

AUGUST 12, 2024

A SPECIAL MEETING OF THE CITY OF KINGSVILLE CITY COMMISSION WAS HELD ON MONDAY, AUGUST 12, 2024, IN THE HELEN KLEBERG GROVES COMMUNITY ROOM, 400 WEST KING AVENUE, KINGSVILLE, TEXAS AT 4:30 P.M.

CITY COMMISSION PRESENT:

Sam R. Fugate, Mayor
Edna Lopez, Commissioner
Norma N. Alvarez, Commissioner
Hector Hinojosa, Commissioner
Leo Alarcon, Commissioner

CITY STAFF PRESENT:

Mark McLaughlin, City Manager
Mary Valenzuela, City Secretary
Courtney Alvarez, City Attorney
Kyle Benson, Director of Information & Technology
Derek Williams, IT
Emilio Garcia, Health Director
John Blair, Chief of Police
Leticia Salinas, Accounting Manager
Deborah Balli, Finance Director
Susan Ivy, Park Director
Bill Donnell, Public Works Director
Rudy Mora, City Engineer
Charlie Sosa, Purchasing Manager
Juan J. Adame, Fire Chief
Janine Reyes, Tourism Director
Mike Mora, Capital Improvements Manager
Frank Garcia, Wastewater Supervisor
Ruben Chapa, Golf Course Manager
Avelino Valadez, Street Supervisor
Cameron Whittington, Water Supervisor
James Creek, Firefighter
Jennifer Bernal, Parks Manager
Erik Spitzer, Director of Economic & Development Services
Joe Casillas, Water Production Supervisor
Monica Flores, Telecommunications Supervisor
George Flores, KPD Officer
Megan Trevino, KPD
Jessica Sandoval, Health Department
Monica Longoria, Health Department
Jason Torres, Health Inspector
Kwabena Agyekum, Senior Planner/HPO
Connie Allen, Health Inspector
Brad Allen, KPD Officer

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 2024-2025 budget for departments of the City of Kingsville. (City Manager).

Mr. McLaughlin, City Manager stated that the budget workshop schedule for today will consist of an overview, organization and staff overview, supplemental requests, transfers, general fund/fund balance, general fund, and remaining governmental funds through fund 092. There will be two additional budget workshops, August 14th and August 19, 2024. On August 14, 2024, the following will be discussed: remaining governmental funds, general fund capital projects, GO debt service, Tourism, and asset seizure funds. For the meeting of August 19th, the following will be discussed: grant funds, utility funds, insurance funds, additional fee changes not already discussed, circle-back items, calendar of remaining dates, and closing.

What has changed, in Fiscal Year (FY) 22-23 inflation has gone up 3.6% and in FY 23-24 inflation was 1.8% through June 2024 from being down 1.9%. There is no Cost-of-Living Allowance (COLA) defined in the new compensation plan except proposed ad valorem tax rate increases to \$0.7700 of \$100 of valuation. This is a 1 cent increase over current tax rate. Equals a \$25 tax increase on a property of \$250,000. Health insurance provider United Health remains with premium increases covered by the insurance fund. Vehicle lease through Enterprise Fleet Leasing Services started in FY 22-23. Only 6 vehicles were accepted, and the remaining 6 vehicles will not be accepted. As for new positions, there are no new funded positions. There are 2 new Firefighters positions that have been added to the comp plan but will not be filled until

funding becomes available. There are 10 full-time and 2 part-time general fund positions frozen until funding surplus is realized in FY 24-25. Capital outlay approved, currently there are no capital outlay supplementals approved. Requests were submitted but will be prioritized and will be approved through the budget amendment process. Fund balance for general and utility funds meet the 25% requirement. General fund budgeted which includes a \$300,000 cushion. Down from \$591,108 budgeted last fiscal year. Utility fund, \$1,011,267.14 above minimum requirements at 32.97%, up from \$866,605 budgeted last fiscal year.

Mrs. Deborah Balli, Finance Director commented that the city has always met the 25% requirement.

Utility fund revenues, the proposed budget includes increases in water fees at 15%, sewer at 13%, and tap fees and utility billing fees. General fund revenues, sales tax and ad valorem revenues increased in the proposed budget. Sales Tax in the book for FY 24-25 is \$6,250,000, will increase to \$6,446,139 (revenue increase of \$196,139). We are also on a trend to end FY 23-24 with \$6,446,139 which will increase the Expected Annual by \$46,139 for a total increase of \$242,278. Fire Longevity Increase, there is an error in the book, needs to increase from \$45 to \$25,305 (\$25,260 increase in expenditures. Increase Street Department transfer from Street Maintenance Fee to General Fund, from current \$150,000 to \$165,000, 10% increase or \$15,000 in revenues. Increase Tourism transfer to the General Fund, from current \$35,000 to \$38,500, 10% increase or \$3,500 revenue increase. Not using Health Insurance as savings found in other areas so there is no need to move funds from health insurance. Staff will reanalyze Sales Tax, Transfers from Streets and Tourism, and potentially fire vehicle replacement. Transfers from Celanese and Housing Authority (\$104,500 total) should be sent back to General Fund from Economic Development Fund (Fund 98). This \$104,500 payment is in lieu of taxes (old agreements). Do we continue funding Economic Development Grant? No ARPA remaining to continue EDG funding but would like to use fund balance. Could use Fund 98 Fund Balance of \$300,000. Adjust the Economic Development Salary by \$2,109.09. In the budget book the net salaries show \$62,890.91 and it should be \$65,000 as per contract.

Supplemental Requests: There were 175 supplemental requests but only 8 were included.

Commissioner Alvarez that the under personnel, are those additional positions? Mr. McLaughlin responded that it's a combination of both as there will be some movement of part-time positions to full-time positions and others are additional positions for departments.

General Fund Balance: The City's Fund Balance Policy requires a minimum of 25% of budgeted expenditures to remain in fund balance. The city also includes \$300,000 in budgeted expenditures for budget amendments. In the proposed General Fund, these requirements have been met at 25.00%. Estimated ending fund balance divided by total expenditures.

General Fund Transfers In: Proposed Transfers to General Fund Tourism 002 - \$35,000 for administration costs (recommending \$3,500 increase to \$38,500). Utility 051 - \$1,529,550 for administration costs. Increase due to inflation factor of 3%. Street Fund 092 - \$150,000 for street crew payroll cost reimbursements (recommending \$15,000 increase to \$165,000). Property Tax Reserve Fund 120 - \$403,221.99 to assist in balancing GF budget. Insurance Fund 138 - \$1,342,602.12 to cover increased employer premium costs (recommending this transfer decrease by \$300,000 to \$1,042,602.12). JK Northway Fund 203 - \$14,625 transfer back to General Fund to close out this fund.

Non-Departmental: Revenues: transfers in, sale of city publications and open records documents, interests, and miscellaneous. Expenditures are none. FY 24-25 budget is unchanged from FY 23-234 at \$995,976.

