

AUGUST 22, 2022

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, AUGUST 22, 2022, IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 3:00 P.M.

CITY COMMISSION PRESENT:

Sam R. Fugate, Mayor
Norma N. Alvarez, Commissioner
Ann Marie Torres, Commissioner

CITY COMMISSION ABSENT:

Hector Hinojosa, Commissioner
Edna S. Lopez, 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
Cameron Whittington, Water Supervisor
Derral Mills, Landfill Supervisor
David Solis, Risk Manager
Joe Casillas, Water Production Supervisor
Joseph Ramirez, Engineers Assistant
Frank Garcia, Wastewater Supervisor
Manny Salazar, Chamber of Commerce President/CEO
Alicia Tijerina, Main Street Manager
Nicholas Daniels, Building Official

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 4:00 p.m. with three Commissioners present. Meeting started late due to Commissioner Torres arriving at 4:00 p.m. Commissioner Hinojosa and Commissioner Lopez were absent from this meeting.

CONVENE INTO BUDGET WORKSHOP At 3:00 P.M.:

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

Day two of the budget workshop began at 4:00 p.m. due to Commissioner Torres running one hour late to the meeting.

Park Maintenance: This fund accounts for specific park maintenance projects. The General Fund annually sends over \$25,000 for this specific purpose. Fiscal Year 22-23 estimated beginning fund balance is \$21,001. Budgeted revenues are \$25,000 and budgeted expenditures are \$46,000. Fiscal Year 22-23 estimated ending fund balance is \$1. Expenditures are \$46,000 for Grounds & Perm Fixtures for \$12,000 and fiscal year 22-23 one-time supplemental for a Red Dirt for Ball Fields. Machinery & Equipment for \$34,000; FY 22-23 one-time supplemental for (2) 72" Deck JD Mowers \$22,000 and a FY 22-23 one-time supplemental for a JD Utility Gator for \$12,000.

Vehicle replacement fire fund 097: This fund is used to accumulate funds for future vehicle purchases for the Fire Department. Funds for this fund are received through General Fund transfers and through the Ambulance Supplemental Grant Program when the program is available for application. FY 22-23 estimated beginning fund balance is \$170,628. Budgeted revenues of \$0, (looking at using Property Tax Reserve, or GF Fund Balance, this year to move \$45K; need this amount for the next four years to fund a Medic Unit). Budgeted Expenditures is \$0 with FY

22-23 estimated ending fund balance of \$170,628. Expenditures from this fund are not planned for FY 22-23. Targeting 2026 to purchase/lease a new Medic Unit to replace the 2011 Reserve Medic Unit (M-3). A Medic Unit is the most pressing need for KFD looking forward to when the 3rd Fire Station becomes operational.

Economic Development Fund: This fund accounts for the revenues and expenditures related to economic development. Funds come in from transfers from General Fund and outside companies who pay In Lieu of Taxes. FY 22-23 estimated beginning fund balance \$98,900. Budgeted revenues of \$355,600 and budgeted expenditures of \$341,000. Fiscal Year 22-23 estimated ending fund balance of \$113,500. Personnel, by contract, the city contributes \$65,000 for salaries and benefits. The EDC picks up all salary costs above \$65,000.

Vehicle Replacement Police Fund 105: This fund is used to accumulate funds for future vehicle replacements for the Police Department. Funds are received through General Fund transfers. Fiscal Year 22-23 estimated beginning fund balance is \$20,000. Budgeted revenues are \$10,000 and budgeted expenditures are \$30,000. Fiscal Year 22-23 estimated ending fund balance of \$0. Revenues are \$10,000 for FY 22-23. This fund started three years ago. Fiscal Year 22-23 estimated ending fund balance will be \$0 due to transfer out to cover costs of a supplemental for Police vehicles. The General Fund will continue to make an annual transfer of \$10,000. These funds will continue to build up until there is enough funding to purchase vehicles. Expenditures are \$30,000 for FY 22-23. Transfer to the 2021 Tax Note Fund 115 to cover costs of (2) Police vehicles. After all planned FY 20-21 expenses, there was extra money in the 2021 Tax Note Fund.

Tax Note Series 2021 Fund 115: This fund was used to account for tax note proceeds used to purchase FY 20-21 capital outlay of police vehicles, fire command vehicle, garbage trucks and golf course backhoe. The beginning fund balance was due to purchase cost savings. Fiscal Year 22-23 estimated beginning fund balance is \$206,854. Budgeted Revenues are \$30,000 (from Fund 105 – Vehicle Replacement Fund - Police) and budgeted expenditures of \$236,854. Fiscal Year 22-23 estimated ending fund balance of \$0. Revenues of \$30,000, transfer from Vehicle Replacement Fund 105 Police \$30,000 to cover purchase costs of (2) Police vehicles. Expenditures of \$236,854; two Police vehicles for \$137,078, and machinery & equipment for \$74,791. Fiscal Year 22-23 one-time supplemental for a new Street Rotary Broom. Transfer to General Fund of \$24,985 for Issuance Costs Savings sent over by General Fund. All insurance paid from general fund.

Property Tax Reserves Fund 120: This fund is used to accumulate funds to be used to address future budget shortfalls. Funds are transferred from General Fund based on a calculation that are part of the tax rate. Traditionally, this fund is those Tax Revenues raised from the tax rate above \$.83000. Fiscal Year 22-23 estimated beginning fund balance of \$432,231. Budgeted Revenues are \$83,541 based on \$.84000 tax rate. These revenues will not be recorded as the adjusted proposed tax rate has dropped to \$.82500. Budgeted Expenditures are \$225,000 (this transfer will no longer be needed). Fiscal Year 22-23 estimated ending fund balance is \$290,772 (Will adjust to \$432,231).

GF ARP State & Local Fiscal Recovery Fund 121: The total allotment for the City of Kingsville was \$6,272,701.30. The city received the first tranche of \$3,136,350.65 at the end of September 2021. The 2nd tranche will be received at the end of September 2022 (budgeted in FY 21-22). The following projects have been funded, or earmarked, for funding from Fund 121: General Fund; Hazard Pay, PD Tasers & Dispatch Station, Golf Course Greens. Economic Development Grant; Fire Vehicle Repair, Broadband Project, Broadband Feasibility Study, Golf Course Equipment, Parking Lots, Jet Engine Program, Parks Revenue Replacement, PD Canopy, PD & Fire Roof, Body Worn Cameras Grant Cash Match, Door Access Project, COVID Testing Clinic \$50,000 for FY 21-22 & \$50,000 for FY 22-23. The final rule includes a simplified lost revenue provision that gives each local government a \$10 million standard allowance for lost revenues. This means that the first \$10 million of your ARP dollars can be spent on nearly anything that would normally be paid for from your general fund, including roads and bridges. FY 22-23 estimated beginning fund balance is \$606,925. Budgeted revenues are \$0 and budgeted expenditures are \$606,925. Fiscal Year estimated ending fund balance is \$0. Revenues \$0 (All revenues will be received by the end of FY 21-22). Expenditures of \$606,925 for the following: Computers & Associated Equipment \$20,670 for Door Access Project; Professional Services \$521,465 for Broadband Initiative \$400,000, COVID Testing Clinic \$100,000, and set aside for cost overruns \$21,465 Grounds & Perm Fixtures \$64,790 for Remaining balance of Parks Revenue Replacement Allotment

Economic Development Grant Program Fund 123: This fund has been created to record and manage the economic development grant program that is using ARP funding. Fiscal Year 22-23 estimated beginning fund balance of \$500,000. Budgeted revenues are \$0 and budgeted expenditures are \$500,000. Fiscal Year 22-23 estimated ending fund balance are \$0. Revenues are \$0, the seed money for this grant program was transferred in FY 21-22. Expenditures are \$500,000, this amount is what has been allocated for this grant program to be awarded based on applications submitted. Four applications currently under review by the Grant Administrative Board.

