

AUGUST 28, 2023

A REGULAR MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, AUGUST 28, 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
Edna Lopez, Commissioner
Ann Marie Torres, Commissioner

CITY STAFF PRESENT:

Mark McLaughlin, City Manager
Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
Kyle Benson, IT Manager
Derek Williams, IT
Rudy Mora, Engineer
Bill Donnell, Public Works Director
Diana Gonzales, Human Resources Director
Kwabena Agyekum, Senior Planner/HPO
Emilio Garcia, Health Director
Susan Ivy, Parks & Recreation Director
Deborah Balli, Finance Director
Bradley Lile, Interim Police Chief
Charlie Sosa, Purchasing Manager
Mike Mora, Capital Improvements Manager
J. J. Adame, Fire Chief
Frank Garcia, Wastewater Supervisor
Cameron Whittington, Water Supervisor
Manny Salazar, Economic Development

I. Preliminary Proceedings.

OPEN MEETING

Mayor Fugate opened the meeting at 4:30 P.M. with all five commission members present.

CONVENE INTO BUDGET WORKSHOP At 4:30 P.M.:

Review and discuss proposed fiscal year 2023-2024 budget for departments of the City of Kingsville. (City Manager).

Mr. Bradley Lile, Interim Police Chief presented the PD State Seizure Fund 005. This fund is used to account for revenues and expenditures resulting from state seizure awards. Estimated beginning fund balance for FY 23-24. Budgeted revenues are \$3,131 and earmarked budgeted expenditures are \$237,710. Estimated ending fund balance for FY 23-24 is \$694,005. PD Federal Seizure Fund 028: It was budgeted \$30,000 for the year which is imprest funds.

Municipal Court Technology Fund 031: Mrs. Balli stated that for expenditures of \$7,800, this is for professional services for notification calls \$2,000 and copier lease for \$5,800. It is estimated that budgeted revenues is estimated at \$11,489 which will come from certain fees for municipal court. The estimated ending fund balance for FY 23-24 is \$38,297.

DEAAG Grant Fund: Mr. McLaughlin reported that this fund is used for the Defense Economic Adjustment Assistance Grant (DEAAG). This fund currently holds the cash match for the awarded project: NAS Kingsville Fire Station ARFF Structure. The estimated beginning fund balance is \$507,500 and the budgeted expenditures are \$500,000 for the ARF Facility. Expenditures of \$500,000 are for the following timeline: Grant cash match for application awarded November 2022; Project is for expanded fire bays to house four new ARFF trucks at NAS Kingsville; Construction request for proposals scheduled for September 2023; Construction award for October 2023; Final acceptance by the Navy in June 2024; and Occupancy date is February 2025.

Texas Parks & Wildlife Grant Fund 094 presented by Mrs. Susan Ivy. This fund is used to account for the Texas Parks & Wildlife Grant for the improvement of Dick Kleberg Park and includes playgrounds, interpretive signage/kiosks, a sensory maze, picnic tables, shelters, exercise equipment, ballfield renovations, multipurpose field renovations, and grant signage. This grant ends in December 2023. The original allocation is \$448,000, grant funding is \$224,000 and cash match is \$195,125. City in-kind work totals to \$14,625; county was supposed to provide \$5,000 in work in-kind and is no longer going to provide so the city in-kind increases to \$19,625. Donations and outside in-kind were received in the amount of \$14,250. The estimated beginning fund balance for FY 23-24 is \$32,616 with budgeted revenues is \$55,209 and budgeted expenditures are \$87,825. The estimated ending fund balance for FY 23-24 is \$0. Mrs. Ivy stated

that there are some simple projects for the upcoming year and has money left from the ballfield. There are some bleachers that are being purchased with some of the funds being moved to a shelter project that is for along the creek, there is only a budget of \$6,000 with the estimate coming at \$10,000. They will be using some of the baseball money to do this. She stated that most of it is signage that they have left which is placed along the creek for educational information. There is also a small sensory garden and a maze that is going in next to the park office.

Commissioner Hinojosa asked what happens if \$87,000 is less than what was budgeted, and what happens to that fund balance. Mrs. Ivy responded that it would all be spent. Commissioner Hinojosa further asked what if it is over. Mrs. Ivy responded it would not be over.