City Commission: Change highlights are in personnel with different health coverages. Supplies has a decrease in supplies and uniforms due to less new commissioners. Services has changes in several line items. Most notable funding is for USS Kingsville not needed in fiscal year 24-25.

City Manager's Office: Change highlights are in personnel for increased health care premium Services has a budget reduction in professional services and lease has a change in service agreement.

City Special Division 1030: Change highlights are in supplies where there is an increase in supplies due to budget reductions. Services has changes in several service agreements and leases has change in copier lease agreement.

Commissioner Hinojosa asked if money on rental attached to water tower needs to be recorded in general fund or does it belong to utility fund? Mrs. Balli stated that it's \$27,000 that goes to general fund. Commissioner Hinojosa commented that it should be in general fund. Mrs. Balli commented that she would look into that.

Mayor Fugate recessed the budget workshop at 5:00 p.m. in order to begin the regular commission meeting.

REGULAR MEETING RESUMES 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)

Regular Meeting – June 24, 2024

Regular Meeting – July 22, 2024

Motion made by Commissioner Lopez to approve the minutes of June 24, 2024, and July 22, 2024, as presented, seconded by Commissioner Hinojosa.

Commissioner Alarcon asked if the budget slides or any slides that are presentations, are they included in the minutes.

Mrs. Mary Valenzuela, City Secretary responded no. The slides are not part of the minutes. Copies of the slides and presentations are kept for the length of time that is necessary according to the retention schedule.

Mayor Fugate asked what is the length of time that the agenda must be kept. Mrs. Valenzuela responded that the paper version of the agendas are to be kept for 90 days, from the day the minutes are approved. But agendas are also kept on the city's website, and they remain there for the life of the website. They are also kept in Laserfiche, so a copy is always available.

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

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

1. Public Hearing on the City's amendment to Ordinance No. ORD2009-38, pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code as revised, for possible tax incentives to be offered to projects within the City of Kingsville, Texas. (City Attorney).

Ms. Courtney Alvarez, City Attorney stated that there has been a slight change in some wording that the State now requires to see for potential future Enterprise Zone Act applications that requires the city to update its ordinance to include that language.

Mayor Fugate opened this public hearing at 5:02 p.m. He further 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. The City Commission cannot extend additional time.

There being no comments or further discussion, Mayor Fugate closed this public hearing at 5:05 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 Services - Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports; Police & Fire Department – Grant Update, Police & Fire Reports; Street Updates; Public Works-Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Water And Wastewater Rate Study Presentation. No formal action can be taken on these items at this time."

Mr. McLaughlin gave an update on street projects. He further announced that the USS Kingsville will be arriving on Sunday, August 19, 2024, to the Port of Corpus Christi.

Ms. Alvarez reported that the next city commission meeting is August 14, 2024, at 4:30 p.m. Another special meeting is scheduled for August 19, 2024, at 4:30, and a regular meeting on August 26, 2024, at 4:30 p.m. or 5:00 p.m. The deadline for staff to submit items for the August 26th meeting is August 16th. Alvarez further stated that city will meet to vote on the tax rate for the FY 24-25 budget on September 12, 2024, at 5:00 p.m. in the Helen Kleberg Groves Community Room, located inside city hall, 400 W. King Ave., Kingsville, TX.

IV. Public Comment on Agenda Items.³

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

Ms. Megan Trevion, 241 S. Pasadena stated that she would like to comment on the FY 24-25 Compensation Plan. Each commissioner previously voted to have a study done by Evergreen and it was determined that a pay increase was needed. The compensation plan

that each commissioner voted in favor of would have been given over two years. In the first year of the plan, some of the employees received a slight increase in pay but the most important part of the plan is the second year. It was promised to employees we would be placed in the correct steps according to years of service. Commissioner Alvarez spoke about rewarding those who dedicated years to the city by increasing the TMRS match to 2:1, and while that is great eventually, I don't see why we can't do both, we should be taken care of now. If you don't take care of your employees now, how do you expect them to stay long enough to retire and benefit from the 2:1? I have been loyal to the city for 14 years and right now she is being paid at the step with someone with six years of service. It is if the other eight years of hard work and dedication don't matter. This October, the second part of the pay increase is supposed to put all of us, loyal employees, in our rightful step for the number of years of service. I am asking that you follow through with what was promised to us last year. A few of you admitted to voting for something that you didn't know anything about and now you want to make the same mistake again. You have not done the homework to know what kind of situation you would be putting all the city employees in by not following through on what was promised and voted on. Wrenches have been thrown into our plans such as when it was decided there would be a city closure and employees were told they had to use their personal time or go with no pay. Wrenches like these puts strains on the employees and their families. The city employees were promised this compensation and are counting on it especially with the current state of the economy. This is our livelihood, and we have bills to pay and children to feed, so please do not allow your feelings about a person or two to affect the lives of hundreds. Please do not go back on your word or put your city employees and their families in a dire position.

V.

Consent Agenda

Notice to the Public

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

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

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

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

1. **Motion to approve final passage of an ordinance amending the Fiscal Year 2023-2024 Budget to provide funding for the replacement of Police Department SWAT team ballistic body armor. (Police Chief).**
2. **Motion to approve final passage of an ordinance amending the Fiscal Year 2023-2024 Budget to setup budget for the CO Series 2024 Bond Issue for the fire station and related equipment. (Finance Director).**
3. **Motion to approve final passage an ordinance amending the Fiscal Year 2023-2024 Budget to reallocate General Fund ARP funding for the fire station design to Utility Fund ARP funding for the water meter project. (Purchasing Manager).**

REGULAR AGENDA

CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:

VI. Items for consideration by Commissioners.⁴

4. **Consider introduction of an ordinance amending Ordinance No. ORD2009-38, ordaining the City of Kingsville's continued participation in the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code (Act), amending the original ordinance language and providing additional potential incentives for the investment of private resources in productive business enterprises located in severely distressed areas of the City as required by the Office of the Governor Economic Development and Tourism (EDT). (City Attorney).**

Ms. Alvarez stated that all required notices were duly done.

Introduction item.

5. Consider introduction of an ordinance amending the Fiscal Year 2023-2024 Budget to appropriate additional funding for repairs to fire unit 111-Ladder Truck. (Fire Chief).

Mr. Juan J. Adame, Fire Chief stated that the Kingsville Fire Department ladder truck unit #111 has experienced numerous equipment problems. These problems included leaking hydraulic cylinders, extensive electrical repairs, and complete exhaust system repair and replacement. The fire department budgeted \$46,700 for vehicle maintenance. These funds have mostly been expended. Additional funding is requested to complete the repairs. The fire department is requesting a budget amendment in the amount of \$46,266.88 to fund the required repairs for unit #111. Funds will come from the unappropriated fund balance of Fund 097 Vehicle Replacement Fire.