GF Tax Note Series 2022 Fund 126: This fund is used to account for the tax note proceeds used to acquire the FY 21-22 capital outlay purchases from the General Fund of the (3) police vehicles, Bobcat Skid Steer, Excavator, Pneumatic Roller, Wheeled Trash Compactor and Ford F250 Regular Cab truck for Code Compliance. The beginning fund balance is due to purchase costs savings. Fiscal Year 22-23 estimated beginning fund balance are \$183,505. Budgeted revenues are \$0 and budgeted expenditures are \$183,505. Fiscal Year 22-23 estimated ending fund balance is \$0. Revenues are \$0, all revenues were received in FY 21-22. Expenditures are \$183,505 for: Machinery & Equipment \$7,885 for FY 22-23 one-time Supplemental for a Diesel Tank With Trailer for Garage to fill generators and equipment (off-site); Machinery & Equipment \$47,120 for FY 22-23 one-time Supplemental for Street Batwing Shredder; Machinery & Equipment \$9,047 for FY 22-23 one-time supplemental for Health 6 Stall Slide In Animal Control Unit; and transfer to General Fund 001 of \$119,453 for Tax Note Payments budgeted for FY 21-22 that were not needed. Note Payment in FY 21-22 was interest only.

Certificates of Obligation Series 2016 Fund 033: This fund is used to account for the transactions of the CO Series 2016. Eligible expenditures of the bond series includes: design, planning, acquisition, construction, equipping, expansion, repair, renovation and/or rehabilitation of certain City-owned public property, including (1) park and golf course improvements, (2) downtown revitalization improvements, including streets, sidewalks, lighting, and property acquisition (3) street repairs; (4) improvements to municipal buildings, (5) Public Works department equipment; (6) emergency department vehicles and equipment and (7) payment of contractual obligations for professional services in connection with the issuance of the Certificates. This fund will be closed in FY 22-23. Fiscal Year 22-23 estimated beginning fund balance is \$28,893. Budgeted revenues are \$0 and budgeted expenditures are \$28,893. Fiscal Year 22-23 estimated ending fund balance is \$0. Revenues are \$0, all revenues have been received. Financial advisors recommend we close this fund in FY 22-23. Expenditures are \$28,893 for FY 22-23 one-time supplemental for Chamberlain Park Bathroom of \$23,293 and one-time supplemental for swing set for Flato Park for \$5,600.

General Obligation Debt Service Fund 011: This fund is used to account for the payment of General Fund debt service. Revenues are generated from the I&S portion of the Ad Valorem Taxes. Fiscal Year 22-23 estimated beginning fund balance is \$601,939. Budgeted revenues are \$1,960,347 and expenditures are \$1,817,452. Fiscal Year estimated ending fund balance is \$744,834. Revenues are \$1,960,347 for a breakdown of, estimated current tax revenues based on next year's GF debt service payments are \$1,679,776; estimated delinquent tax revenues are \$45,000; estimated penalty & interest revenues are \$32,000; and transfer from Solid Waste Capital Projects Fund 087 of \$201,571 from 2021 tax note payment for the 3 Garbage Trucks and 2022 tax note payment for the Wheeled Trash Compactor; and Interest Income of \$2,000. Expenditures for GO Debt Service is \$1,817,452 for breakdown of \$1,570,949 for principle, \$240,503 in interest, and \$6,000 for paying agent fees.

Tourism Fund 002: This fund is used to account for revenues and expenditures for tourism activities. Revenues are received from Hotel Occupancy Taxes (HOT) and expenditures are based on State Tax Code Chapter 351. Fiscal Year 22-23 estimated beginning fund balance is \$597,164. Budgeted revenues are \$667,554 and expenditures are \$678,663. Fiscal Year 22-23 estimated ending fund balance \$586,055. Personnel changes are 4%COLA, additional 1 year longevity for each eligible employee, 4 anniversary increases, part-time administrative assistant increased to full-time position, Special Events Downtown Manager salary increase; 4 part-time seasonal workers added, and a decrease in health care costs due to provider and plan changes. This department has increases in parade float setup, contractual services, memberships, catering, utilities, and advertising. The department has the following decreases: supplies, uniforms, motor gas & oil, promo supplies, communications, professional services, and special events. Supplementals approved, permanent part-time Administrative Assistant to full-time, permanent Special Events Downtown Manager salary increase, and 4 part-time seasonal workers added. Transfers to Fund 001 is \$35,000. Annual allocation covers administration services by the following divisions: City Manager, Finance, Human Resources, IT, Facilities.

Tourism ARP State & Local Fiscal Recovery Fund 205: This fund accounts for the ARP allotment for Tourism Revenue Replacement Projects. Fiscal Year 22-23 estimated beginning fund balance is \$108,588. Budgeted Revenues are \$0 and expenditures at \$0. Fiscal Year 22-23 estimated ending fund balance is \$108,588. Funds will be appropriated through budget amendments as projects are identified. Original ARP funding for revenue replacement projects is \$173,544. Fiscal Year 21-22 Projects total \$64,956; Office Furniture \$10,800, Promo Supplies \$8,656, Train Depot Improvements \$12,500, and Wayfinding Signs \$33,000. Potential FY 22-23 Projects for \$108,588 (will Budget Amend as details are worked): Cartoon Map rendering of the city, Sunshades for Tourism Butterfly Garden seating area, Mural for Tourism, and Mini-dog park at Tourism.

PD State Seizure Fund 005: This fund is used to account for revenues and expenditures resulting from state seizure awards. Fiscal Year 22-23 Estimated Beginning Fund Balance of \$1,116,794. Budgeted revenues are \$1,500 estimated interest and expenditures are \$221,827. Fiscal Year 22-23 estimated ending fund balance is \$896,467.

PD Federal Seizure Fund 028: This fund is used to account for revenues and expenditures resulting from federal seizure awards. Fiscal Year 22-23 estimated beginning fund balance is \$136,339. Budgeted revenues and expenditures are \$0. Fiscal Year 22-23 estimated ending fund balance is \$136,339.

Municipal Court Technology Fund 031: This fund is used to provide for technology needs of Municipal Court. Revenues are generated from consolidated court fees. Fiscal Year 22-23 Estimated Beginning Fund Balance is \$42,845. Budgeted revenues are \$11,000 and expenditures are \$9,354 for professional services for notification calls \$4,500 and copier lease for \$4,854. Fiscal Year 22-23 estimated ending fund balance is \$44,491.

HS Operation Lone Star Grant Fund 059: This grant is for Police Equipment. The beginning fund balance has been adjusted for all purchases to occur in FY 21-22. Fiscal Year 22-23 estimated beginning fund balance is \$33,157 (Now changes to \$0). Budgeted revenues and expenditures are \$0. Fiscal Year estimated ending fund balance is \$33,157, now changes to \$0.

DEAAG Grant Fund 084: This fund is used for a potential Defense Economic Adjustment Assistance Grant (DEAAG). This fund currently holds the cash match for future grant applications. Fiscal Year 22-23 estimated beginning fund balance is \$507,500. Budgeted revenues are \$0 and budgeted expenditures are \$500,000. Fiscal Year 22-23 estimated ending fund balance is \$7,500. Expenditures are \$500,000: Grant Cash Match for application due August 31st for November 2022 award and application is for expanded fire bays to house four new ARFF trucks at NAS Kingsville.