Safe Routes to School Grant Fund 100: Mr. Rudy Mora, City Engineer stated that the grant will connect Harvey Elementary to Jubilee Academy and Brookshire Pool/Skate Park to the Boys and Girls Club and extend to 14th Street with 5-foot-wide sidewalks, ADA ramps, and crosswalks. The project started in June 2023 and will be completed by October 2023 and is 20% complete. The Texas Department of Transportation sponsored the project for the city and has designed, bid, awarded, and currently providing construction management. This fund balance is set aside for any cost overruns which the city will be responsible for. The beginning fund balance for FY 23-24 is \$77,602. Budgeted revenues and expenditures are \$0. The estimated ending fund balance for FY 23-24 is \$77,602.

Commissioner Torres asked if the project was only 20% complete, it is expected to be finished by October 2023. Mr. Mora responded yes but would depend on weather conditions. Mr. Mora further stated that the city was awarded a 2021 grant which will not begin construction until 2025. Staff also submitted three applications in 2023 but will not if it has been awarded until October 2023.

Patrick Leahy Bulletproof Vest Fund 108: Chief Lile stated that this fund accounts for the proceeds of the Patrick Leahy Bulletproof Vest Grant. This grant is awarded for a 2-year period. The estimated beginning fund balance for FY 23-24 is \$14,710 and 50% matches their purchase of bulletproof vests. Vests are currently costing about \$1,300 per vest.

Citywide Wastewater Collection System Improvements Grant Fund 113: Mr. Mora stated that 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 seven projects: Project 1 is three pump lift stations and 14th Street line replacement; Project 2 is 78 manholes repairs, which bids opening on August 28, 2023; Project 3 is the utility line replacement parallel to I-69 from Corral to Santa Gertrudis, which bids were received; Project 4 is utility line replacement, alley between Johnston and Fordyce from 17th to 18th Street; Project 5 is utility line replacement for Lott Avenue from 7th Street to 10th Street; Project 6 is utility line replacement for 10th Street from Ragland to Santa Gertrudis; and Project 7 is for lift station rehabilitation.

Mayor Fugate asked about bids for the lift station. Mr. Mora responded that this should be bid out in November or December.

Commissioner Torres asked if the ditches on Sage Road had been completed. Mr. Mora responded that those were completed projects and had a contractor come back out to look them over and address the issues. Commissioner Torres asked if this would cost the city additional funds. Mr. Mora's response was no.

Mr. Mora continued with his presentation. The estimated beginning fund balance is \$73,668 with budgeted revenues at \$4,852,641 and budgeted expenditures at \$4,852,641. The estimated ending fund balance is \$73,668. The original grant allocation is, grant proceeds are \$7,293,110 of which construction is \$5,898,547, Engineering \$884,782, and administration at \$509,781.

TWDB Drainage Master Plan Location 7 Improvement Project #40135 Fund 116. Mr. Mora stated that this fund is used to account for the grant and loan proceeds for Location 7 of the drainage master plan and is approximately 20 acres, fully developed and includes approximately 85 homes. This location will relieve drainage issues along Pasadena Place 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. The original grant allocation grant funds \$602,000 with loan proceeds \$754,000. The estimated beginning fund balance is \$717,497 with budgeted revenues of \$1,245,430 and budgeted expenditures of \$1,245,430. The estimated ending fund balance is \$717,497.

TWDB Drainage Master Plan Location 1 Improvement Project #40142 Fund 117. This is similar in cost as Location 7. This will address the areas on Fairview Drive, east, west and the main thoroughfare in this area. The estimated beginning fund balance is \$717,850 and the estimated ending fund balance is \$717,850.

TWDB Drainage Master Plan Location 3 Improvements Project #40143 Fund 118. The area from this project is 21st Street, Warren, and John Street. Grant proceeds are \$645,000 with loan

proceeds at \$811,000. The estimated beginning fund balance is \$768,193 and the estimated ending fund balance is \$768,193.

Mayor Fugate asked when these projects would begin. Mr. Mora responded that once the information is received, the bid-out will begin.

TWDB Drainage Master Plan Location 4 Improvements Project #40143 Fund 119. The area for this project is Alexander Ave. Grant proceeds are \$817,000 with loan proceeds at \$1,039,000. The estimated beginning fund balance is \$972,334 with estimated ending fund balance at \$973,334.

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 14 projects as follows: Project 1 - 675 ft of 36-inch reinforced concrete pipe (RCP), 6 inlets - \$1m - E Santa Gertrudis Ave; Project 2 - 300 ft of 7 ft x 4 ft, 1,600 ft of 7 ft x 5 ft box culverts, 5 inlets - \$1.2m - 17th Street; Project 3 - 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; Project 4 - 800 ft of 6 ft x 3 ft, 8,535 ft of 10 ft x 6 ft box culverts, 25 inlets - \$9.1m - Brahma Blvd; Project 5 - 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; Project 6 - 300 ft of 12-inch RCP - \$0.2m - E Carlos Truan Blvd; Project 7 - 3,200 ft of 8 ft x 4 ft box culverts, 10 inlets - \$2.4m - S 6th Street; Project 8 - 200 ft of 24-inch RCP - \$0.2m - Paulson Falls Blvd; Project 9 - 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; Project 10- 360 ft of 36-inch RCP inlet laterals, 15 inlets - \$0.9m - N Armstrong; Project 11 - 1,565 ft of 36-inch RCP, 20 inlets - \$1.6m - E King Ave Project 12 - 1,600 ft of 48-inch RCP, 20 inlets - \$1.3m - S 14th Street; Project 13 - 1,600 ft of 18-inch RCP, 2 inlets - \$0.6m - W Johnston Ave; Project 14 - 2,750 ft of 24-inch RCP, 13 inlets - \$1.1m - W Santa Gertrudis Avenue. Grant allocation is as follows: Construction \$3 million, engineering \$4.5 million; administration \$2,178,716 for a total grant award of \$36,678,716. The local match is \$366,787 and grant funding at \$36,311,929. Mr. Mora stated that all projects are pending environmental clearance.

Ed Rachal Foundation Grant Fund 124: Chief Lile stated that last year the police department was granted \$21,000 which was used to purchase pepper ball equipment and police bicycles. He stated that there is a balance of \$2,352 leftover.

Mayor Fugate asked what the leftover funds would be used for. Chief Lile responded that it would be used for training on how to use the pepper ball equipment. There are fifteen that are qualified to use this equipment at this time.

TX Severe Winter Storm-Backup Generator Fund 130: Mr. Mora stated that this is for water well #14. The beginning fund balance for FY 23-24 is \$68,894 with an ending fund balance of \$175,000.

Commissioner Torres asked that this fund is going from \$68,000 to \$106,000. Mr. Mora stated that this was the total price of the project. It is a 90/10 split with 90% is the grant and the 10% is city match, so this is a reimbursement.

UF Debt Service Fund 012: Mrs. Balli stated that for this fund, the estimated beginning fund balance for FY 23-24 is \$1,890,500. Budget revenues are \$2,251,355 which is for all the principal and interest payments and paying agent fees for these issues. Budgeted expenditures are \$2,055,563 which list the principal payment of \$1,578,824, interest payments of \$469,989, and paying agent fees and continuing disclosure of \$6,750. The estimated ending fund balance for FY 23-24 is \$2,086,292.

Utility Fund 051: Mr. McLaughlin stated that this fund is used to account for activities of the utility fund which includes fees for water, and wastewater services. He further stated that this fund is currently doing well. The estimated beginning fund balance for FY 23-24 is \$4.4 million with budgeted revenues of \$10,741,177 and expenditures of \$11,476,077. The estimated ending fund balance is \$3,660,625. This fund sits at 3% higher than the minimum required by the ordinance.

Utility Fund Revenues: Mrs. Balli stated that in revenues there is \$237,495, these are for the non-department revenues. Transfer from General Fund 001 is \$89,964 for certain divisions that are split-funded positions. She further stated that interest earnings are \$237,495. She also stated that the proposed water revenue is \$5,390,053 which is based on trends but in line with years past. The additional revenues that will be earned for the new water meters, staff has those estimated as additional earnings in another fund and net out the new debt service for it so those additional revenues are being used to pay the debt service.

Commissioner Hinojosa asked regarding the \$5.2 million if it had various line items. Mrs. Balli responded yes. Commissioner Hinojosa further asked if there were any increases or decreases within those line items that the Commission may need to be made aware of as well as why there was an increase or decrease. Mrs. Balli responded that in the first years, those new revenues will be used to offset the debt service payment as that is how it was said as to how those debt service amounts would be paid. The estimated additional new revenues were moved into a different fund and netted those out against the debt service payments. These revenues represent what pertains to the normal revenues for placing the new water meters.

Commissioner Torres asked if the revenues are not being accounted for in this budget with the new meters.

Mrs. Balli responded that it's being accounted for, just in a different fund. She further stated that for the wastewater revenues, it is being done similarly to the water revenues. With water increased revenues we also get revenues from the wastewater. Water and wastewater additional revenues that are being estimated that are going to be received from the new water meters, it is being entered into a different fund so that it could be netted against the debt service payments.

Mayor Fugate recessed the budget workshop at 4:57 P.M.

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

Mayor Fugate opened the regular meeting at 5:00 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)

None.

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

1. Public Hearing on request for an alcohol variance for a Mixed Beverage Permit (MB) and a Food and Beverage Certificate for the establishment known as El Dorado Restaurant #2 Bar, Catering, and Event Center 728 North 14th St, Kingsville, TX 78363. (Interim Planning & Development Services Director).

Mayor Fugate read and opened this public hearing at 5:00 P.M.

Mr. Kwabena Agyekum, Senior Planner/HPO stated that this is a request for an alcohol variance for a mixed beverage for the establishment known as El Dorado Restaurant #2 Bar, Catering and Event Center located at 728 North 14th Street.

Mayor Fugate announced that this is a public hearing and if anyone would like to speak on behalf of this item they may do so now with a five-minute limit. Additional time cannot be extended by the City Commission.

There being no further comments, Mayor Fugate closed this public hearing at 5:02 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, 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, City Manager gave an update on mosquito spraying. He also updated the commission on the chip sealing of Nettie Street.

Ms. Courtney Alvarez, City Attorney reported that the next commission meeting is scheduled for September 5th at 5:00 P.M.

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 reappointment of Leo Garcia as the Resident Representative, Erin McClure as the TAMUK Representative, and Kamlesh Bhikha as the Hotel Industry Representative to the Hotel Occupancy Tax Advisory Board each for a two-year term, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Hinojosa, Alvarez, Lopez, Torres, Fugate voting "FOR".

1. Consider reappointment of Leo Garcia as the Resident Representative, Erin McClure as the TAMUK Representative, and Kamlesh Bhikha as the Hotel Industry Representative to the Hotel Occupancy Tax Advisory Board each for a two-year term. (Tourism Director).

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

2. Consideration and approval of an ordinance authorizing the issuance of "City of Kingsville, Texas Certificates of Obligation, Series 2023A"; entering into a Bond Purchase Agreement and a Paying Agent/Registrar Agreement; and approving all other matters related thereto. (Finance Director).

Motion made by Commissioner Hinojosa to approve an ordinance authorizing the issuance of "City of Kingsville, Texas Certificates of Obligation, Series 2023A"; entering into a Bond Purchase Agreement and a Paying Agent/Registrar Agreement; and approving all other matters related thereto, seconded by Commissioner Lopez and Commissioner Torres. The motion was passed and approved by the following vote: Alvarez, Lopez, Torres, Hinojosa, Fugate voting "FOR".

3. Consider an alcohol variance for a Mixed Beverage Permit (MB) and a Food and Beverage Certificate for the establishment known as El Dorado Restaurant #2 Bar, Catering, and Event Center 728 North 14th St, Kingsville, TX 78363. (Interim Planning & Development Services Director).

Motion made by Commissioner Lopez and Commissioner Torres to approve the alcohol variance for a Mixed Beverage Permit (MB) and a Food and Beverage Certificate for the establishment known as El Dorado Restaurant #2 Bar, Catering, and Event Center 728 North 14th St, Kingsville, TX 78363, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Lopez, Torres, Hinojosa, Alvarez, Fugate voting "FOR".

4. Consider a resolution authorizing the Mayor to execute an Economic Development Grant Letter of Commitment between the City of Kingsville and Angelina Rinche. (Economic Development Director).

Mr. Manny Salazar, Economic Development Director stated that they have received an Economic Development Grant application from Ms. Angelina Rinche for Beauty Salon and Office Space located at 312 N. 6th Street. The number of new jobs to be created for this establishment is 6 full-time positions. The grant request is for \$30,000 and the total cost of the project is \$173,490. The Economic Development Grant Administrative Board has reviewed this application and recommends approval for the requested amount of \$30,000 by a 4 to 1 vote to approve. The grant will cover the cost of renovating the location, including labor and materials. Additionally, the grant funds would cover the cost of purchasing beauty shop chairs, mirrors, and materials for the stylists. The applicant is currently the co-owner of Tiny Hand Day Care located in Kingsville.

Commissioner Torres asked if this business would have a massage therapist. Ms. Rinche responded yes.

Motion made by Commissioner Alvarez to approve the resolution authorizing the Mayor to execute an Economic Development Grant Letter of Commitment between the City of Kingsville and Angelina Rinche, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Torres, Hinojosa, Alvarez, Lopez, Fugate voting "FOR".

5. Consider appointment of Lorette Williams to the Hotel Occupancy Tax Advisory Board for a two-year term as the King Ranch representative. (Tourism Director).

Mayor Fugate requested for agenda item #5 be moved prior to agenda item #2. No objections were made to this request.

Motion made by Commissioner Alvarez and Commissioner Lopez to approve the appointment of Lorette Williams to the Hotel Occupancy Tax Advisory Board for a two-year term as the King Ranch representative, seconded by Commissioner Torres. The motion was passed and approved by the following vote: Hinojosa, Alvarez, Lopez, Torres, Fugate voting "FOR".

6. Consider awarding RFQ#23-05 for Architectural Services for proposed Fire Station #3, as per staff recommendation, and authorizing staff to negotiate a contract for same. (Purchasing Manager).

Mr. Charlie Sosa, Purchasing Manager stated that this item authorizes the city staff to enter into a contract with Brown Reynolds Watford Architects, for Architectural Services, for the design of the new Fire Station #3. Staff published request for qualifications #23-06 in the newspaper on April 13, 2023, and April 27, 2023. Responses were accepted until 2:00 P.M. on May 16, 2023. Eight responses were received from Solka Navo Turno, LLC, Brown Reynolds Watford Architects, Turner Ramirez & Associates, Kamtsu Architects, ICE Engineering, Sam Garcia Architect, CG5 Architect LLC, and Fresch, Freeman, Schroder Architect. Staff reviewed the responses received and found the information received to be responsive. The selection review committee interviewed the top two firms based on experience, capacity to perform, and familiarity with Fire Station Design Projects. The selection committee selected Brown Reynolds Watford Architects of College Station, TX as they were determined to be the most highly qualified firm for the project. It is recommended that the city commission award the Fire Station #3 Design Architectural Services RFQ #23-05 to Brown Reynolds Watford Architects and authorize staff to negotiate a contract with Brown Reynolds Watford Architects.

Mr. McLaughlin commented that references were checked, and staff received good feedback.

Motion was made by Commissioner Lopez to award RFQ#23-05 for Architectural Services for proposed Fire Station #3, as per staff recommendation, and authorizing staff to negotiate a contract for same, seconded by Commissioner Hinojosa. The motion was passed and approved by the following vote: Alvarez, Lopez, Torres, Hinojosa, Fugate voting "FOR".

7. Consider a resolution authorizing the Parks Director to enter into an Agreement between the City of Kingsville Parks & Recreation and Coastal Bend Bays & Estuaries Program, Inc. for outdoor classroom project. (Parks Director).

Mrs. Susan Ivy, Parks Director stated that the Parks Department has a long history of partnerships with the Coastal Bend Bays and Estuaries Program. She stated that they have received other funding assistance, program instruction, guidance, and their presence at events and advisement on coastal issues relating to park properties. This grant will provide \$7,000 in financial assistance.

Motion made by Commissioner Torres to approve the resolution authorizing the Parks Director to enter into an Agreement between the City of Kingsville Parks & Recreation and Coastal Bend Bays & Estuaries Program, Inc. for outdoor classroom project, seconded by Commissioner Lopez and Commissioner Hinojosa. The motion was passed and approved by the following vote: Lopez, Torres, Hinojosa, Alvarez, Fugate voting "FOR".

8. Executive Session: Pursuant to Section 551.074, of the Texas Open Meetings Act, the City Commission shall convene in executive session to deliberate the duties and compensation of the City Manager, City Attorney, and Municipal Court Judge. (Mayor Fugate).

Mayor Fugate read and convened the meeting into executive session at 5:24 P.M.

Mayor Fugate reconvened the meeting into open session at 5:34 P.M.

9. Consider directing staff on compensation for executive level positions for FY2023-2024 budget. (Mayor Fugate).

No discussion or action was taken on this item.

10. Discussion on proposed Fiscal Year 2023-2024 Budget. (as per budget calendar). (Finance Director/City Manager).

Water Department: Mr. Bill Donnell, Public Works Director thanked his public works employees for their dedication and endurance during the heat wave we have been having for the past months.

Commissioner Torres commented that she also would like to commend the public works employees for their hard work, professionalism, and dedication to the community.

Mr. Donnell presented the Water Department budget. He stated that in the Water Construction Division, there is a compensation plan increase for personnel of 3% to 19% for 13 employees. There is a decrease in healthcare costs offset by all other fringe costs. Supplies have an increase in supplies and motor gas & oil with a decrease in uniforms and personal wear to historical averages. Services have an increase in GPS and property/liability insurance. Supplementals approved for FY 23-24, TCEQ Testing for \$330, and travel for certifications for three employees for \$800. There were no capital outlay supplementals approved.

Water Production: Personnel has a compensation plan to increase from 5% to 18% for five employees. Increase in health care costs. Supplies has an increase in motor gas & oil. Services has an increase in utilities and property/liability insurance. Maintenance has a decrease in utility plant. Supplementals approved for FY 23-24 are, UCMR5 samples monitoring for \$15,000, VTScada Annual Support subscription for \$1,500, Tool box, radio and lights for vehicle for \$1,500, water well rehab at #14, #22, #24 for a total of \$250,000. There were no capital outlay supplementals approved.

Ground Maintenance: The personnel compensation plan increases from 16% to 19% for four employees. There is an increase in health care costs. Supplies have an increase in motor gas & oil for \$3,100 and services have an increase in property/liability insurance of \$3,573. There are no supplementals approved for this division.

Utility Billing: Mrs. Balli stated that personnel have a compensation plan to increase from 9% to 21% for eight employees. There is an increase in health care costs due to the types of service selected. Supplies have an increase in supplies, motor gas & oil, computers and associated equipment. Supplies have had a decrease in water meters and part of the water meter replacement project is underway. Services have an increase in professional services for water meter operations, laundry, property/liability insurance, and a decrease in training and travel and credit card discount fees as it is now being passed on to the customer. There were no supplementals approved for this division.

Utility Fund Transfers Out: Mrs. Balli stated that the transfer to the general fund 001 is \$1,485,000, which was the same as the previous year's annual transfer. Transfer to debt service fund 012 is \$2,125,563.00 for bond principal and interest payments. Transfer to Utility Fund Capital Projects Fund 054 - \$62,000. Debt service on water meter replacement project. Transfer to Vehicle Replacement Fleet Management Fund 106 of \$100,000. 2nd Year Estimated Lease Payment since all vehicles have yet to be delivered.

Wastewater North Plant: Mr. Donnell stated that personnel has an increase due to the compensation plan. Supplies for motor gas & oil has a difference from FY 22-23 to FY 23-24 of \$14,300 and services has a difference of \$21,746 for utilities and property/liability insurance. Supplementals approved for the new fiscal year, restroom and floors remodel for a total of \$20,000, Hydrex 6909 chemicals for \$42,100, and CDL class and training for \$3,250.

Wastewater South Plant: In personnel, there is a compensation plan increase from 5% to 25% for two employees and a decrease in health care costs. Supplies has an increase of \$400 for motor gas & oil. Services has an increase in postage & freight for \$100, printing and publishing has a decrease of \$400, training and travel decrease of \$50; increase in utilities of \$8,000 and increase in property/liability insurance for \$5,622. No supplementals were requested for this division.

Sewer Construction: in personnel there is a compensation plan increase from 14% to 24% for eight employees and an increase in health care costs. Supplies has a decrease in uniforms of \$500, chemicals has an increase of \$1,000, motor gas & oil has an increase of \$8,000 and minor equipment has an decrease of \$100. Services has an increase in communications of \$788, printing & publishing has a decrease of \$300, training & travel has an increase of \$300, utilities has an increase of \$6,000, and property/liability insurance has an increase of \$12,541. Repairs has an increase in vehicle maintenance. Supplementals approved, chemical for \$3,250, 2 Stormwater Jet Nozzles for \$9,045, and CDL Class & Training for \$2,350. No capital outlay supplementals approved.

Engineering Department: Mr. Mora stated that personnel has a compensation plan increase from 6% to 32% for seven employees. Increase in health care costs. Supplies have an increase of \$200 for motor gas & oil, decrease of \$344 for minor equipment,

and increase of \$593 for computers. Services has an increase of \$2,088 for communications, decrease of \$6 for GPS, increase of \$250 for printing & publishing, increase in training & travel for \$840, and increase of \$8,216 in property/liability insurance. Supplementals approved were \$500 for vehicle maintenance, and \$6,000 for capital outlay supplemental for Trimble TDC650 paid from Fund 066 for \$6,000.

Facilities Maintenance: Mr. Charlie Sosa, Purchasing Manager stated that personnel has a compensation plan increase from 12% to 24% for five employees and an increase in health care costs.

UF Capital Projects Fund 054: Mr. Donnell stated that this fund is used to account for capital projects for the utility fund. Revenues come from transfers in from the utility fund. Fiscal year 23-24 estimated beginning fund balance is \$205,707. Budgeted revenues are \$66,429 which is transfer from utility fund 051 of \$62,000 and interest income of \$4,249. Budgeted expenditures are \$193,669 which is transfer to Fund 130 of \$106,106, capital lease principle for \$76,394, and capital lease interest of \$11,169. Estimated ending fund balance for FY 23-24 is \$78,287.

UF Storm Water Drainage Capital Projects Fund 055: Mr. Mora stated that this fund is used to account for Storm Water Drainage Capital Projects. Revenues come from stormwater fees. Estimated beginning fund balance is \$601,218 and ending fund balance of \$898,242. Mr. Mora further stated that projects have been selected to utilize those funds which are curb and gutter on 19th Street, drainage flume for Lawndale, West Johnston Street and 2nd Street curb and gutter project, and Wells Street curb and gutter project. All these projects total an amount of \$898,000. Mr. Mora stated that these projects will be designed in-house.

Commissioner Lopez asked about E. Lawndale. Mr. Mora made the correction that it may be E. Lyndale and not Lawndale. This is around the Circle Drive area.

CO Series 2013 Drainage Fund 068: Mr. Mora stated that this fund is used to account for proceeds from the 2013 CO Series Drainage for drainage-related projects. The estimated beginning fund balance for FY 23-24 is \$685,577. Budgeted revenues are \$33,709 and expenditures are \$0. The estimated ending fund balance is \$719,286. Proposed Projects to use the \$719,286 Fund Balance include, which are not in the current budget book) are as follows: 10th St and Tranquitas Creek Bridge Repair for \$50,000; 9th St Drainage Repair for \$50,000; Kleberg Ave concrete panels for \$132,000; Yoakum Ave from 7th to 8th St (road repair not included) for \$287,000; and 2nd St from Kleberg Ave to King Ave concrete panels for \$200,000. The total of projects is \$719,000. These projects will be designed in-house.

Vehicle Fleet Management Fund 106: This is 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. Estimated Beginning Fund Balance for FY 23-24 is \$44,821. Budgeted Revenues are \$100,000 and Budgeted Expenditures are \$144,820. Expenses will be less if we are still not in receipt of the full lot of vehicles. The estimated ending fund balance for FY 23-24 is \$1.

UF ARP State & Local Fiscal Recovery Fund 125: Mr. McLaughlin stated that all this money has been earmarked and there are no revenues coming in. The total allotment for UF projects using Fund 125 is \$1.9 million. The following projects have been funded or earmarked for funding from Fund 125: hazard pay, Garver study (WWTPs), Centrifuge Repairs, Wastewater emergency line repair, of which these projects have been completed. The following projects still need to be completed: Wastewater #14 pumphouse rehab for \$150,000, sewer smoke testing for \$200,000, and unencumbered funds remaining of \$781,000, which staff will figure out how to use these funds. These funds need to have projects identified and the funds are to be spent by December 2026.

Commissioner Hinojosa asked if these funds could be used for streets. Mr. McLaughlin responded that it may be able to be used for streets but would look into it.

Insurance Fund 138: Mrs. Diana Gonzales, Human Resources Director: the estimated beginning fund balance for FY 23-24 is \$1,893,907. Budgeted revenues are \$4,273,317 with employee & employer contributions of \$1,182,829 and interest earnings of \$90,488. Budgeted expenditures are \$4,579,477 which is all the United Health Care Premiums. The estimated ending fund balance for FY 23-24 is \$1,587,747.

Commissioner Hinojosa asked if any of these funds could be transferred to other various accounts such as utility funds. Ms. Alvarez responded no. He further commented on lowering the insurance premiums in those particular funds such as utility and general fund and Tourism.

Mrs. Gonzales responded that these funds can only be used for health-related expenses and cannot be used for anything else.

Commissioner Hinojosa further asked if even if the employees contribute to this fund. Ms. Alvarez responded that it covers the employee regardless of where the employee is housed within the city. She further commented that the health insurance funds do cover the employees' health insurance wherever the employee is housed within the city. These funds could not be used for anything other than their health insurance, as it is a restricted fund.

Mrs. Gonzales stated that when staff went out for the renewal numbers, which are numbers from July. There is an overall 12% increase in the plan within the three options that are provided to the employees. As the city is currently in open enrollment at this time of which 19% of the employees have completed their enrollment. As of July 2023, there are 257 total enrollments on the health plan. Mrs. Gonzales further commented that nothing has changed within the three options that are provided to the employee.

Final Items: Mr. McLaughlin stated that this budget is built on the \$0.76000 per \$100 of valuation which is 6.5 cents drop from the current tax rate. The tax rate is proposed to be adopted on September 11, 2023. Within this budget, there are no fee increases, but there may be revenue increases in water and wastewater depending on how the new water meter calculates. He further commented that the rates for water and wastewater were not increased for the new fiscal year, they remain the same. He stated that his number one priority moving forward for capital outlay is what we are going to do with the North and South Wastewater Treatment Plants. They are both still dated, and we have the engineering study he has already been briefed on the issues of both plants, so now he will be speaking to the city's financial advisor and bond counsel to see what the next step would be about funding upwards to \$8 million worth of repairs for both plants combined. Mr. McLaughlin further stated that some department heads brought to his attention an error within the compensation plan where the mid-level supervisors of both Parks and Public Works in the same level and in the new compensation plan, got separated, so they have all been moved back to the same level. He further stated that staff will address the use of property tax reserve for the street department I the hot mix laydown machine cannot be repaired.

Commissioner Alvarez asked how much the cost for the hot mix laydown machine was. Mr. McLaughlin responded with around \$500,000.

Commissioner Torres asked if ARP Funds could be used. Mr. McLaughlin responded yes as it is in Utility Fund.

Mr. McLaughlin further stated that the Finance Director's master list with all the recorded workshop changes will be provided soon. He also stated that the proposed budget for Fiscal Year 23-24 is \$100,349,477.91. This included 111 supplementals approved out of 193 requested. The total proposed budget is \$2,926,323.23 more compared to FY 22-23 original budget of \$97,423,154.68. Ad valorem is expected to raise an additional \$280,469 over FY 22-23, on the side of General Fund and Maintenance & Operation. The ending fund balance for General Fund for FY 23-24 is projected at \$6,429,413 and the ending fund balance for Utility Fund for FY 23-24 is projected at \$3,272,825. Scheduled future meetings are as follows: Public hearing on budget and tax rate is scheduled for September 5, 2023; and meeting to adopt the budget and tax rate on September 11, 2023.

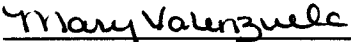
Commissioner Hinojosa commented that any changes can be brought up to the Commission. Mrs. Balli responded that there are some changes that are needed, but staff was waiting to see if any other changes would be needed from tonight's meeting. Commissioner Hinojosa further asked how soon he could receive those changes. Mr. McLaughlin responded by tomorrow or as soon as Mrs. Balli could make those changes.

VII. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 6:51 P.M.


Sam R. Fugate, Mayor

ATTEST:


Mary Valenzuela, TRMC, CMC, City Secretary