

MAY 8, 2023

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, MAY 8, 2023, IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 5:00 P.M.

**CITY COMMISSION PRESENT:**

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

**CITY COMMISSION ABSENT:**

Edna 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  
Bill Donnell, Public Works Director  
Susan Ivy, Parks Director  
Mike Mora, Capital Improvements Manager  
Diana Gonzales, Human Resources Director  
Rudy Mora, Engineer  
Ricardo Torres, Chief of Police  
Joseph Ramirez, Engineers Assistant  
Janine Reyes, Tourism Director  
Kwabena Agyekum, Interim Director of Planning & Development Services/Senior Planner/HPO  
Erica Bruce, Billings Specialist

**I. Preliminary Proceedings.**

**OPEN MEETING**

Mayor Fugate opened the meeting at 5:00 P.M. with four Commission members present. Commissioner Lopez was absent.

**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 April 24, 2023**

**Motion made by Commissioner Torres to approve the minutes of April 24, 2023, as presented, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Hinojosa, Alvarez, Torres, Fugate voting “FOR”.**

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

None.

**III. Reports from Commission & Staff.<sup>2</sup>**

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

Mr. Mark McLaughlin reported that as per the order of the United States President, flags are at half-staff until sunset on Thursday, May 11, 2023, for the Allen, TX tragedy that occurred over the weekend. He further reported that the Audit Committee met this

afternoon with the city auditors on the Annual Comprehensive Financial Report (ACFR). The audit report came without any findings on the city. Presentation and acceptance of the ACFR will be on the agenda on May 22, 2023. He further mentioned that the demolition of the old hospital is coming along well, and the Health Department will be holding a Pet Adoption event this upcoming weekend.

Ms. Courtney Alvarez reported that the next City Commission meeting is scheduled for Monday, May 22, 2023. The deadline for staff to submit their agenda items is Friday, May 12, 2023.

Commissioner Hinojosa commented that it has been two years in a row that the ACFR has come out with no findings and congratulated staff for their hard work and keeping spending to a minimum.

Mayor Fugate at this time presented three proclamations: Motorcycle Awareness Safety Month; Public Service Recognition Week; and Peace Officers Memorial Day & National Police Week.

Commissioner Torres recognized Ms. Makenzie Gottschalk, recipient of the Ronald Reagan Presidential Foundation Scholarship.

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

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

**1. Motion to approve final passage of an ordinance amending the zoning ordinance by granting a Special Use Permit for indoor recreational use in C2 (Retail District) at Andrews 1, Lot S '90 A, (Fastenal), also known as 1911 S. Brahma Blvd., Kingsville, Texas; amending the comprehensive plan to account for any deviations from the existing comprehensive plan. (Interim Director of Planning & Development Services).**

**2. Motion to approve final passage of an ordinance amending the Fiscal Year 2022-2023 budget to accept and expend Youth Pony League donations for uniforms, equipment, and umpire and scorekeeper services. (Parks Director).**

##### REGULAR AGENDA

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

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

**3. Consideration and approval of an ordinance authorizing the issuance of "City of Kingsville, Texas Combination Tax and Subordinate Lien Certificates of Obligation, Series 2023"; entering into a Purchase and Investment Letter and a Paying Agent/Registrar Agreement; and approving other matters relating thereto. (City Attorney).**

Mr. Don Gonzales and Mr. Matt Lujan of Estrada Hinojosa Investment Bankers gave a brief presentation to the City Commission on Certificates of Obligation, Series 2023. Mr. Gonzales stated that the municipal bond market was significantly more stable than the previous week. Mr. Gonzales explained the graph on Municipal Market Data Yield Curve and graph regarding AAA MMD History Since 2010.

Mr. Matt Lujan stated that the financing team is Estrada Hinojosa & Company, Inc. as the Financial Advisor and Winstead, PC as the Bond Counsel. The purchaser is Amegy Bank and the paying agent is Zions Bancorporation, N.A. Mr. Lujan explained the graph on Outstanding General Obligation Debt which shows \$20.24 million of outstanding bonds of which \$12.9 million is callable. Mr. Lujan explained the graph which showed the callable dates and amounts for each year as well as showing the outstanding debts service, principal, and interest payments. He further stated that in 2024 the debt service drops giving it some capacity and remaining steady for a couple of years, then in 2026 it drops again and creates more capacity. In estimated project sources and uses, bond proceeds are estimated at \$6.1 million, of that \$6,030,000 will be for the project fund and estimated cost issuance of \$70,000. Mr. Lujan further went over the estimated Certificates of Obligation, Series 2023 Debt Service which is based on the rate that was locked in at 4% through May 2023. Mr. Lujan commented that these bonds can be called at any time. Mr. Lujan went over the schedule for the Tax Rate Impact Analysis which shows the net taxable assessed value which is about a 2.2% growth from the previous year. In General Obligation, capacity is available beginning FY 2024 based on existing debt service. Debt could be issued as early as FY 2023 with payments beginning FY 2024. Estimated capacity is approximately \$10 to \$14 million. Assumes a 20-year term and the current debt tax rate of \$0.16590 with a 95% collections rate. Assumes current net taxable assessed valuation of \$1.013 billion with no growth and market interest rates plus 50 bps of cushion. In the Utility Fund, capacity is available beginning FY 2026 based on existing utility system self-supporting debt. Debt could be issued as early as FY 2025. Estimated capacity is approximately \$8 to \$12 million, assumes a 20-year term. Assumes net revenues projected from the city's utility system proforma with 1.25x coverage based on the city's water rate study to be conducted this summer 2023 based on the following tasks being completed by July 2023. Market interest rates plus 50 bps cushion.

Mayor Fugate asked about the notation under one of the slides which reads legislation may limit or impair a city's ability to issue Certificates of Obligation may cause debt to be issued prior to August 2023.

Mr. Lujan stated that there is legislation that is pending that could limit the cities to issue certificates of obligation and limit the scope of projects.

Mr. Gonzales commented that at one point they were looking at narrowing the scope in terms of what a city could issue certificates of obligations for. If a city was to do something for water and sewer improvements, it would need to demonstrate that a city was building for actual capacity needs and not for excess capacity, which this part was taken out.

Mr. Dan Martinez Winstead commented that during the last session, legislators were trying to get rid of COs in their entirety. What they did in the last session is that it would restrict the definition of debt under the Tax Code. In the current session, they are targeting non-essential needs such as arenas and convention centers.

Mr. McLaughlin commented that the alternative would be that if these COs were to pass and it restricted municipalities, the option would be taking it to an election.

Mr. Martinez responded that this was correct.

Mr. Lujan further commented that if the city commission approves this tonight, it would be set to close on May 31<sup>st</sup>.

**Motion made by Commissioner Hinojosa to approve the ordinance authorizing the issuance of "City of Kingsville, Texas Combination Tax and Subordinate Lien Certificates of Obligation, Series 2023"; entering into a Purchase and Investment Letter and a Paying Agent/Registrar Agreement; and approving other matters relating thereto, seconded by Commissioner Alvarez.**

Commissioner Torres asked if legislation changes if the city is safe. Mr. Lujan responded that for this, it would be safe as it is scheduled to close at the end of this month.

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

**4. Consider a resolution authorizing Phase II Change Order #2 for the City-Wide Misc. Concrete and Drainage System Improvements Agreement between the City and ETech Construction Inc. (Bid#21-11). (City Engineer).**

Mr. Mora stated that during the construction phase, it was discovered that several residents had an existing secondary entrance. These drainage improvements involve excavating drainage ditches with the right of way and additional culverts will be required. Change Order No. 2 will minimize the impact on residents along W. Sage Road. Additional time is requested by the contractor for the additional scope of work. The increase to the contract amount is within the 25% allowed. The total for the change order is less than \$48,000 with calendar days added of 21 days to the contract.

Commissioner Hinojosa asked that if the bid was approved in August, can the cost increase due to inflation. He also asked how long a bid is good for once it has been approved.

Mr. Mora responded that the timeframe is typically 30 days but since the project needed to be split due to the bonding capacity of the contractor's side.

Ms. Alvarez commented that the project was bid out in 2021 with the city starting phase 1 of the project then it carried over in 2022, and by the time the city authorized phase 2 in 2022, there has been some price changes since then.

Mayor Fugate asked for the dollar amount is there in the city's drainage fund. Mr. McLaughlin responded that there is a little over \$200,000 in that fund.

Commissioner Torres asked if there would be an increase in price before this project is completed. Mr. Mora responded no.

**Motion made by Commissioner Alvarez to approve this resolution authorizing Phase II Change Order #2 for the City-Wide Misc. Concrete and Drainage System Improvements Agreement between the City and ETech Construction Inc. (Bid#21-11), seconded by Commissioner Torres. The motion was passed and approved by the following vote: Hinojosa, Alvarez, Torres, Fugate voting "FOR".**

**5. Consider a resolution authorizing the City Manager to execute a Proposal for Services with Ardurra Group, Inc. for a utility easement. (City Engineer).**

Mr. Mora stated that the purpose of awarding this project is to complete the surveying of proposed utility easements related to the future development of wastewater services on the east side of Highway 77/Interstate 69 in Kingsville. On April 24, 2023, a Proposal for Services was received from Ardurra Group for performing utility easement survey work for the future development of a new sanitary force main easement to be located between E. Santa Gertrudis and E. Kennedy Avenue just east of Highway 77/Interstate 69 in Kingsville. The Utility Fund will allocate up to \$14,250 to cover professional services. Mr. Mora stated that it is staff's recommendation to approve the contract agreement between the city and Ardurra Group, Inc. in an amount not to exceed (NTE) \$14,250 and authorize the City Manager to sign the contract.

**Motion made by Commissioner Hinojosa to approve the resolution authorizing the City Manager to execute a Proposal for Services with Ardurra Group, Inc. for a utility easement, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Alvarez, Torres, Hinojosa, Fugate voting "FOR".**

**6. Consider introduction of an ordinance amending the Fiscal Year 2022-2023 Budget to appropriate funding for utility easement surveying costs. (City Engineer).**

Introduction item.

**7. Consider a resolution supporting the City of Kingsville's Application to the Texas Department of Transportation's 2023 Transportation Alternatives Set-Aside (TA) Call for Projects (for pedestrian and/or bicycle infrastructure); authorizing the Mayor to act on the City's behalf with such program. (Step 2-Detailed Application). (City Engineer).**

Mr. Mora stated that on March 30, 2023, TxDOT notified the City that all three preliminary applications were eligible to move forward to Step 2 and the deadline would be June 5, 2023. The application is a two-step process, step 1, project sponsors submit a preliminary application by January 27, 2023. Step 2 is for project sponsors to submit a detailed application by June 5, 2023. If funds are awarded, the city would be notified in the Fall of 2023 for TA FY2022 through FY2025. The projects would typically be funded by both federal and local funds. Local funds are not required since the city's local fund match will be covered by Transportation Development Credits. This year the grant also considers an adjustment factor for inflation.

**Motion made by Commissioner Torres to approve the resolution supporting the City of Kingsville's Application to the Texas Department of Transportation's 2023 Transportation Alternatives Set-Aside (TA) Call for Projects (for pedestrian and/or bicycle infrastructure); authorizing the Mayor to act on the City's behalf with such program. (Step 2-Detailed Application), seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Torres, Hinojosa, Alvarez, Fugate voting "FOR".**

**8. Consider introduction of an ordinance amending the Fiscal Year 2022-2023 Budget to appropriate additional funding for the increase in All-Risk and Windstorm Property Insurance effective May 2023. (Human Resources director).**

Introduction item

**9. Consider introduction of an ordinance amending the Fiscal Year 2022-2023 Budget to reclass donation from General Fund 001 to Park Maintenance Fund 093. (Finance Director).**

Mrs. Deborah Balli stated that the city received a \$25,000 donation from the Brookshire Foundation in FY 21-22 and was inadvertently recorded in the General Fund instead of the Park Maintenance Fund where the expenditure was budgeted. This reclassification must be corrected through a budget amendment as it is a fund-to-fund transfer that requires commission approval.

Introduction item.

**10. Consider introduction of an ordinance amending the Fiscal Year 2022-2023 Budget to appropriate funding for first interest payment on the Water Meter Project Certificates of Obligation. (Finance Director).**

Introduction item.

**VI. Adjournment.**

There being no further business to come before the City Commission, the meeting was adjourned at 5:56 P.M.

  
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Sam R. Fugate, Mayor

**ATTEST:**

  
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Mary Valenzuela, TRMC, CMC, City Secretary