Texas Parks & Wildlife Grant Fund 094: This fund is used to account for the Texas Parks & Wildlife Grant for improvements to Dick Kleberg Park and includes playgrounds, interpretive signage/kiosks, sensory maze, picnic tables and shelters, exercise equipment, ballfield renovations, multipurpose field renovations and grant signage. Grant ends December 2023. Original Allocation of \$448,000 for Grant Funding \$224,000, Cash Match \$195,125, City In-Kind (Work) \$14,625 (now becomes \$19,625). County was supposed to provide \$5,000 in Work In-kind and is no longer going to provide. Donations/Outside In-Kind \$14,250 (now becomes \$9,250). FY 22-23 estimated beginning fund balance is \$31,665. Budgeted revenues are \$66,910, grant funding. Budgeted expenditures are \$98,575, projects carried forward. Fiscal Year 22-23 estimated ending fund balance is \$0. Projects to be carried forward to FY 22-23 are as follows: Wildlife photo kiosk along the trail for \$4,500; clean rivers kiosk/water conservation for \$3,500; sensory maze for \$13,000; 10 picnic tables and 10 grills at \$4,000; exercise equipment for \$22,000; shelters for \$6,000; baseball windscreens \$5,000; football field goals & pads \$5,000; girls' softball wheelchair accessible dugouts \$12,000; girls' softball shade structures & windscreens \$17,000; history of baseball exhibit for \$3,000; final signage for \$3,575. All projects total to \$98,575.

Fiscal Year 22-23 Safe Routes to School Grant Fund 100: this fund accounts for grant proceeds for the projects identified in the Safe Routes to School grant. The grant will connect Harvey Elementary to Jubilee Academy and Brookshire Poll/Skate Park to the Boys and Girls Club and extend to 14th Street with 6-foot-wide sidewalks. ADA ramps and crosswalks. This is a reimbursable grant with a \$0 match. Engineering services will be done in-house. Project is expected to start the Fall of 2022. Fiscal Year 22-23 estimated beginning fund balance is \$77,602. Budgeted revenues are \$974,520 and budgeted expenditures at \$852,122. The fiscal year estimated ending fund balance is \$200,000.

Mr. Rudy Mora, City Engineer stated that this was an application that was awarded in 2019, but prices have increased for material since then. The scope of work has been reduced. Originally there were 6-foot-wide sidewalks and with price of material increasing staff asked TXDOT if the width of the sidewalks could be decreased to 5-foot-wide, TXDOT responded yes. With increases pricing, what was removed from this project was the northside sidewalk on Lott Street between 14th Street and 20th Street. This would have to be a separate grant application. Mr. Mora stated that the grant pays for \$700,000 with the estimate from the Engineer is about \$880,000 which 10% is contingency with a request for \$200,000 to cover the difference.

Commissioner Torres asked if one of the projects was taken out from going to the school? Mr. Mora responded yes. He further explained that the original plan had sidewalks on 19th Street, Kenedy, and Lott. The portion of the sidewalk on Lott was removed because the estimated price from the Engineer was about \$1.3 million. Once this was removed, it decreased the cost for the project. Commissioner Torres further asked if this would affect the grant. Mr. Mora responded no.

Mr. Mora stated that the revenues are \$974,520; construction reimbursements as per grant award are \$774,520 and transfer from CO Series 2013 Drainage Fund 068 \$200,000. Expenditures are \$852,122 for construction costs of \$795,214. This cost includes \$20,694 for matching funds which may not be needed since it ended up being a \$0 cash match. In kind engineering services are \$56,908.

Assistance to Firefighter Grant Fund 107: FY 22-23 estimated beginning fund balance of \$1,870. Budgeted revenues and expenditures are \$0. Fiscal Year 22-23 estimated ending fund balance is \$1,870.

Patrick Leahy Bullet Proof Vest Fund 108: This fund accounts for the proceeds of the Patrick Leahy Bulletproof Vest Grant. This grant is awarded for a 2-year period. The amount budgeted includes an award of \$9,170 from 2020 and \$10,000 from 2021 with a 50% cash match. The estimated beginning fund balance has been adjusted to \$9,585 due to recording additional purchases in FY 21-22. FY 22-23 estimated beginning fund balance is \$14,170 (Adjusted to \$9,585). Budget revenues and expenditures are \$0. Fiscal Year estimated ending fund balance is \$0.

Citywide Wastewater Collection System Improvements Grant Fund 113: This fund is used to account for the grant proceeds of the General Land Office Citywide Wastewater Collection System Grant Fund. This grant includes the following 7 activities: Activity 1, three pump lift station are 14th street line replacement; Activity 2, 78 manhole repairs; Activity 3, utility line replacement parallel to IH69 from Corral to Santa Gertrudis; Activity 4, utility line replacement, Johnston & Fordyce, from 17th to 18th; Activity 5, utility line replacement, Lott Street to 10th Street; Activity 6, utility line replacement, 10th Street from Ragland to Santa Gertrudis; and Activity 7, lift station rehabilitation. Fiscal Year 22-23 estimated beginning fund balance is \$1,233,198. Budgeted revenues are \$5,693,110 from grant funding and budgeted expenditures are \$5,693,110. Fiscal Year 22-23 estimated ending fund balance is \$1,233,198. Original grant allocation, grant proceeds of \$7,293,110.

Southwest Border Rural & Tribal Assistance Grant Fund 114: this fund is used to account for grant proceeds of the SWB Rural & Tribal Assistance Grant Fund awarded for two license plate reader packages, which includes a Rapiscan Detection Unit. Fiscal year 22-23 estimated beginning fund balance is \$13,125 with budgeted revenues and expenditures at \$0. Estimated ending fund balance for FY 22-23 is \$13,125.

TWDB Drainage Master Plan Location 7 Improvement Project #40135 Fund 116: This fund is used to account for the grant and loan proceeds for location 7 of the Drainage Master Plan. This location will relieve drainage issues along Pasadena Drive and in Glover Park Subdivision on the southwest side of the city. It includes upsizing approximately 1,600 linear feet of stormwater drainage, adding 17 curb inlets and completing 2,900 linear feet of channel excavation to improve flow hydraulics. Original grant allocation funds \$602,000 and loan proceeds of \$754,000. Fiscal year 22-23 estimated beginning fund balance is \$186,134. Budgeted revenues are \$602,000 with expenditures of \$754,000. Estimated ending fund balance of \$34,134.

TWDB Drainage Master Plan Location 1 Improvement Project #40142 Fund 117: This fund is used to account for the grant and loan proceeds for Location 1 of the Drainage Master Plan and is approximately 85 acres, fully developed and includes approximately 125 homes in Fairview Heights and San Jose Estates subdivisions in the northeast side of the City. It includes installing 2,400 linear feet (LF) of a stormwater drainage system, adding 16 curb inlets, and completing approximately 1,000 LF of channel excavation to improve flow hydraulics. Original allocation, grant proceeds \$602,000 and loan proceeds of \$754,000. Fiscal year 22-23 estimated beginning fund balance is \$184,881. Budgeted revenues are \$602,000 and budgeted expenditures of \$754,000. Estimated ending fund balance of \$32,881.

TWDB Drainage Master Plan Location 3 Improvement Project #40143 Fund 118: This fund is used to account for the grant and loan proceeds for Location 3 of the Drainage Master Plan and will relieve drainage issues in the Forest Park 2 subdivision on the east side of the City. It includes replacing approximately 900 linear feet (LF) of an existing stormwater drainage system and installing 2,800 LF of new stormwater drainage system, 10 additional inlets, and seven curb inlet extensions. Original allocation, grant proceeds \$645,000 and loan proceeds \$811,000. FY 22-23 estimated beginning fund balance of \$37,989. Budgeted revenues are \$645,000 (Grant Funding) and budgeted expenditures are \$645,000 (Grant Project Costs). Estimated ending fund balance for FY 22-23 is \$0.

TWDB Drainage Master Plan Location 4 Improvement Project #40144 Fund 119: This fund is used to account for the grant and loan proceeds for Location 4 of the Drainage Master Plan and will relieve drainage issues in Sarita Park 4, Sarita Park 5, and Southmore Acres subdivisions on the south-central side of the City. It includes completing approximately 1,600 linear feet (LF) of channel excavation and installing 3,150 LF of new stormwater drainage system. Original allocation of grant proceeds \$817,000 and loan proceeds of \$1,039,000. Estimated beginning fund balance for FY 22-23 is \$59,718. Budgeted revenues are \$817,000 and budgeted expenditures are \$817,000. Estimated ending fund balance for FY 22-23 is \$59,718.

General Land Office (GLO) Hurricane Harvey Mitigation Grant Fund 122: This fund is used to account for the grant proceeds of the GLO Hurricane Harvey Mitigation grant that includes the following: 675 ft of 36 inch reinforced concrete pipe (RCP), 6 inlets - \$1m - E Santa Gertrudis Ave; 300 ft of 7 ft x 4 ft, 1,600 ft of 7 ft x 5 ft box culverts, 5 inlets - \$1.2m - 7th Street 900 ft of 8 ft x 6 ft, 884 ft of 10 ft x 6 ft box culverts, 5 inlets - \$2.4m - E Caesar Avenue; 800 ft of 6 ft x 3 ft, 8,535 ft of 10 ft x 6 ft box culverts, 25 inlets - \$9.1m - S Brahma Blvd; 850 ft of 9 ft x 7 ft, 700 ft of 10 ft x 7 ft box culverts, 9 inlets - \$2.4m - E Caesar Ave; 300 ft of 12 in RCP - \$0.2m - E Carlos Truan Blvd; 3,200 ft of 8 ft x 4 ft box culverts, 10 inlets - \$2.4m - S 6th Street; 200 ft of 24 in RCP -

\$0.2m – Paulson Falls Blvd; 2,000 ft of 9 ft x 5 ft, 1,585 ft of 10 ft x 6 ft, 1,800 ft of 10 ft x 7 ft box culverts - \$5.6m – US 77 Hwy; 360 ft of 36 in RCP inlet laterals, 15 inlets - \$0.9m – N Armstrong; 1,565 ft of 36 in RCP, 20 inlets - \$1.6m – E King Ave; 1,600 ft of 48 in RCP, 20 inlets - \$1.3m – S 14th Street; 1,600 ft of 18 in RCP, 2 inlets – \$0.6m – W Johnston Ave; 2,750 ft of 24 in RCP, 13 inlets - \$1.1m – W Santa Gertrudis Avenue; Grant Allocation, construction - \$30m, Engineering - \$4.5m, Administration - \$2,178,716, for total grant award of \$36,678,716. Local match of \$366,787 and grant funding of \$36,311,929. FY 22-23 estimated beginning fund balance of \$366,787. Budgeted revenues are \$34,308,314 and budgeted expenditures of \$34,308,314 which consists of professional services for \$4,675,101 and drainage for \$29,633,213. Estimated ending fund balance for FY 22-23 is \$366,787.

Mr. McLaughlin commented that all of these will take over a year to get done, which will be going into the next fiscal year. The engineers are looking at all these roads to determine which roads are being torn up enough that will get the repavement done.

Ms. Alvarez asked if the Commission would like to recess the budget workshop and reconvene it after the scheduled regular meeting tonight.

The Commission decided to reconvene the budget workshop after the normal scheduled meeting tonight.

Mayor Fugate recessed the meeting at 4:57 P.M.

REGULAR MEETING RESUMES AT 5:00 P.M.:

Mayor Fugate opened the regular meeting at 5:00 P.M. with three Commission members present. Commissioner Hinojosa and Commissioner Lopez absent for this meeting.

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-August 8, 2022

Motion made by Commissioner Alvarez to approve the minutes of August 8, 2022, as presented, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Alvarez, Torres, Fugate voting “FOR”.

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

1. Conduct a Public Hearing regarding the advisability of the improvements to be financed by the Somerset Public Improvement District No. 1. (City Manager/City Attorney).

Public hearing not heard. Ms. Alvarez explained that the city's Bond Counsel has advised that they were requesting the cancellation of the public hearing on the PID. They are still working through some numbers with the developer. The developer will be submitting a new PID petition to the City Commission to restart the process and at that point in time there will be a new public hearing date announced with a new notice published in the newspaper. The current petition is being withdrawn.

2. Public hearing regarding condemnation proceeding for structures (rear structure only) located at 518 W. Ragland Street, Kingsville, Texas. (Director of Planning & Development Services).

Mr. Nicholas Daniels, Building Official stated that this process started back in 2021. Notices have been sent the electrical service is no longer functional. The structure exterior walls are dilapidated and show signs of wear with structure integrity failing. The original landing and stairway going up shows extreme signs of wear. The structure is no longer stable or acceptable for any type of human habitation. Found the overall condition of the rear structure to be dilapidated and hazardous. It is unsecured and dangerous allowing easy access to animals, vagrants and criminal activity. The 2nd story flooring is rotted and unstable. Windows have been open allowing weathering and access for animals. The walls are showing signs of decay and rot. Mr. Daniels stated that this is only for the rear structure on this property.

Mayor Fugate asked when was the last time property taxes were paid for this property?

Ms. Alvarez responded that 2020 and 2021 are due as of March 9, 2022.

Mr. Curtis Albright, 518 W. Ragland commented that the property belongs to his family which are in Chicago. He stated that he does not have the funds to demolish the property or to fix it.

Mayor Fugate commented that this is something that could be done through the city and have the city demolish it for Mr. Albright and possibly workout a payment plan.

Mr. Albright stated that he does not want to lose his property if the city does the demolition.

Ms. Alvarez commented that the property owner can have the city demolish the property through a voluntary demolition and then work a payment plan with the city. If the payment plan is not followed through, then the city can process a lien on the property. The other option is, if the city commission decides to condemn the property tonight, then the property owner has 30 days, after the condemnation is ordered by the commission, to get the structure demolished. At the end of the 30-day period if the structure is not removed then the city has the authority under state statute to go in and demolish the property. At that time, an invoice will be prepared access that as a lien for the property. She further stated that the city doesn't take the real estate, only the substandard structure. So, the choice would be voluntary or involuntary.

Commissioner Alvarez asked if for the taxes, are both structures considered as one? Ms. Alvarez responded that it is on the same property ID number. Commissioner Alvarez further asked if the lien would affect both structures? Ms. Alvarez responded that it would go against the property, the legal description. Commissioner Alvarez commented that the property would not be able to be sold due to the lien being placed.

Mr. Albright commented that he is not able to sale the property as it is a homestead and left to his dad's brothers which include his father and a uncle who have now since passed away.

Mayor Fugate commented that the problem is that neighbors live next to this property and have to see this each and every day. The property needs to be condemned and if Mr. Albright does not have the funds to demolish the property, he needs to allow the city to do it for him, then workout a payment plan with the city. This is a health and safety issue for the owner and its neighbors. Mayor Fugate further commented that Mr. Albright that the city will not remove him from his home, but the rear structure needs to be demolished.

Mayor Fugate closed this public hearing at 5:12 P.M.

III. Reports from Commission & Staff.²

"At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to, the following: Planning & Zoning Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, Tourism, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, Keep Kingsville Beautiful, and Texas Municipal League. Staff reports include the following: Building & Development, Code Enforcement, Condemnation Update, Proposed Development Report; Accounting & Finance – Financial & Investment Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; Police & Fire Department – Grant Update, Police & Fire Reports; Streets Update; Public Works; Landfill Update, Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Health Department, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Employee Recognition, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation, Golf Course, Library Summer Programs, Grants Update. No formal action can be taken on these items at this time."

Mr. Mark McLaughlin, City Manager reported that the Health Department will be spraying for mosquitos. Health Department have trapped some mosquitos for testing and results have come back negative. He further introduced and welcomed the new Commanding Officer for NAS Kingsville, Captain Eric Brumley.

Mr. Jerry Martinez, County Commissioner stated that the Vietnam Memorial Wall will be displayed in Kingsville from November 9th through November 14, 2022. The wall will be temporarily stationed on Daniel Alarcon Street.

Ms. Courtney Alvarez, City Attorney reported that the Bond Counsel has advised for the PID public hearing be cancelled as a new petition will be submitted at a later time. Ms. Alvarez further reported that there is a special commission meeting scheduled for tomorrow, August 23rd, if the needed. The next City Commission meeting is scheduled for September 6, 2022, at 5:00 p.m. During this meeting the Commission will have a public

hearing on both the proposed budget and tax rate. It will also contain the introduction ordinances to both the budget and tax rate. Following that meeting, there will also be a regular meeting on September 12, 2022, and on that agenda the Commission will be voting on both the budget and tax rate with other ordinances needed for the upcoming fiscal year.

Commissioner Torres reported that she and Mayor Fugate and City Manager Mr. McLaughlin met with Congresswoman Mayra Flores regarding ideas for the City of Kingsville.

IV. Public Comment on Agenda Items.³

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

Mr. Terry Fitzwater, 231 E. Kleberg commented that Congresswoman Flores will be opening an office in Kingsville. He further stated that the Vietnam Memorial Wall will be brought to Kingsville in November 2022. There will be a ceremony on November 9th with Kleberg County Judge Rudy Madrid laying a wreath commemorating those that lost their lives during the Vietnam War. November 10th, the wall will be constructed with a ceremony opening the wall to all. There will be a flyover and the playing of TAPS during the ceremony.

Carola Serrato, 501 Billy Evans commented that it may be that she is not informed of the Somerset PID so she doesn't know what kind of information has been shared. She understands that the public hearing has been cancelled but is not certain if the other information that will be revealed at the actual public hearing will go into detail such as whether it will affect the through traffic or if any of the streets in the Chandler Acres Subdivision will be extended or will they go through Brahma Blvd, will it affect their drainage, or sewer or water service. She further commented that it would be helpful if she could reach out to someone within the city to get some of this information.

Norma Collins, 3311 S. Brahma Blvd. commented that she is concerned about the Somerset PID. She would like to see the plans for this development to make sure that it is not abutting up to their property making them lose their privacy. She further commented that she needs to see a plan and would like for the developer to consider a green space between the existing properties and the new development as there is a lot of residents that have resided within this area for more than 40 years. They are used to seeing the sunset and cows and with this new development they will be seeing houses. Will this development devalue their property and with them already having a sewer problem how will this be considered.

Mrs. Mary Valenzuela, City Secretary read the following public comments on behalf of the following individuals: Jose Cameron, Jason Mendez, Brenda Kress, and Joseph Melendez. The comments read as follows:

Jose Cameron, 514 E. Kenedy, since the commission meetings have been broadcast online, I have become concerned by how often a member of commission has taken an adversarial approach toward an employee or employees. Last night was another example. I am confused by comments regarding a modest pay increase for all employees to help fight the higher prices we all have now. I don't see how commissioners could not see the need for an adjustment for all employees and if they can't they aren't in touch with the people. I have a good job that pays well, but lately my grocery and gas bills are almost twice what they were last year. I imagine it is the same for most people and I don't see how depriving city employees helps me as a taxpayer. If the employees don't get more money and the tax rate goes down how much does that save a taxpayer? \$10 a month? \$20 a month? That isn't a life changing savings. There are those where that amount of money would help a little, but it isn't going to take them out of poverty. The decision to save them that money will however hurt the employee's ability to provide services and create new problems for taxpayers when they can't get service. The proposed budget looks like it has some big cuts, a lower tax rate seems like it would create a budget that doesn't work and if employees can't get paid enough to pay their bills, then they will leave.

Jason Mendez, 1204 W. Lee, I would like to thank city staff for putting the budget hearings on Facebook. It is much more convenient for those of us who work evenings and can't attend meetings. I am concerned by Commissioner Hinojosa's comments about the COLA and tax rate and urge the other members of commission to consider logic and the city as an organizations best interest rather than their own agendas. The commissioner said he was against a COLA for employees and wanted a lower tax rate in order to be more "tax-payer friendly", but I ask this in response: who provides city services to taxpayers? City employees are the conduit by which services reach citizens. If they are hamstrung by a diminished budget or distracted by personal financial issues, then the quality of service to taxpayers will decline rapidly. The COLA and tax rate appear to have been arrived at through logic rather than politics. It is nice to say that taxes have been lowered, but it is even nicer to have my trash collected by working

trucks, police to keep me safe, and clean water to drink. Those are things given to us taxpayers by city employees not elected officials. I also heard the discussion of excluding salaried employees from a COLA, which makes little sense. Regardless of pay everyone is being hurt by inflation and without knowing every person's financial situation you can't possibly say that excluding them won't hurt them. Perhaps they care for a disabled family member or loved one and despite higher pay have higher bills through no fault of their own. I urge the commission to please remember that employees are real people regardless of their pay or position and not simply lines in a ledger.

Brenda Kress, 1910 Louisiana I want to thank Ernie and the other animal control people for responding so quickly to a call of dangerous dogs. They were very kind and efficient and made a bad situation so much easier. They have a difficult job, but they do it with professionalism and a big heart. Thank you again.

Joseph Melendez, 900 S. 23rd, I am not a resident of Kingsville, but I do bring my kids to see their tia and primos nearly every week of the summer since you have a good pool and skate park near their house. This last week me and my kids got chased by a Pitbull and German Shepherd that were just running loose. The dogs were trying to attack my sisters outside cats. I kicked at them to scare them away and they turned and ran up on me. Luckily, I got my kids in the truck, but the dogs had no fear of people and were very aggressive. I wasn't sure who to call to report it, but something needs to be done about these owners letting their animals just run around.

Diana McLaughlin, 3403 S. Brahma Blvd. commented that she would like to know the new date for the PID public hearing. Ms. Alvarez responded that a date has not been set yet, but once staff receives the new petition, it will have the new date in it. Ms. McLaughlin asked that with the city receiving a large amount in sales tax revenue, will this affect their tax rate.

V.

Consent Agenda

Notice to the Public

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

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

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

None.

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

1. Consider condemnation of structures (rear structure only) located at 518 W. Ragland Street, Kingsville, Texas. (Director of Planning & Development Services).

Motion made by Commissioner Torres, motion finding not able to repair building or structure is unsafe; and present condition is a violation of ordinances and cannot be corrected without substantial reconstruction then declare the building or structure to be a public nuisance and order its demolition by owner/agent/person in charge within 30 days, city shall abate in any manner it deems necessary and proper, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Alvarez, Torres, Fugate voting "FOR".

2. Consider resolution accepting funding from the Texas General Land Office, Regional Mitigation Program for projects benefiting low to moderate income persons. (City Manager).

Mr. McLaughlin stated that the city has been awarded \$3.9 million from the Texas General Land Office Regional Mitigation program for projects benefiting low to moderate income households. This resolution would allow the acceptance of those funds.

Motion made by Commissioner Torres to approve the resolution accepting funding from the Texas General Land Office, Regional Mitigation Program for projects benefiting low to moderate income persons, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Torres, Alvarez, Fugate voting "FOR".

3. Consider awarding RFP #22-15 for Group Medical Employee Benefits Program as per consultant's recommendation. (Employee Health Insurance). (Purchasing Manager).

Mr. Charlie Sosa, Purchasing Manager stated that this item authorizes RFP 22-15 Group Medical Employee Benefit Programs for the City of Kingsville. The city advertised RFP 22-15 on June 9th and June 23, 2022, where six potential vendors submitted proposals. All proposals received by the deadline of June 28, 2022, at 2:00 p.m. were opened. Proposals were received from United Health Care Group, TML Health Benefits Pool, Maesrto Health, Deer Oak EAP Services, Interflex Payments, LLC, DBA Ameriflex, and 90 Degree Benefits. The city's consultants, Carlisle Insurance agency reviewed all proposals submitted in response to RFP22-15. Each proposal was broken down for easier review and comparison. On August 4, 2022, a city commission meeting was held to discuss some of the proposals received. During the workshop, several options were proposed and discussed with the Commission with no formal action taken. Carlisle Agency is recommending to the city to select United Health Care as its Group Medical Employee Benefits Program. The city's consultant will customize plan design benefits and amounts with the vendor and bring those options to commission for consideration at a future meeting. It is staff's recommendation to award RFP 22-15 to United Health Group.

Motion made by Commissioner Alvarez to award RFP #22-15 for Group Medical Employee Benefits Program as per consultant's recommendation. (Employee Health Insurance), seconded by Commissioner Torres. The motion was passed and approved by the following vote: Torres, Alvarez, Fugate voting "FOR".

4. Consider awarding project to American Integrated Solutions (AIS) for access control systems for City Hall, Cottage Building, and Municipal Building via Goodbuy Purchasing Cooperative, as per staff recommendation and authorizing the City Manager to execute a contract for same. (Purchasing Manager).

Mr. Sosa stated that this item authorizes the City Manager to execute a contract with American Integrated Solution (AIS) for access control systems for City Hall, Cottage Building, and Municipal Building. The company is a member of Goodbuy Purchasing Cooperative Contract No. 22-23-7A000. The current access control is out of date and can no longer be updated with the latest software. Discrepancies in the system have led to multiple false alarms where the building has been compromised and not secure. The new access control will allow the IT Department to be notified if any door is left unsecure. The total amount of \$41,385.00 will be split funded through multiple GL accounts. It is staff's recommendation for the City Manager to execute a contract with American Integrated Solutions for the access control systems.

Motion made by Torres to award project to American Integrated Solutions (AIS) for access control systems for City Hall, Cottage Building, and Municipal Building via Goodbuy Purchasing Cooperative, as per staff recommendation and authorizing the City Manager to execute a contract for same, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Alvarez, Torres, Fugate voting "FOR".

5. Consider authorizing the use of ARP Funds for part of the access control systems project for City Hall, Cottage Building, and Municipal Building. (Purchasing Manager).

Motion made by Commissioner Alvarez to authorize the use of ARP Funds for part of the access control systems project for City Hall, Cottage Building, and Municipal Building, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Torres, Alvarez, Fugate voting "FOR".

Mayor Fugate called for a recess the meeting at 5:43 P.M.

Mayor Fugate reconvened the meeting into the budget workshop at 6:07 P.M.

At this time, staff continued their presentation of the upcoming FY 22-23 proposed budget.

Ed Rachal Foundation Grant Fund 124: This grant will be closed out in FY 22-23 if no additional transactions occur. Fiscal Year 22-23 estimated beginning fund balance of \$19. Budget revenues and expenditures are \$0.

TX Severe Winter Storm-Mobile Generator Fund 129: This is a new grant that has been applied for and there is a good possibility of it being awarded. This fund sets aside a cash match in anticipation of the award. FY 22-23 estimated beginning fund balance is \$0. Budgeted revenues are \$35,456; transfer from Fund UF Capital Projects Fund 054 for grant cash match. Budgeted Expenditures are \$0. FY 22-23 estimated ending fund balance is \$35,456.

TX Severe Winter Storm Backup Generator Fund 130: This is a new grant that has been applied for and there is a good possibility of it being awarded. This fund sets aside a cash match in anticipation of the award. FY 22-23 estimated beginning fund balance is \$0. Budgeted revenues are \$68,894; transfer from Fund UF Capital Projects Fund 054 for grant cash match. Budgeted expenditures are \$0. Fiscal year 22-23 estimated ending fund balance is \$68,894. This is the generator for waterwater well #14.

UF Debt Service Fund 012: This fund is used to account for payments on the Utility Fund Debt Service. Revenues are generated by transfers in from the Utility Fund 051 and the Storm Water Drainage Fund 055. Fiscal year 22-23 estimated beginning fund balance is \$1,256,100. Budgeted revenues are \$1,958,276. Budgeted expenditures are \$1,652,077. Fiscal year 22-23 estimated ending fund balance is \$1,562,299.

Utility Fund 051: This fund is used to account for activities of the utility fund which includes fees for water, and wastewater services. Fiscal year 22-23 estimated beginning fund balance is \$3,782,798. Budgeted revenues are \$10,135,830 and expenditures are \$10,542,094. The estimated ending fund balance for fiscal year 22-23 is \$3,376,533. The City's Fund Balance Policy requires a minimum of 25% of budgeted expenditures. In addition, the city has always kept an additional \$300,00 above the minimum to cover any unexpected budget amendments and is now included in the actual budget to provide transparency in how much has been used. In the proposed budget for Utility Fund, these requirements have been met at 32.968%.

Utility Fund Revenues: Account Code 051-4-0000-75001 through 051-4-0000-91503; revenues are \$96,205. Transfer from General Fund 001 of \$92,705 for 50% split for personnel costs of Engineering Division 8000, and Facilities Division 8020; Offset by 50% of Personnel costs for Public Works Division 3000 and the Welder in Division 3030. Interest Earnings is \$3,500.

Mayor Fugate commented that this fund has a healthy fund as it is not being used as much as in the past for other funds.

Mr. McLaughlin commented that for years, it was limited to \$1.35 million and this year, due to inflation, the city's auditor has allowed the city to raise it 10% which is why there is a budget transfer from utility fund to general fund.

Mrs. Balli stated that the budgeted revenue for water is \$5,147,875. Revenues are \$76,450 for account 91300. These revenues are offset from credit card fee expenditures in Division 6201.

Mayor Fugate asked if the city is due for another utility increase? Mr. McLaughlin responded that he did not recommend an increase for the upcoming fiscal year due to inflation. With property values going up for the year, having an increase in utilities would affect the citizens. He further stated that city staff met with ICE Engineering to do a preliminary assessment of the water department. He further stated that staff is looking at going after a large amount of funds to do water line replacement for everything that is cast iron and asbestos concrete, drilling two new wells, elevated storage tank in Well #25 and refurbishing the ground water storage tanks and elevated storage tanks. An agenda item will come forth to the Commission for approval in submitting this application.

Mr. Bill Donnell, Public Works Director presented the Water Department budget.

Water Construction: changes in personnel are 4% COLA, additional 1 year longevity for all eligible employees, 4 anniversary increases, compensation plan increases for Utility Workers, and decrease in health care costs due to change in provider and plans. Supplies has an increase in motor gas & oil.

Water Production: changes in personnel are 4% COLA, additional 1 year longevity for all eligible employees, 1 anniversary increase, 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 uniforms, chemicals, and motor gas & oil. Services has an increase in GPS, audit services, travel, memberships, utilities, property insurance, and STWA. There is an increase in maintenance for the utility plant. A one-

time increase for 7 water level transducers. Supplementals approved for FY 22-23: one-time for 7 water level transducers for \$15,435; one-time for SCADA computer & software for \$32,375. Permanent supplementals approved: Uniforms for Water Operator, chemicals for water disinfection, GFP for additional vehicle; TCEQ training for 4 Water Operators; and Texas Water Utility Association Membership.

Ground Maintenance: personnel changes are 4# COLA, additional 1 year longevity, 1 anniversary increase, Maintenance Worker from Steet was moved over to this division, compensation plan increases for Maintenance Workers, and a decrease in health care due to new provider. There is an increase in Supplies for supplies with a decrease in motor gas & oil. There are increase in services for audit services, equipment rent, and property insurance. Repairs has a decrease in vehicle maintenance.

Mrs. Balli presented the Utility Billing budget.

Utility Billing/Collections: personnel changes are 4% COLA, additional 1 year longevity, 5 anniversary increases, and compensation plan increases for Utility Billing Specialists. Decrease in health care due to change in provider and plans. Supplies has an increase in motor gas & oil. Services has an increase in communications, postage, property insurance, and CC Disc Fees with a decrease in audit services. Leases has an increase of \$1,464. Approved supplementals, \additional postage for utility bills for \$2,000.

Utility Fund Transfers Out: Transfer to General Fund 001 \$1,485,000. Annual Allocation adjusted by 10% inflation factor and increased from previous annual transfers of \$1,350,000. Transfer to Debt Service Fund 012 \$1,753,552.24; Bond Principal and Interest Payments. Transfer to Vehicle Replacement Fleet Management Fund 106 \$89,642; 1st Year Estimated Lease Payment.

Mr. Donnell presented the Wastewater Department budget.

Wastewater Department – Wastewater North Plant: personnel changes of \$5 COLA, additional 1 year longevity, 1 anniversary increase and decrease in health care due to change of provider. This department added a new Plant Helper position for \$38,462. Supplies has an increase in chemicals due to inflation. Services has an increase in communications, audit services, utilities, and property insurance. Repairs has an increase in vehicle maintenance. Maintenance has an increase in utility plant. Supplementals approved for FY 22-23 are Plant Helper position and copper coagulate.

Wastewater South Plant: personnel changes are 4% COLA, additional 1 year longevity, 1 anniversary increase, compensation plan increases for Plant Helper and decrease in health care costs due to change in provider. Supplies has an increase in chemicals. Services has an increase in the following, audit services, utilities, and property insurance. Maintenance has an increase in utility plant. Approved permanent supplemental is Polymer EMR 80 for \$8,000.

Sewer Construction: personnel changes are 4% COLA, additional 1 year longevity, 2 anniversary increases, and compensation plan increases for Utility Workers. There is a decrease in health care costs due to change in provider and plans. Supplies has an increase in supplies, chemicals, and motor gas & oil. Services has an increase in audit services and a decrease in utilities and property insurance. Repairs has an increase in vehicle maintenance and Capital has an increase in Mach & Equipment of \$6,000. Approved supplementals are a one-time Stingray 2.0 Portable Flow Level Velocity Logger for \$6,000 and a permanent supplemental for deodorizer blocks, grease blaster, herbicides, sewer sweetener, mud up & out for \$5,000.

Mr. Rudy Mora, City Engineer presented the budget for the Engineering Department.

Engineering Department: personnel changes are 4% COLA, additional 1 year longevity and a decrease in health care costs due to provider changes. Supplies has an increase in supplies, uniforms, and a decrease in computers. Services has a decrease in communications with increases in software maintenance, GPS, audit services, printing & publishing, travel, memberships, and property insurance. Repairs has an increase in vehicle maintenance. Leases has an increase in operating leases and Capital has a decrease in Mach & Equipment. One-time supplementals approved: 5 workstations secured through 3-year lease for \$3,452 and 6 uninterruptable power supplies for \$350. Permanent supplementals approved: dry erase boards for \$300, increase in supplies of \$400, boot reimbursement of \$375, printing & publishing for \$300, and memberships for \$500.

Facilities Maintenance: personnel changes are 4% COLA, additional 1 year longevity, 2 anniversary increases, and compensation plan increases for Maintenance Workers. There is a decrease in health care costs due to change of provider.

UF Capital Projects Fund 054: This fund is used to account for capital projects for the Utility Fund. Revenues come from transfers in from the Utility Fund. Estimated beginning fund balance for fiscal year 22-23 is \$221,063. Budgeted revenues are \$100 (Interest) and budgeted expenditures are \$191,913. Grant cash match transfers are \$104,350 and Clarifier Capital Lease Payment is \$87,563. Estimated ending fund balance for FY 22-23 is \$29,250.

UF Storm Water Drainage Capital Projects Fund 055: This fund is used to account for Storm Water Drainage Capital Projects. Revenues come Stormwater Fees. FY 22-23 Estimated beginning fund balance is \$656,467. Budgeted revenues are \$412,000 (Stormwater Fee Revenues) and budgeted expenditures are \$112,200 (will change to \$615,360). Transfer to UF Debt Service Fund 012-\$111,000 and Bad Debt Allotment \$1,200. Estimated ending fund balance is \$956,267 (will change to \$453,107). Additional expenditures are \$503,160 of which are: May Street Curb and gutter project for \$45,000; Phase II of W. Sage Road drainage projects for \$250,000; balance of Phase I E. Ragland, E. Warren, E. Hoffman, W. Huisache, and W. Kenedy, curb and gutter improvements for \$158,160; and 6th Street and Tranquitas Creek bridge repairs for \$50,000.

CO Series 2011 Fund 066: This fund will be closed in FY 23-24 after all transactions have occurred. FY 22-23 estimated beginning fund balance is \$5,684. Budgeted revenues and expenditures are \$0. Estimated ending fund balance for FY 22-23 is \$5,684.

CO Series 2013 Drainage Fund 068: This fund is used to account for proceeds from the 2013 CO Series Drainage for drainage related projects. Estimated beginning fund balance for fiscal year 22-23 is \$742,674. Budgeted revenues are \$300 (Interest) and budgeted expenditures are \$458,160 (will change to \$200,000). Projects budgeted have been moved to Fund 055 - \$258,160. Grant Cash Match Transfer to Safe Routes to School Fund 100 of \$200,000. Estimated ending fund balance is \$284,814 (will change to \$542,974). Expenditures will only be \$200,000. Projects have been moved to Fund 55 removed from this fund. Ending fund balance will be \$542,974. The ending fund balance will be used for Escondido sidewalks and drainage.

Vehicle Replacement Fleet Management – UF PW Fund 106: This a new fund to account for the new Enterprise Lease for Utility Fund Vehicles. This fund was formerly the Public Works Vehicle Replacement Fund which has moved over to General Fund for Street, Garage and Service Center Vehicles. Fiscal year 22-23 estimated beginning fund balance is \$25,261 (will change to \$0). Budgeted revenues are \$99,642 (will change to \$89,642) and budgeted expenditures are \$89,642 (first year lease on 12 vehicles plus maintenance contract). Estimated ending fund balance for FY 22-23 is \$35,261 (will change to \$0). The beginning fund balance will be transferred over to the new Public Works Vehicle Replacement Fund 139 that will cover vehicles for Street, Garage and the Service Center. The beginning fund balance came from General Fund to take care of General Fund Public Works related vehicles. Fund 106 is now under Utility Fund.

UF ARP State & Local Fiscal Recovery Fund 125: This fund is part of the ARP funding related to Utility Fund Projects. Estimated beginning fund balance is \$960,258 (will change to \$3,089,562). Budgeted revenues are \$2,129,304 (will change to \$0). These revenues need to be moved to FY21-22 due to when the funds are expected to be received. Budgeted expenditures are \$3,089,561. Estimated ending fund balance for fiscal year 22-23 is \$0. Expenditures are \$3,089,561.21 (No money has been expensed, all earmarked.) for the following: \$1,000,000 for Water Meter Project; \$1,356,580 for Wastewater Plant Projects; \$126,872 for (2) Hydrostal Submersible Pumps; \$400,000 for Ultraviolet Disinfection System; \$200,000 for Ultraviolet Disinfection System; and \$6,109.21 for Cost Overruns.

Commissioner Torres asked if the ultraviolet system, is one more expensive than the other. Mr. McLaughlin responded yes, as one plant is larger than the other.

UF Tax Note Series 2022 Fund 127: This fund accounts for the proceeds of the Tax Note Series 2022 for the purchase of Utility Fund related approved capital outlay. Fiscal year 22-23 estimated beginning fund balance is \$93,524. Budgeted revenues are \$0. Budgeted expenditures are \$93,524. Transfer to UF Debt Service for 2022 Tax Note that were budgeted last year in this Fund, but not needed until FY 22-23 due to interest only payment made FY 21-22. Estimated ending fund balance for fiscal year 22-23 is \$0.

Insurance Fund 138: This fund accounts for group health insurance. The budget proposed has the new United Health Care Provider and coverage. The page in the budget book is incorrect and will need to completely change. Fund 138 name will change to Group Health Insurance Fund. Fiscal year 22-23 estimated beginning fund balance is \$3,030,678. Budgeted revenues are \$3,999,848 (will Change to \$3,763,848). Prescription rebate revenues will be deleted \$236,000. Budgeted expenditures are \$3,762,744. Estimated ending fund balance for FY 22-23 is \$3,267,782 (will change to \$3,031,782). Revenues \$3,999,848 which breakdown to the following: Employee & Employer Contributions for \$3,742,532; Retiree Health for \$15,266; Waived Coverage Admin Costs for \$4,050; Interest Earnings of \$2,000; Prescription Rebate for \$236,000 (This revenue will be deleted as it will be part of the new health plan. Expenditures of \$3,762,744 which breakdown to: Consulting Fees for \$12,500; COBRA Administration Fees of \$1,584; United Health Care Premiums \$3,048,555; Miscellaneous Bank Expenses \$105; and Entrust Insurance Claims Paid of \$700,000.

Commissioner Torres asked about insurance claims of \$700,000, where it would be paid from. Mr. McLaughlin responded that it would be from fund balance.

Final Items: Mr. McLaughlin stated that some final items to mention are as follows: Fee Changes Not Already Discussed none; Rate Increases/(Decreases) proposed: Tax Rate proposed at \$.82500 down from \$.84000; 4% COLA increase across the board; Water & Sewer Rate Changes none proposed; Street Maintenance Fee Changes none proposed. Circle Back Items were proposed street list. Remaining calendar items are as follows: Public Hearing on Budget and Tax Rate scheduled for September 6, 2022, which is a Special Meeting and meeting to adopt Budget and Tax Rate is scheduled for the regular meeting on September 12, 2022.

Commissioner Alvarez commented that for the FY 23-24, she would like for staff to look into a salary increase for those making \$13.00 per hour and giving them a larger percentage. Not calling it a COLA would make this legal.

Mr. McLaughlin responded that trying to figure out how to break that down between the 17 levels and the different steps, where do you make that cut. Historically, the city has moved into a percentage COLA across the board with the exception of CBA's as they do their own negotiations. The Fire COLA is a tentative agreement and still needs to be finalized. The Fire Union came in with the same proposed COLA he is proposing for the city employees. The Police Union is still to be determined as that CBA is still in negotiations. With the Police CBA not being agreed upon, he will still need some funds in the general fund for fringe or anything that could change with that CBA. He further stated that with this budget he is not putting anything in property tax reserve for now as the tax rate was lowered to .82500% and being very conservative on sales tax. When he first built this budget, he had three months in a row where the city declined about 4% in projections then it was up the past weeks by 19% within one month. He stated that if matched next year to what was done this year, general fund would be solved and would be well above 25%. He further stated that he will look at putting back some of the sales tax figures, instead of \$5.6 million maybe move it closer to \$5.7 million. The city is on pace to make close to \$6 million this year. This way he wouldn't have to take it from property tax reserve to fund anything as Medic 3 for the Fire Department. The plan funds 2 firemen and one police officer. Mr. McLaughlin further commented that staff will run the final numbers for the budget and will be guessing the Police CBA.

Commissioner Alvarez asked about the timeline for the Police Union to agree to a CBA.

Mayor Fugate commented that if their contract comes up, then they would need to operate off their old contract. Ms. Alvarez agreed with his response.

Mr. McLaughlin commented that they are not tied to deadlines to meet the budget, but if they don't have a contract in place before their current contract expires, they will have to carry the current contract for another year.

Ms. Alvarez commented that it would carry over until there is a new contract in place, which could be less than a year.

Commissioner Alvarez asked when the Commission would need to vote on the budget. Ms. Alvarez responded that the budget needs to be finalized on the September 12th meeting. Any changes to the proposed budget would need to be made no later than September 6th.

Mr. McLaughlin further commented that the Street Department hot mixed today on Ragland Street but were unable to do a small section as the rain made it spongy on one end and it needs to dry out. He further stated that staff has put together a list of streets that average about 13 miles. These are streets identified as in need of repair. The order

in which these streets are to be repaired, those that are in most need will be looked at first, then all others are to follow.

Commissioner Torres commented that she understands what Commissioner Alvarez was speaking about regarding the pay structure. She further asked if there is any way that this could be looked into as she has looked at the numbers for Texas regarding the Cost-of-Living Adjustment and it is about \$39,000 per year. By moving up the last person on the pay scale to \$13.00 an hour, they would earn \$24,000 per year for a difference of \$14,000 from them even getting close to the cost of living where everything is expensive at this time. She stated that when she looked at the salaries and for someone that has been with the city for 19 years and is making \$13.00 an hour is concerning to her. With the cost of food and other items increasing she wonders how some of them are making it. She further stated that staff works very hard, but she understands what Commissioner Alvarez is talking about.

Mr. McLaughlin stated that he understands but the challenge is trying to keep it fair to all employees. If you have an employee that is at their 10-year mark and makes \$16.00 per hour, if you give a person \$13.00 an hour and has been here a year, a bigger raise will get them closer to the 10-year employee and that will cause a challenge. The challenge is where is figuring out where that break point is within the pay scale. Those employees getting a 4% COLA have also gone up, so some of the lower tiers received more than 4%.

Commissioner Alvarez explained how the tiers and increases at the school district level worked. Different tiers within the school district would receive different increase percentages. She further stated that as she held an administrator position in the school district, it never bothered her that non-professionals would receive a higher percentage than the administrators, as she was aware that they were in the lower pay scale.

Mayor Fugate commented that he has heard it from different City Manager's that you need to pay your top administrator's good money. It would be a mistake for the commission to deviate from 4% across the board. This will cause a lot of problems and will cause morale issues. He further stated that we are trying to get everyone at \$15.00 an hour which will be a gradual process and the last thing the commission wants to do is start breaking people apart and giving different percentages of a raise. This will cause a lot of problems.

Mr. McLaughlin commented that he has spent a lot of time looking at different salary comparisons for exempt employees. The exempt employees in this city are underpaid compared to exempt employees of a similar size city. There are other fringes that an employee can earn such as the longer they work for the city the amount for longevity can increase.

Mayor Fugate commented that the city has a great staff, best he's seen in 18 years since he been with the city, and they need to be rewarded for their hard work.


Mr. McLaughlin commented that this budget was a challenge to city staff starting back in April. With the inflation going up, staff knew it was going to be a tough year. Staff presented a budget that is still balanced and meets the needs of the community, it takes care of the employees and adds employees where they are needed the most. It also fixes some the transportation needs, not all but some, it addresses the big needs such as streets and still have money to look at other big initiatives such as broadband, wastewater treatment plant repairs, and water meter replacement. Mr. McLaughlin further commented that there is no way that he could've done this budget without city staff's assistance. He further thanked city staff for their hard work on the preparation of the proposed budget.

Commissioner Alvarez thanked Mr. McLaughlin and city staff for their hard work on this budget.

Mayor Fugate commented that the scheduled meeting for tomorrow, August 23, 2022, will not be required.

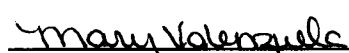
VI. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:08 P.M.



Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary