bridge \$950,000. The list of streets will be provided in a separate correspondence at a later time. Transfer to General Fund 001 \$150,000 to reimburse payroll costs of the street construction crew.

VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 8:17 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary