

MINUTES
REGULAR CITY COUNCIL MEETING
August 26, 2019 at 6:00 p.m.

1. Call to order.

Mayor Danner called the meeting to order at 6:00 p.m.

2. Quorum check.

Mayor James W. Danner, Sr., Mayor Pro Tem John McAnelly, Councilman Eric Torres, Councilman John E. Villa, Councilwoman Ann-Michelle Long, Councilman Bobby Vela, City Attorney Jessie Lopez, City Manager Kim Davis, City Secretary Miguel Cantu

Staff: Police Chief Brian Valenzuela, Hondo Police Lt. Rick Garza, Assistant Finance Director Dee Willman, Director of Aviation Ryan Elder, Economic Development Director Genevieve Flores, Public Works Director Michael Schmidt, Water Superintendent William “Buddy” Stewart

3. Invocation by Mayor Pro Tem McAnelly.

4. Pledge of Allegiance led by Mayor Danner.

5. Citizens’/Public Comments:

Chavel Lopez 1401 14th Street stated that he would like for the City Council to consider a 5% pay increase across the board for all city workers on the 2019-2020 Budget. Since the City Manager had received an increase he believed that the increase should be the same for all employees of the City of Hondo. He asked City Council not to raise the electrical reconnect fee for disconnects for utilities and to consider placing back in the budget the building of the Torres Park restrooms. He stated there are quite a few wild cats in the community and asked why the City only budgeted for three spay and neuter clinics. Mr. Lopez would like to see more spay and neuter clinics. He concluded that he noticed in the Executive Session that the city was going to consider incentives to a business prospect and feels that the city is giving too much for corporate welfare.

Robert “Doc” Hall, 706 33rd Street, stated that the streets are in poor condition. He said he reviewed the budget and found that there was nearly a million dollars for streets budgeted and the amount the city is saving for streets has not increased. He stated that there are quite a few large trucks in the streets and it would be nice if some of the companies with these big trucks would contribute to repairing the streets. He also stated that he had reviewed the budget and noticed that there appeared to be no new debt to be issued in the upcoming year. He would like to know if any new bonds would be issued for streets.

6. Discuss and consider approving the minutes from City Council meeting July 22, 2019 regular meeting minutes and July 31, 2019 budget workshop.

Councilman Vela moved to approve the minutes. Motion seconded by Mayor Pro Tem McAnelly. Motion carried 5-0.

7. City Manager Report(s)

a. Drive Thru (Classic Car Event)

Mrs. Kim Davis announced that there were plans to hold a classic car show in October 2019. The event would benefit the Hondo Police Department’s Blue Santa Project. The community is asked to take an unwrapped toy as a contribution to the event.

b. September Calendar

During the month of September events were planned such as the Parks and Recreation MADDEN 20 Tournament and the Library’s Words to Wags. The Library has also scheduled a Concert at the Park on September 7, 2019.

8. Hold second public hearing on proposed FY 2019-2020 tax rate.

Mrs. Dee Willman informed council that this was the second public hearing on the proposed FY 2019-2020 tax rate. The City Council voted to hold two public hearing on the proposed 2019-2020 Ad Valorem Tax Rate. A tax rate of \$0.5105 per \$100 valuation has been proposed for adoption by the City of Hondo. This rate exceeds the lower of the effective or rollback rate, and state law requires that two public hearings be held by the governing body. The public hearings, Mrs. Willman stated, are to provide the citizens of Hondo and anyone else the opportunity to provide input on the proposed tax rate.

Mayor Danner opened the public hearing at 6:09 p.m.

With no public comments.

Mayor Danner closed the public hearing at 6:10 p.m.

9. Discuss and consider Ordinance No. 1206-08-19 of the City Council of the City of Hondo, Texas, authorizing amendments to the adopted annual budget of the City of Hondo, Texas for the 2018-2019 fiscal year providing for supplemental appropriation and/or transfer of certain funds; providing for severability; and providing for other matters related to the subject.

Mrs. Willman stated that there are some needed amendments to the budget that require some action. The Police Department received a USDA grant for police vehicle units and equipment. The amendment reflects \$51,000.00 in revenue and double that amount in expenses as this grant is a 50-50 match. The Police Department will order two 2019 Ford units with all the necessary equipment to make them fully operational for public safety. Mrs. Willman said that total cost for two (2) units with equipment installed will be \$108,858. The City was awarded a USDA grant to help with the purchase of equipment to prepare the South Texas Regional Training Center Annex to begin classes in Certified Welding and HVAC. This amendment is for \$76,000.00 in revenue and double that amount in expenses for equipment as this grant is a 50-50 match. The STRTC Annex equipment will cost \$152,000.00. In March 2019 there was a false fire alarm at the South Texas Regional Training Center. A few days later the alarm quit working altogether. After a couple of visits by the Fire Alarm Company it was determined that the motherboard had to be replaced at a cost of \$6,500.00 in addition to the cost of the troubleshooting visits. Also the STRTC and the Annex are both buildings that house students, as such both need to be equipped with AED defibrillators for first aid and safety reasons. The budget did not have any room to absorb the additional costs of \$3,300.00 for the safety equipment. Staff is requesting for \$10,000.00 to cover the cost of these safety equipment items. Mayor Danner asked if the \$76,000 will come out of the STRTC and not the EDC. Mrs. Davis explained that the \$76,000 will be coming out of the STRTC and the expenses will also come out of the same fund; however, because the USDA Grant is a 50/50 the City will ask the EDC to pay for any shortfall. The process will ultimately result in a "wash" for the STRTC. Councilwoman Long asked for a list of transfers made throughout the year. Mrs. Willman stated that the transfers are all located on the Recap of FY 2018-2019 Budget Amendments document.

Councilwoman Long moved to approve Ordinance 1206-08-19. Motion seconded by Mayor Pro Tem McAnelly. Motion carried 5-0.

10. Workshop: 2019-2020 Budget

Mrs. Davis stated that the budget books have a summary of the updates. First item she wanted to address was the cost of service for solid waste. At first, stated Mrs. Davis, the provider stated there would be a 3% increase but she had recently received a letter stating the increase would only be 2%. Mrs. Davis asked if the City would like to pass the 2% increase onto the customer. Mayor Pro Tem McAnelly stated that he would be ok with the 2% increase and Councilwoman Long agreed, which seemed to be a council consensus. With no other comments, Mrs. Davis stated she would make that change. There was a question regarding the overhead allocation scenario, including a change request to change an allocation to the Airport from 10% to 5%. Councilwoman Long stated that she would had previously brought up the discussion; however, feels if the administration is truly providing 10% then the number should remain the same. Mrs. Davis stated reminded City Council that the majority of the Executive Sessions were regarding the Airport.

Councilwoman Long stated that she had faith that staff completed its research to find that the percentage was true and correct. With no disagreement, Mrs. Davis stated she would leave the 10% as presented. Mrs. Davis then addressed the cemetery fees. She said the Cemetery Board had met to discuss the current plot fees as well as the perpetual care fees. The board expressed they would like to see the fees raised in order to maintain the cemetery. The proposed projects would be to install a new mausoleum and do some road repairs. Councilwoman Long expressed that the fees presented were high. Councilman Villa expressed that he did not understand that if a plot was purchased, why another charge would be assessed for the second burial in the same plot. Councilman Torres agreed with Councilman Villa but also added that the increase all at once was too much for residents of the City of Hondo. Mayor Pro Tem McAnelly stated he did recommend an increase since there was a recommendation by the board; however felt the recommendation was high. Councilman Villa stated that he did not agree with the recommendation to increase the fees all at once and asked for a phase in process. Councilwoman Long asked City Staff to create a policy for the transfer of funds to the perpetual care and increase the plot fee. Councilman Villa agreed to a small increase and not a large increase as proposed. Councilman Villa asked about the compensation increase for City Staff. Mrs. Davis stated at the time the city is planning a merit increase rather than a COLA (Cost of Living Increase). She added that the previous system was unfair and with this system it utilized the bell curve system.

11. Presentation: Hondo Athletic Booster Association (HABA) regarding water tower logo

Mr. Craig Luedke, President of the Hondo Athletic Booster Association, stated that he was aware that the water tower was under construction and about to be painted. He presented to council two logos for the water tower painting that would be paid by HABA. The first logo consisted of Hondo Home of the Owls which would be facing Highway 90 and the other logo that would be facing the schools would be the Go Big Blue with a large H. He stated that he understood the city was planning to place the current city logo; however to bring pride to our community the association raised money to pay for the new logos. Mayor Danner asked if both sides would be paid for. Mr. Luedke confirmed that both sides would be paid for. Mrs. Davis stated that the project was currently budgeted to be paid from the water fund account. Mr. Luedke asked if association could work with staff to place the recommended logos. Councilman Villa asked about the maintenance of the logos. Mr. Luedke stated that he could not speak for the future of the association; however, the group knows they could continue fundraising to assist with the maintenance. Councilwoman Long asked if this was an item to pass. Mrs. Davis stated that the item was a presentation because there were some legalities that were pending and there were no final costs to present. Mrs. Davis said she would return with a memorandum of understanding for City Council to approve at a later date.

12. Discuss and consider Employee Benefits Package Insurance Renewal/Extension. (Kim Davis)

- a) **Blue Cross/Blue Shield for Medical**
- b) **Ameritas for Dental**
- c) **Ameritas for Vision**
- d) **Humana Go365 for Wellness**
- e) **Mutual of Omaha for life & ADD**

Mrs. Willman informed City Council that each year the insurance company bids out the city's health, vision dental, life, and disability insurance contracts. Mr. Willman announced that she was pleased that due to the success of the City's wellness program and decrease in claims filed with the insurance providers in the past year, the renewal will remain at the same costs as the previous year. Mrs. Davis stated the City had received Humana Go365 Inspire Health Award. Councilman Villa moved to approve the Employee Benefits Package Insurance Renewal/Extension with the entities listed. Motion seconded by Councilwoman Long. Motion carried 5-0.

13. Discuss and consider Resolution No. 332-19 of the City Council of the City of Hondo, Texas, authorizing the City Manager to undertake efforts to support the U.S. Census 2020.

Mr. Miguel Cantu informed City Council the Resolution being presented was an agreement to allow the City Manager to work with US Census on the 2020 Count. The City is working with Mr. Richard Castanon, Partnership Specialist US Census Bureau, to provide valuable information regarding the stages and processes of the 2020 county census.

Mayor Pro Tem McAnelly moved to approve Resolution 332-19. Motion seconded by Councilman Vela. Motion carried 5-0.

14. Discuss and consider authorizing the City Manager to enter into an interlocal agreement between the City of Hondo and the Texas Department of Motor Vehicles for Scofflaw Services.

The City received a letter informing us that our current Interlocal Agreement contract for Scofflaw Services will be terminated 30 days from August 13, 2019 as per the contract. The letter also included a new Interlocal Agreement for Scofflaw Services that will take effect immediately upon receipt to avoid any gap in services. City Council may recall that Scofflaw Services allow the Texas Department of Motor Vehicles to place “flags” in motor vehicle records that do not allow owners to renew the registration of their vehicle if they owe courts any fines and fees. Once the fines and fees are paid to the court, municipal court contacts the Motor Vehicle Department and the flags are removed allowing for registration once again. The contract is for a 5 year period unless otherwise terminated by either party. After review of the current and revised contract, the only change appears to be a change in the law regarding red light cameras. Scofflaw Service can no longer be used to collect fines and fees on those cases. Since the City of Hondo does not use red light cameras to document red light violations this change has no effect on the City’s processes. Councilwoman Long moved to approve the interlocal agreement. Motion seconded by Mayor Pro Tem McAnelly. Motion carried 5-0.

15. Presentation: Water Study by Dan Jackson

Mr. Dan Jackson, Willdan Financial Services, presented their findings in a presentation. The presentation was in regards to the 2019 Water and Wastewater Rate Study and Financial Forecast (August 2019). Mr. Jackson stated that the average utility rates throughout the nation have been increasing about 5-6% per year and this is expected to continue. Rates are expected to triple in the next 15 years and rate adjustments will be due to inflation, system replacement and other concerns. The city plan is designed to help maintain and repair the aging infrastructure. He stated that the City’s rates compare favorably to neighboring cities and the state average; however, the city is assessing the same minimum charge to all meter sizes, which benefits the commercial customers. He noted that the residential inside and outside the city customers are paying \$30 to \$40 with commercial inside and outside the city at rates that are the divided by small commercial and large commercial. The rates for small commercial inside and outside are at \$30-\$60 with large commercial customers paying \$55-\$110. He further added that the City was not charging per meter size rather it was charging at the volume of use of water. The volume of water charge of the City has been approximately \$88.61 in comparison to other surrounding cities with Castroville at \$164.23 and the state average at \$102.77. At the time the number of accounts for the city were 2,533 customers and probably will increase to 2,537 in FY 2020 and 2537 in FY 2021. With some provided calculations the project team recommended a series of annual rate adjustments over the next five years and implementation of higher monthly charges for larger meters, in accordance with AWWA guidelines. This will result in higher increases for commercial customers to bring them in line with the cost of service they are receiving. Mr. Jackson did mention that at first the residential customer would see the highest impact in the first year and by the fifth year the customer should be receiving little impact. He said that if the rate plan is adopted then it will enable the water and wastewater departments to operate on a stand-alone basis and independent of general fund assistance. He added that this will ensure that the ratepayers will be paying only what the cost is to provide water and wastewater service. Finally,

he added it would allow capital investment for the system to improve the quality of service and provide a well-functioning system for future generations. Mayor Pro Tem McAnelly asked what the current debt is and the forecasted debt. Mr. Jackson stated that the current debt per year is about \$400,000 to \$500,000 a year. Mrs. Davis stated customers will be notified about the rate increases and that the rate increases will not be seen until November. Mayor Pro Tem McAnelly asked if the recommended rates were built in to the new budget. Mrs. Davis stated the revenues projected in the budget were based off the rates and would be adopted in a separate ordinance.


16. **Executive Session:** The City Council of the City of Hondo convened into Executive Session at 7:35 p.m. and reconvened in Open Session at 8:03 p.m. in accordance with the Texas Open Meetings Act, Texas Government Code, *Section 551.071* (Consultations with Attorney) on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly requires discussion in closed session); Pending or contemplated litigation; *Section 551.072* (Deliberations about Real Property); *Section 551.087* (Deliberations Regarding Economic Development Negotiations)
- a. Discussion regarding potential lease, purchase or value of real property.
 - b. Discussion regarding potential lease/sale of property located at the South Texas Regional Airport.
 - c. Discussion of an offer or other incentive to a business prospect to locate, stay, or expand in Hondo and consider any commercial and financial information from the business prospect.

17. **Discuss and consider appropriate action resulting from Executive Session.** Motion was made by Mayor Pro Tem McAnelly, seconded by Councilman Vela to authorize the City Manager to execute an amendment to the City's existing lease agreement with Carpe Diem Farms to include an additional 103 acres at the South Texas Regional Airport-Hondo at a rate of \$10.00 per acre for use of the acreage for cattle grazing purposes conditional on the erection of a fence around the acreage to mitigate cattle entry to the Nature Trail Park.. Motion carried 5-0.

18. **Adjourn.**

Councilman Vela moved to adjourn at 8:03 p.m. Motion seconded by Mayor Pro Tem McAnelly. Motion carried 5-0.

PASSED AND APPROVED THIS 23rd DAY OF SEPTEMBER, 2019.



JAMES W. DANNER, SR., MAYOR

ATTEST:



Miguel Cantu, City Secretary