Introduction item.

6. Consider introduction of an ordinance amending the Fiscal Year 2023-2024 Budget to appropriate additional funding for Street Maintenance Work. (Public Works Director).

Mr. Bill Donnel, Public Works Director stated that the Street Division has completed 1.4 miles of hot mix reconstruction and 1.2 miles of sealcoating streets. It was challenging during the first half of the fiscal year to get roadwork completed due to a couple equipment repairs but with the new and repaired equipment on hand the Street Division is more efficient during the asphalt process. They are currently working on a mill and overlay of 11th Street from King to Yoakum and will continue with several streets in the same area. To date the Street Division has spent approximately \$512,470 on the 2.6 miles of city street maintenance already completed. To continue with the street maintenance program this fiscal year, it is being requested that an additional \$411,000 be allocated for street maintenance from the unappropriated street maintenance fund balance.

Introduction item.

7. Consider introduction of an ordinance amending the Fiscal Year 2023-2024 Budget to appropriate additional funding for Wastewater chemicals and pump replacements. (Public Works Director).

Mr. Donnell stated that the Hydrex 6909 is a chemical copper coagulant used to increase copper settling during the wastewater biological treatment process at the North Wastewater Treatment Plant. This chemical is added to the re-aeration basin to mix thoroughly with the sludge. The excess sludge is discharged into the drying beds and once dried it is disposed of at the city landfill. The effluent wastewater is tested weekly to allow adjustments to be made to the Hydrex injection rate, reflecting the condition of the influent wastewater. This process allows the treated wastewater effluent to meet the TCEQ copper permit levels. The total financial impact requested from unappropriated utility funds to cover additional expenses is \$47,300.

Introduction item.

8. Consider a resolution authorizing the City Manager to execute Amendment No.1 to the Construction Contract with PM Construction & Rehab LLC for the GLO CDBG-MIT Contract 22-082-016-D218 Project 5: E. Lott Ave. Sanitary Sewer Improvements Project. (City Engineer).

Mr. Rudy Mora, City Engineer stated that this is for Amendment No. 1 to correct the wage rate document included in the 2023 contract documents to the 2024 version. This amendment is to avoid and grant audit findings.

Motion made by Commissioner Alvarez to approve the resolution authorizing the City Manager to execute Amendment No.1 to the Construction Contract with PM Construction & Rehab LLC for the GLO CDBG-MIT Contract 22-082-016-D218 Project 5: E. Lott Ave. Sanitary Sewer Improvements Project, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Hinojosa, Alarcon, López, Alvarez, Fugate voting "FOR".

9. Consider a resolution authorizing the Mayor to enter into a Cyber Liability and Data Breach Response Interlocal Agreement with the Texas Municipal League Intergovernmental Risk Pool. (Human Resources Director).

Mrs. Diana Gonzalez, Human Resources Director stated that this item authorizes the City to enter into an interlocal agreement to join the TML Joint Cyber Liability and Data Breach Response Self-Insurance Fund (Cyber Fund). This interlocal agreement allows the City to continue and maintain TML's Cyber Fund Core+ level of cyber protection. Brief Overview of changes: Risk Pool creating a separate Cyber Fund – each member that wants to continue coverage must sign a new, separate interlocal agreement (contract) to join the Fund. The Pool's total annual payout for cyber claims will be capped at \$25 million, should there be multiple Members involved, the Pool's Board of Trustees will decide how to allocate funds. The limit for third-party liability is reduced to either 500K or 1 million, depending on whether the Core or Core+ option is selected. Cyber coverage premiums will

increase based on the Member's elected limits. Basic Overview of Coverage Subject to Policy Limits and Sublimit: Breach Response, Network business interruption, Cyber Extortion, Data Recovery Costs, and Fraud Protection. Some background on this, since 2016, when the TML Risk Pool first began offering Cyber Coverage, cyber claims have exponentially increased in both frequency and severity. Future cybercriminal activity is impossible to predict, which means neither the Pool nor any other insurer can rely on past patterns and trends to predict future losses. The Board of Trustees recently created a new Cyber Fund and approved changes to the Pool's coverage structure, effective on October 1, 2024. Pool Members must elect to continue coverage by returning the Cyber Interlocal Agreement to participate in the newly created Cyber Fund. The Financial Impact for FY 2023-2024 Premiums equals \$ 483. FY 2024-2025 Premiums equals \$ 1,875 for an added cost of \$1,392. Cyber Insurance premiums are budgeted in Insurance-Property/Liability Insurance line item 33501 and costs are reallocated to the different divisions. Staff recommends approval of TML Risk Pool's new Cyber Liability and Data Breach Response Interlocal Agreement to continue with TML's Core+ level of coverage.

Motion made by Commissioner Lopez to approve the resolution authorizing the Mayor to enter into a Cyber Liability and Data Breach Response Interlocal Agreement with the Texas Municipal League Intergovernmental Risk Pool, seconded by Commissioner Alarcon. The motion was passed and approved by the following vote: Alarcon, Lopez, Alvarez, Hinojosa, Fugate voting "FOR".

10. Consider approving certification of 2023 excess debt collections and certification of 2024 anticipated collection rate. (Finance Director).

Mrs. Balli stated that the city has received the certification of 2023 excess debt collections and the certification of 2024 anticipated collection rate from the Tax Assessor, Ms. Maria V. Valadez. Mrs. Balli further read into the record the following "I, Maria Victoria Valadez, Collector for the County of Kleberg solemnly swear, that the amount of excess debt service funds collected in 2023 for the City of Kingsville, Interest & Sinking Fund has been determined to be \$0." Mrs. Balli then further continued to read, "I Maria Victoria Valadez, Collector for the County of Kleberg solemnly swear, that the anticipated collection rate for 2024 for the City of Kingsville, Interest & Sinking Funds has been estimated to be 100%." Both letters were signed by Ms. Maria V. Valadez, Kleberg County Tax Collector.

Motion made by Commissioner Alarcon to approve the certification of 2023 excess debt collections and certification of 2024 anticipated collection rate, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Lopez, Alvarez, Hinojosa, Alarcon, Fugate voting "FOR".

11. Consider accepting 2024 certified total appraised assessed and taxable values of all and new property in the City of Kingsville as certified by the Kleberg County Appraisal District. (Finance Director).

Mrs. Balli read the following into the record, "In accordance with the Texas Property Code Section 26.01(a-1), please consider this document as Kleberg County Appraisal District Chief Appraiser's final certified estimate of taxable value for the City of Kingsville 2024 final certified estimate of taxable value \$1,176,951,016.00 dated July 25, 2024. Signed and dated by Chief Appraiser of Kleberg County, Ernestina Flores."

Mayor Fugate asked if the numbers were correct. Mr. McLaughlin responded yes, as he met with the Chief Appraiser. When the number first came out it reflected that the real property gross value had dropped to which he didn't believe it could have dropped. He stated that after the meeting with the Chief Appraiser, she understood and redid the chart to what he expected.

Commissioner Hinojosa asked on the values, the adjustments, \$214,000 that are under protest, is this the same amount for the County?

Ms. Ernestina Flores, Chief Appraiser responded that no, they are different. The County has Ricardo and Riviera and other little towns that the city does not have. They account Kenedy Groundwater. They have more property than the city would have as they have it in the entire county, not just in the city limits.

Commissioner Hinojosa further asked that you have the same property owners in the city and the county. The \$214,000 are those outside the city or inside the limits.

Ms. Flores responded that the \$214,644.00 are those that are under protest that are in the city limits.

Commissioner Hinojosa asked if this should be the same for the county.

Ms. Flores responded that no, as they not only have protests inside the city limits but as well in Ricardo and Riviera, so they will have more.

Mayor Fugate stated that what Commissioner Hinojosa is asking is that citizens that are in Kleberg County are citizens that live inside the city, so will that number be the same?

Ms. Flores stated that it may be a little different as the city has different exemptions from the county. So when you deduct your exemptions the amounts won't be the same as the city only gives certain exemptions and the county gives different ones.

Commissioner Hinojosa asked what the different exemptions between the city and county are.

Ms. Flores stated that the city gives \$8,400 for homestead exemptions and the county gives \$12,000 the county also allows for tax ceiling as the school districts do. She further stated that a few legislative sessions ago, the city had the opportunity to allow tax ceiling exemptions, but the city did not choose to do so. The County did opt into it and allows the citizens that exemption.

Motion made by Commissioner Alarcon to accept 2024 certified total appraised assessed and taxable values of all and new property in the City of Kingsville as certified by the Kleberg County Appraisal District, seconded by Commissioner Alvarez. The motion was passed and approved by the following vote: Alvarez, Hinojosa, Alarcon, Lopez, Fugate voting "FOR".

12. Consider proposed tax rate, if it will exceed the no-new revenue tax rate or the voter-approval rate (whichever is lower), take record vote, and schedule public hearing for 5:00 p.m. on September 5, 2024 at City Hall in the Helen Kleberg Groves Community Room, 400 W. King Avenue, Kingsville, Texas 78363. (Finance Director).

Mayor Fugate commented that this is only a proposed rate and, in the past, we have kept it elevated a little in the event something happens between now and the time we adopt the tax rate.

Mr. McLaughlin stated that he and the Finance Director have gone through this budget and they are confident that they can make this budget work with the increase of \$.01. He didn't want to propose anything hire as one of the goals of the commission it to try and hold the tax rate to where we are or have a very good reason as to why it is being increased or decreased, should staff have to bring it down. Proposing \$.77 as the high point of the tax rate would be within the commission's goals and he can still make the budget work.

Motion made by Commissioner Hinojosa to approve the proposed property tax rate be \$.77, and that one public hearing be set for Thursday, September 5, 2024, in the Helen Kleberg Groves Community Room, 400 W. King Avenue, Kingsville, Texas with additional funds to be used for city infrastructure upgrades, equipment, employee wages & benefits, and technology, seconded by Commissioner Lopez. The motion was passed and approved by the following vote: Hinojosa, Alarcon, Lopez, Alvarez, Fugate voting "FOR".

13. Consider year two of compensation plan for FY24-25 from compensation study approved in 2023. (Commissioner Alvarez).

Motion made by Mayor Fugate to approve year two of compensation plan for FY24-25 from compensation study approved in 2023, seconded by Commissioner Lopez.

Commissioner Alvarez commented that as she asked for this item to be placed on the agenda, there are some issues she has with this plan. The main one is that not every employee will be receiving an increase this year, which she has a big problem with. She has gone through the budget and has listed every employee that will be receiving an increase which is 84. To her, if anyone is going to be receiving an increase, it should be everyone. She stated that last year it was shoved down the commission's throat because on August 4th Evergreen came to do a presentation, but it was only a discussion and no action item. The presentation was vague, and it didn't get into a line item on the agenda until September, and then the commission approved the budget. The commission didn't have enough time to really study it or there was no committee formed to see what the results were. She further stated that when she asked for the results of the study, she received a thick package with names and numbers. It does not show any kind of notes and what she would like to see are the notes and see who all had input and how this was figured out. She stated that there were three department heads that are at the same level and step and when it came down to it only one received an increase, so her question is, why not the other two. She further stated that there should be some notes or what was discussed. When Evergreen proposed and presented it to the commission, the figure was one and then looking at it, and she was told no at the last meeting, there was a 3% COLA across the board, which was not approved by the commission. She stated that she is for employees receiving increase and everybody received the plan last year plus a 3% COLA, to which the commission did not know about until this year. Alvarez asked if there was a committee formed, no, was financed involved on what had been decided, no. She stated that the other issue is why were the firefighters included and the police offices, as everyone knows that they do collective bargaining, and should have not been in this plan and if they were, why did they leave the firefighters out. In the plan there are increases for the police officers and

she is not against that, she is just saying that it should be equal because under the firefighters it shows zeros. She understands that the firefighters are still under collective bargaining but why is it that the police department are in the compensation when they shouldn't have because they have collective bargaining. This is another issue that nobody has been able to explain to her. The city is going up on fees but when certain fees hits the citizens, and she understands that inflation has gone up, she has to think of the citizens also, the rest of them. She stated that this is her stating that at the end of the discussion she would like, as she asked to place this item on the agenda, for no action to be taken tonight and it be place on the agenda for August 19th to allow commission to see some of the notes or whatever else was done for this plan because there are a lot of discrepancies.

Commissioner Hinojosa stated that he has a concern but is in agreement that the employees should get a raise, and a study was done and presented to commission on August 14th at this discussion, which he has the minutes for that meeting which state that the project has four phases. Phase one is collecting all the data from the employees and phase two was the classification structure. He asked who was involved in the classification structure? Was there a committee on that, did it go back to the department heads. Who made those determinations. He stated that he knows that it was probably Evergreen that provided the changes, but who did they give that presentation to. Phase three was the compensation survey and internal alignment analysis. Who asked who was involved in those two phases, phase 2 and phase 3. As Commissioner Alvarez asked, was there a committee involved or was it just one or two people. The way the classes were done, on the old compensation, there were three department heads in this class, but when it was all done of those three only one moved up. He stated that he still has not been able to determine what cities were used in making those analysis. Of the 10 that responded, Corpus Christi was one of them. He further asked if Corpus Christi included in the salaries. If Corpus Christi is in there, it will be hire, and further commented that he thinks they took an average. He stated that this is what he doesn't like about the plan. He has gone through each of the employees and the amounts they received based on the information on the employee salaries, as he has been asking for that for the last four years, as he wants to make that it ties back to the budget. He stated that he has the wages that were back from 2022-2023, 2023-2024, and 2024-2025. As far as the mechanics and the way it was done, the second year is based on the number of years, which he doesn't have any problems with, his problem is phase two and phase three. Who was involved in making those changes. He stated that the issues is that if it was only one person involved in this, it is too much power for just one person. It would have been great to get the other department heads, especially when moving people up or down. He stated that this is his problem, and he is not against the employees receiving a raise. He stated that good employees stay here. We are trying to retain the employees but at the same time the taxpayers need to be considered. He stated that he would like to see documentation on phase 2 and phase 3.

Commissioner Alarcon commented that as most of the people know, he was not part of Year 1 of this plan. He stated that at the last meeting he asked if every employee had received a raise and he was yes but were not given the figures that were spent last year as far as the raises were concerned. He stated that he noticed the people that were assigned increases this time, it just doesn't look fair. He further stated that he has a concern about that. If a raise is going to be given, give it to everyone this year. He states that he is very concern with the numbers that he sees.

Commissioner Hinojosa stated that if anyone would like to see the list of how much each employee received, just to let him know and he will tell them where he got that information from.

Mr. McLaughlin commented that he also has a list where everyone is this year and where they will be next fiscal year. This document was created by the Finance Department.

Commissioner Alvarez asked where the study information is that was used to justify the increases. She stated that she wants to see what Evergreen had to say and how they determined that. She further stated that she would like for no action to be taken on this tonight and be placed on the next agenda for August 19th.

Commissioner Hinojosa stated that whenever Evergreen gave the presentation, they had a compensation plan that they were recommending. When the compensation plan was brought to the commission on September 5th as an introduction item, he couldn't tie back to the presentation they had made earlier. He stated that he asked the HR Director, and it was a different one that had a 3% increase to which nobody mentioned it to the commission, until he inquired about it. Then the plan was approved the following week. He stated that this is what he is wrestling with in this motion and as far as he thinks, the commission wasn't told about the 3%, from what was proposed on the plan and what was proposed from Evergreen.

Mr. McLaughlin stated that yes, the commission was told about the 3%. The slides from last year will show that the compensation plan phase one included a minimum of 3% for

somebody, anybody in the city. The commission can call it a COLA, but he didn't call it a COLA, it was result of a compensation study by an outside agency that involved 70% of the employees that participated. The highest return rate from Evergreen that they have ever had, from city involvement, was 70% employees responded back to the joint assessment tool. The joint assessment tool was used by Evergreen to listen to the employees in what it is that they do in their job. They then take that information and compare it to what is in the computer for each one of these jobs in the city. After they compared those, they determined that we had employees, for example, an Equipment Operator II may be doing the job of an Equipment Operator I, or vice versa. This comparison was done for all the positions in the city. McLaughlin further stated that after speaking with Peter Backhouse who was the individual that briefed the commission on the 14th of August, spoke with him today and in that conversation Mr. Backhouse stated that all the data they have is in the reports and did not state if he had an extra stack of notes for this data. What was presented to the city by Mr. Backhouse was Evergreen's assessment of where every position goes. Mr. McLaughlin stated that if the commission recalls there is compression when the city was trying to go to \$15.00 an hour, there was compression in both in rank, employer to supervisor to the department head. the other issue was range, when you have employees in the same classification, but one employee has been here two years and another employee has been here for twenty years, they need to be separated horizontally. This is what Evergreen addressed as the city has very low compression numbers and also the Evergreen study, which is in the commission's documents, is that the city was on average the mid-point of every job aligned, the mid-point the city was 19%, not accounting cost of living, behind the market. Some jobs were not that far behind, but others were worse than that. All this was briefed by Evergreen in a past commission meeting. McLaughlin further stated that when Evergreen took the data, which is in the study, the cities that they looked at but they had to come up with which one had an overlap. Checking to see what those cities look like such as their demographics and what do their jobs look like compared to Kingsville's and then they want to separate 75% overlap, before they are considered as a qualifying comparative city. Mr. McLaughlin stated that Corpus Christi was looked at but was then disqualified as they didn't meet the 75% comparison analysis, therefore Corpus Christi was not averaged in. He further stated one of the issues was the Human Resources Director, which three of the commission members have expressed a problem with that. He further stated that what Mr. Backhouse has stated that on average when they were looking at a match, of other cities with similar demographics to Kingsville, the average is 6.4 cities to compare against Kingsville the HR Director position there was actually 9. There was a much stronger comparative analysis. He further stated that he asked Mr. Backhouse that he recalls discussing that the city could not afford the \$1.5 million, which was addressed to the commission last year, and he further stated that on the original motion, the motion was made by Commissioner Lopez and seconded by Commissioner Alvarez to adopt the Evergreen Compensation Study. This item also had some discussion about a two-year payout and hourly rates were included as well. There was plenty of time between meetings to discuss or ask questions about any of this, and now it's coming up today. Mr. McLaughlin stated that at the end of the day, Mr. Peter Backhouse used these terms that instituting Phase 2 is that the issue as to why some people moved and others didn't is because where the comparative market analysis placed them from 17 classifications to 27 classifications. The first year was to get everyone in the correct on the right part of the vertical column, which was done which was about \$1 million in the compensation plan that we are executing this year. Year two, which is commented by Mr. Backhouse, it's critically important that the separations be done for longevity. This will give the credit to those that have been here for the time they have been here versus those that have not been here that long. This comes with a whole bunch of experience. This is a two-part piece which is how it was adopted. Had it been done all in one year, it would have moved everyone in the correct level and the correct step, but it was broken down to two parts. McLaughlin stated that Mr. Backhouse also stated that it maintains the city's competitiveness and does not devalue an employee. If you don't move them to the appropriate step, you will be devaluating that person and the target audience the city really wants to value are those employees that are at the cuff of deciding to move on or to remain with the city. He stated that this is typical the employment industry, with those employees that have been with the city for 10 to 15 years. If you want to keep them a little longer, they need to incentivize them and value their work. Mr. McLaughlin stated that Mr. Backhouse mentioned to him that working with the city and all its employees, the city has done a great job on phase 1, but phase 2 is equally important. Mr. McLaughlin commented that who this information was shared with in the city, it was shared with the HR Director, himself and the Finance Director. They were no committee formed which is why he hired Evergreen. He stated that he doesn't need a committee that is not experienced in doing this type of analysis to tell Evergreen how to do their job. He wants Evergreen to give us the information, which is what they have done and what has been put into the budget.

Mayor Fugate commented that Evergreen is in the business for what they did for the city. Mr. McLaughlin responded yes; this is their profession. Mayor Fugate further commented that they came in highly recommended. Mr. McLaughlin responded yes. Mayor Fugate then commented that Evergreen has worked with a lot of other cities, counties, and possibly with private industries as well, to work on employment issues as what our city has. Mr.

McLaughlin responded yes. Mayor Fugate then asked if there was any suggestion from Mr. Backhouse that this plan was tampered with? Mr. McLaughlin responded no, not at all. Mayor Fugate further asked if the numbers were changed?

Mr. McLaughlin responded no, and he asked Mr. Backhouse about his methodology. Could it be perceived that we did something wrong, did we move something that just didn't make sense? McLaughlin stated that Mr. Backhouse responded no that he has a team of people at Evergreen that look at this and they decide what is the competitive market analysis. It is not by the name of the person, it's by the position.

Mayor Fugate asked if Mr. Backhouse said if anyone tried to overreach or pressure him to change the plan? Mr. McLaughlin responded no, not at all. McLaughlin further stated that Mr. Backhouse claimed that we were very receptive and a great city to work with. The employees were exceptionally forthcoming in what they do so that assisted him in determining what the computer says what they are supposed to do and what they are really doing to help him place the employee in the correct classification and give them the correct title. Mayor Fugate further asked Mr. McLaughlin if there were any changes made to the plan by staff or himself? Mr. McLaughlin responded no. Mr. McLaughlin further asked Mrs. Diana Gonzalez, Human Resources Director, if gut feeling, any staff member made any changes to the plan.

Mrs. Gonzalez responded gut feeling no. There were changes which were relayed on the slides, that after the initial presentation then it was brought forth about some supervisors in Public Works and to where they were at and so there was an adjustment to which it was noted on the slide.

Mr. McLaughlin stated that this was some mid-level supervisors that were not in the same level and this was questioned by department heads when they saw it then it was sent back to Mr. Backhouse for the adjustment.

Mayor Fugate commented that it was Mr. Backhouse that made the adjustment, but what he is asking, is if anyone on staff made any changes to plan.

Both Mr. McLaughlin and Mrs. Gonzalez responded no.

Mayor Fugate then asked Finance Director, Mrs. Balli if this staff changed any numbers in the plan. Mrs. Balli responded no.

Mr. McLaughlin stated that he put the memo together and there was a comparison about a certain position which he has listed. This was not to mislead anybody that he is disregarding the Evergreen Study and as to what that person needs to be there. He stated that one of the commissioners made a comment that the position was an overpaid position. McLaughlin further stated that he went into the TML website to see what the Human Resources was going for and it showed the amount, which is what is listed on TML now. He further stated that in his recommendation, he realized that he erred because he was intent on staying the course on how important it is to get the entire compensation plan set, both in vertical and horizontal, which the horizontal piece is the important part. He compromised in the way to get it done and he realized when he put it on the memo that he probably recommended something illegal at best as it singles out a single person and that would be discriminatory on our part, therefore he has to retract that recommendation; that we spread out the compensation plan for one person over two years. Mr. McLaughlin commented that if it is the commission's desire, he could have Mr. Backhouse return and brief the commission again. He stated that as he thinks about this agenda item, he returns to a comment made in the past, "show me". He stated that he hasn't seen or heard anything that would trump what the experts in the field have told us to do. There have been a lot of opinions, but nobody has shown him empirical data that says that our analyst did something wrong or misled us. He further commented that this is a good plan and thinks we must stay the course. He stated that he highly recommends that the commission stay the course and approve the compensation plan.

Commissioner Alvarez commented that no one negotiated with Evergreen on anything, they were no negotiations of any kind.

Mr. McLaughlin responded that he was not sure what she meant, but there was a lot of interaction meaning the employees talking to Evergreen about what they do, but when it gets down to putting in classifications and trying to figure out how many you have here, there was a lot of interaction with the HR Department to figure out if 27 was the right one, as that is what they proposed. He further stated that the HR Director and her staff would see that we are going from 17 steps to 27 steps, the first question to ask, is how everyone is going to be placed into their rightful step. He further stated that this was briefed to him and the HR Director how it was going to be done.

Commissioner Alvarez asked why she was told at a previous meeting that the 3% wasn't there, and now it is being said that it wasn't a COLA.

Mr. McLaughlin responded that the Cost-of-Living Adjustment (COLA) is just that. What are we increasing, you call it a COLA. The study said that the city is 19% behind the market on average. The minimum the city should go up is 3%. Mr. McLaughlin stated that the commission is calling it a COLA but he is calling it Phase 1 implementation of the compensation plan. He further stated that Evergreen identified that the city had a 19% gap, and some employees received more than a 3% due to that. The highest percentage an employee received was 32%.

Commissioner Alvarez asked that if this is approved what can be done, even if it's minimum, something for the employees that will not receive an increase this year? She understands that when a COLA is given it would need to be done across the board, but could it be 1%, 2%, or something so that they all can get something? She stated that her concern is that not everyone will be receiving something.

Mr. McLaughlin responded that he understands Commissioner Alvarez's concern but knowing that inflation for this fiscal year will be 1.8%, knowing that we gave at least one person that was down at the 3% level, most, he then asked Mrs. Gonzalez what was the average overall raise that everyone received for this current fiscal year.

Mrs. Gonzalez responded that starting from the minimum was 4% because that is a step. She further stated that this is just a portion of the compensation plan because anyone hired, as it was mentioned that not everyone is receiving something, there are additional individuals that are getting increases for hitting their anniversary. Everyone hired this current year and after that first year of employment will receive a 4% increase, but they are not included in Phase 2 of the plan, as it is a separate portion of the compensation.

Commissioner Alvarez commented that it is here, and continued to show documentation that shows it. The anniversaries are listed on the documents that were provided to her.

Mrs. Gonzalez responded that yes, it shows the anniversaries but there is a column that has for the year 2 implementation, it's not together. She further explained that you will see all the numbers of people that are receiving the part of year 2 and those that will be receiving their anniversary of 4%.

Commissioner Alvarez stated that she wrote the names of those employees and there were only 84 of them.

Mrs. Gonzalez responded that the number Commissioner Alvarez has is incorrect, as there are a lot more altogether.

Commissioner Alvarez further asked if the document they had received is not correct.

Mrs. Gonzalez responded that she was not aware of the document Commissioner Alvarez is referring to but can say that from the slides that were presented it had the number of individuals that were in year 2 and those employees that were getting anniversaries. It also broke it down by Police Department. Both Police and Fire were included in the compensation study, but this was to assist the city for negotiations. Nobody received an increase from that portion.

Commissioner Alvarez stated that in the documents she had been given it show for both Police and Fire and further asked why the commission does not receive documents that are not correct.

Mrs. Gonzalez stated that the Police were in their collective bargaining agreement so any number of percent that is there is because collective bargaining agreement and not because of the compensation study.

Commissioner Alvarez commented that it shouldn't have been placed under the comp study increase.

Commissioner Lopez commented that ever since she has been on the commission they have been very generous and appreciate the employees very much. She further commented that she understands why some employees are not receiving anything, she understands as she was an employee before, that just makes a bad case. She further asked if the second phase of this study is not approved, what happens? Does it jeopardize approving the budget.

Ms. Alvarez stated that phase 2 of the compensation plan study proposal is currently in the proposed budget. There was a request that it be discussed and considered on tonight's agenda so that if there were to be any potential change to that, it be discussed and

potentially voted on at this meeting, though it could still be voted on August 19th if the commission didn't do that. She further stated that it is important to lock it down so that the City Manager and Finance Director can continue the budget process with the correct numbers in it, because we don't want to be having this discussion on the evening of September 5, 2024 or September 12, 2024 when the commission votes to finalize budget and tax rate. It is crucial that we try and get this sorted out and locked in so that we can move forward with the budget as it does have an impact, as was shown on the slides of the last meeting, as it's incorporated in the budget already. Both the City Manager and Finance Director have found the funding for the recommendations for year 2 of the study and it has already been stated that the information for year 1 and year 2 were presented in 2023, when Evergreen representatives came and did their presentation.

Commissioner Lopez commented that it was discussed on August 21, 2023, the compensation in full, as shown on the minutes of August 21, 2023.

Mr. McLaughlin commented that if the commission doesn't approve phase 2, we are still left with the problem of 104 employees that need to be moved to the appropriate step. As it was said by Mr. Backhouse, if you don't move them, you will devalue their tenure. He further asked if this is something that the commission want to do. He further commented that he would like to give everyone a raise, but he thinks that we need to be fiscally conscious of what we are asking of the taxpayer. He stated that if he wanted to give everyone a raise he would be asking for \$.79.36 on the hundred, but he will not do that as it was said not to do that during the goal setting workshop. He stated that he thinks that the compensation plan phase 1 and phase 2 have done a lot for the city employees, enough to get them through the next year or two as the next piece he would like to tackle is, next fiscal year, is the retirement, 2:1. He further stated that Mr. Backhouse stated that the number one request from the employees was the 2:1 retirement, with Police and Fire being adamant about that. Some city employees also mentioned retirement, but it was prevalent by Police and Fire. Mr. McLaughlin stated that those number for the 2:1 comes out to a quarter of a million dollars. He further stated that his recommendation is to fix the compensation plan, fix the 2:1 retirement and wait to see what happens with the election and see which way the economy goes, then we can look at what COLA increase the city needs.

Commissioner Hinojosa commented that when the commission received the list of all the employees' salaries the first thing he saw was the \$20,000, but once he started doing an analysis he understood. He further commented that to assume that the commission is going to vote it down, is only an assumption. He further stated that on August 14th is when the presentation and it was a discussion. He further stated that it was mentioned that the commission approved their recommendation and further held up an document and stated that this was the plan that was used. If a plan was approved, he could not find it on the minutes or the agenda where the next thing that he saw was an introduction on the employee compensation plan presented by HR where he saw the difference of the plan and the 3% increase. He further stated that it was mentioned that it was mentioned to the commission but he does not recall if it was something that the commission approved here through an agenda item and Commissioner Lopez says it was approved on August 22nd and he does not recall if there was a meeting on that day or not as he couldn't find it on the website where all the agendas are posted. Commissioner Hinojosa stated that he is confused, Evergreen says that this is the plan that you should use but what was used is 3% higher than this one.

Mr. McLaughlin commented that he is not sure what Commissioner Hinojosa is holding, but there is a whole brief that the commission has that are not in the minutes as the City Secretary does not add the briefs to the minutes.

Commissioner Hinojosa commented, while holding up a document, that this is what was presented at that time and that plan is 3% less than what was in the compensation plan when it was brought to the commission for approval on September 5th. He further asked when the commission was told that the plan had been increased by 3%.

Mr. McLaughlin responded that he is not following what Commissioner Hinojosa is saying.

Commissioner Hinojosa commented that he disagrees with Commissioner Alvarez about giving the employees that didn't get anything as it will mess up the steps. You cannot give a 2% because of 4% this way and it's a 5% down. If a 2% is given, then you would have to do a 2% across the board on all the steps, and he is not about to do that. He further commented that he is not against it and he knows where staff came out with the \$20,000 or how it was figured by Finance as they put the number of years that they have been in that position.

Mr. McLaughlin commented that he did not select the step, Evergreen made the recommendation. He further commented that he hopes that there isn't any interpretation

that he selected who goes into what steps, as he did not. He accepted whatever Evergreen briefed him on and what Mrs. Gonzalez briefed him on.

Commissioner Hinojosa asked that when it was presented to the commission, the commission didn't have time to analyze it. Now a year later, hindsight is beautiful he is understanding a lot of things that were being said as he thinks they had asked if Corpus Christi involved, and it was said no it wasn't but then when he and Commissioner Alvarez met with the City Manager it was said kind of.

Mr. McLaughlin stated that they were a data point but were not used to factor in, as he stated earlier.

Commissioner Hinojosa commented that's what had him, were they or were they not. What is being said is that they were not.

Commissioner Lopez commented that just to clarify this, the commission voted on this on September 11th and the only commissioners present was the three, Mayor, Commissioner Alvarez and herself. Former Commissioner Torres and Commissioner Hinojosa were absent for that meeting. This is when they voted on the compensation plan.

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

Commissioner Alarcon, during the vote, stated that he would like to abstain from voting on this item. Commission members and Ms. Alvarez responded that he was not able to abstain from voting on this item.

Both Commissioner Alvarez and Commissioner Hinojosa stated during their vote, that there questions had been answered.

Mayor Fugate called for a five-minute break at 6:20 p.m.

Mayor Fugate called the meeting to order at 6:25 p.m.

14. Review and discuss proposed fiscal year 2024-2025 budget for departments of the City of Kingsville. (City Manager).

Mr. McLaughlin and staff continued with the presentation of the budget.

Human Resources Division 1100: Change highlights are in personnel for year 2 of the compensation plan increases, increase in health premiums. In services there is a budget reduction in several line items. In leases, there is a change in copier lease agreement. The total budget in FY 23-24 was \$475,354 and for FY 24-25 it is \$513,958 for a total \$38,604.

Legal Department: Change highlights are in personnel for the year 2 compensation plan increase, increase in health insurance premiums. Services has a decrease in communication, printing, and publishing. Lease has a change is copier lease agreement.

Planning & Development Services: No new fees recorded for FY 24-25. FY 24-25 revenue sources: Permits & Licenses \$277,925, fines \$7,500, general services \$6,500, and city services \$49,500. Change highlights are in personnel and health care coverage. Services overall budget reduction and change in copier lease agreement.

Building Services Division 1602: Change highlights are in personnel for reallocation of division positions and increase in health care premiums. The Building Inspector position is frozen for FY 24-25. Supplies and services have an overall budget reduction.

Code Compliance Division 1603: Change highlights are in personnel due to year 2 compensation plan increases, reallocation of positions between divisions. Supplies has a reduction in Minor Equipment. Services, Keep Kingsville Beautiful budget moved to Parks, and there is an increase in communications. Capital FY 23-24 had a one-time supplemental for dump trailer that was removed.

Sanitation Collection Division 17020: Change highlights are in personnel for the year 2 compensation plan increases and health care premiums increase. Supplies has an overall reduction and repairs has an overall reduction.

Landfill Division 1703: Change highlights are in personnel for year 2 comp plan increases and employer health care increases. Supplies has a decrease in Motor Gas & Oil and services has a budget reduction in professional services. Maintenance has a reallocation of funds and leases has a change in copier lease agreement.

Ad Valorem Tax & Sales Tax Snapshots: FY 24-25 revenues, current ad valorem is \$6,936,846, and delinquent penalties of -\$344,410 = \$7,281,256. Projected sales tax is based on collecting the same as FY 23-24 actuals. Sales tax snapshot account, FY 23-24,

activities will be increased to \$6,446,139 and the FY 24-25 budget will change to the same estimate, providing an additional \$242,278 in revenues.

Finance: FY 24-25 Sources of Revenues: Ad Valorem Taxes-\$7,281,256, Non-Property Taxes-\$7,091,038, Muni Court-\$624,771 & Misc Revenues-\$3,871=\$15,000,936. This number has not been adjusted for changes referenced in the prior slides.

Finance Administration Division 1801: Change highlights, this division uses the amended budget for comparison. Personnel, IT Division was previously under the Finance Department and is now its own separate division. There is an increase in personnel due to year 2 comp plan increases, and employer health care premium increases. Supplies has a budget reduction, and services has an increase in contractual services for audit and actuarial services.

Municipal Court Division 1803: Change highlights are in personnel for year 2 of the compensation plan increases. The Deputy Clerk position is frozen for FY 24-25. Services has a budget reduction in postage & professional services.

Facilities Maintenance GF Division 1805: Change highlights, supplies have a permanent increase. Services has an overall budget reduction. Repairs has a budget reduction in vehicle maintenance and maintenance has a budget reduction.

Police Department: Revenue snapshot, the large budget and activity in FY 19-20 was due to capital leases for police vehicles and the total capital lease had to be recorded in both revenues and expenditures. FY 20-201 has a capital lease budgeted, but the purchase was done through a tax note rather than a capital lease.

Police Administration Division 2101: Change highlight for this division, for FY 24-25, a consolidation of divisions has been done. Division 2101 now holds all non-civil service employees with the exception of communications. Division 2101 now holds all civil service employees and Division 2103 did not change and holds all communication employees. There is an increase in personnel due to the year 2 of the compensation plan increases and increase in employer group health premiums. Supplies, the change is mainly due to the consolidation. There was a slight change in Motor Gas & Oil. Services has an increase due to the consolidation of divisions. There is an increase in copier lease that was transferred over from Division 2104.

Police Patrol Division 2102: Change highlights are in personnel, most of the increases are due to the division consolidation of 2104, 2105, and 2106. Division 2104 had \$1,383,589 moved over and Division 2106 \$106,440. Year 2 of the CBA Agreement and increased employer health premiums. These divisions had funds moved over due to the consolidation.

Commissioner Hinjosa asked when the Police CBA expires? Mr. McLaughin responded that the contract is a five-year contract, so still has a few years left in it before expiring.

Communications Division 2103: Change highlights are in personnel where the Telecommunication Operator position is frozen for FY 24-25. There is also an increase due to year 2 of the compensation plan and employer increased premiums. Supplies, this was paid by IT and will continue to be paid by IT. Services has a decrease in communications.

Criminal Investigation Division 2104: This division has been consolidated into Division 2102.

Community Services Division 2105: This division has been consolidated into Division 2102.

Warrant Enforcement Division 2106: This division has been consolidated into Division 2102.

Fire Department: FY 24-25 Revenue Sources, Fire Prevention Permits \$97,000, Ambulance Collections \$687,846 for a total of 784,846. The current year activity estimate may have to be adjusted due to the current trend being closer to what is budgeted. Trend shows that we will end with \$786,529.37 in activity.

Fire Division 2200: Change highlights are in personnel due to the year 2 compensation plan increases and health premium increases. Supplies had \$21,971 in a one-time minor equipment supplementals approved for FY 23-24. There was \$10,300 in one-time supplemental approved in FY 23-24. Services had a \$35,000 one-time supplemental for data collection service agreement and repairs had a one-time supplemental of \$18,700 for vehicle repairs.

Volunteer Fire Division 2250: Change highlights are in personnel for an increase in unemployment rate. Services had an overall budget reduction.

Public Works Administration Division 3000: Change highlights are in personnel due to year 2 compensation plan increase and employer health premium increase. Supplies has a decrease in supplies line item and services has a budget reduction in subscriptions. Leases has a change in copier lease agreement.

Service Center Division 3020: Change highlights in services for an increase in utilities and change in copier lease agreement.

Garage Division 3030: Change highlights are in personnel due to year 2 of the comp plan and employer health premium increases. The Maintenance Technician position is frozen for FY 24-25. Supplies had a budget reduction.

Mayor Fugate asked if the city had a diesel mechanic. Mr. Donnell responded that mechanics work on everything. They are well-versed on everything, but the city does not have a diesel mechanic.

Street Division 3050: Change highlights in personnel due to year 2 comp plan increases and employer health care increases. There are 4 Heavy Equipment Operator positions frozen in FY 24-25. One Heavy Equipment Operator position was transferred to the Utility fund in FY 24-25. There is a budget reduction in supplies and Motor Gas & Oil. Services has an increase in utilities and overall budget reductions.

Mr. McLaughlin stated that he has frozen the four positions for now but will open them back up after the new year.


Commissioner Hinojosa asked for staff to give an update on streets at a future meeting.

Commissioner Lopez commented that she would like to see more hiring for this department.

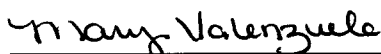
Health Division 4400: FY 23-24 budget was less than what is being collected as some of the permit revenues were being budgeted and recorded in Planning. The original budget for permits is \$250 and we have collected \$27,750. This is the reason for the increase in FY 24-25. Change highlights are in personnel due to year 2 of the comp plan and employer health premium increase. One part-time Kennel Attendant position has been frozen for FY 24-25. Supplies have a budget reduction in Motor Gas & Oil. Services have an increase in Communications and overall budget reductions. Repairs have a budget reduction in Vehicle & Equipment Maintenance and leases have an increase in copier lease agreement.

VII. Adjournment.

There being no further business to come before the City Commission, the meeting was adjourned at 7:03 p.m.


Sam R. Fugate, Mayor

ATTEST:



Mary Valenzuela, City Secretary