

MINUTES OF A REGULAR CITY COUNCIL MEETING
APRIL 9, 2019- 6:00 P.M.
COUNCIL CHAMBERS IN THE RUHMAN C. FRANKLIN MUNICIPAL BUILDING
303 W. MAIN ST., KENEDY, TX. 78119

MEMBERS PRESENT: JAMES D SUTTON (MAYOR), ALBERTO BALDARRAMOS (DISTRICT 1), BRENDA CANO (DISTRICT 2), BRANDON BRIONES (DISTRICT 3), JUSTIN MEYER (DISTRICT 4), LESLIE WYNN (DISTRICT 5)
CITY PRESENT: BARBARA SHAW (CITY MANAGER), AMANDA HINES (CITY SECRETARY), RICHARD ASHE (POLICE CHIEF)

1. Call Meeting to order.

Mayor James D Sutton called the meeting to order at 6:00 P.M and announced a quorum present.

2. Roll Call.

All Councilors were present.

3. Prayer.

4. Pledge of Allegiance.

5. Citizen Comment.

No one spoke under this agenda item.

6. Consider/Act on the Consent Agenda:

- A. Airport Board Report**
- B. Animal Control Report**
- C. Attorney Report**
- D. Board of Adjustments Report**
- E. City Council Minutes**
- F. Community Development Report**
- G. Emergency Management Report**
- H. Financial Report**
- I. Fire Department Report**
- J. Kenedy 4B Corporation Report**
- K. Municipal Court Report**
- L. Parks & Recreation Report**
- M. Planning & Zoning Report**
- N. Police Department Report**
- O. Street Department Report**
- P. TIRZ No. 2 Report**
- Q. Water & Wastewater Report**

Consent Agenda items received as of posting of agenda: A,B,E,H,J,K,L,N,O,P,Q.

Councilor Justin Meyers requested item N be pulled from the Consent Agenda.

Councilor Justin Meyer thanked Chief Ashe for creating the spreadsheet in Consent Agenda Report. He stated it was very helpful.

Councilor Justin Meyer made a motion to approve the Consent Agenda. Councilor Alberto Baldarramos seconded the motion. All voted in favor. Motion passed.

7. Update of City of Kenedy projects with Hanson Professional Services.

GIS Data Collection-Data collection near completion. Present with COK staff demo of GIS data and discuss short-term plans for its use. Training and a plan of implementation will be required for this data to become a sustained useful tool in city maintenance operations. Manhole assessments are in progress; updates will be provided in the next few months.

TCEQ Reporting-Ordering Provision Updates – submitted April 1. Provided status of water main upgrades, plant upgrades, water line repairs, tank design, and water model. Alternative Capacity Requirement pending, along with plant capacity rating review. Sample Siting Plan – completed awaiting final COK approval and submission to TCEQ. Chemical and Biological Monitoring Plan- 90% complete, will be submitted to TCEQ by the end of April. Corrosion Study – in progress. Submission by April 30. Industrial Brine Discharge Permit Renewal – pending. Wastewater Permit Renewal – pending.

Surcharge Agreement- 80% complete. Awaiting documentation from the City to complete revisions.

Freeny Lift Station: requested an updated schedule from the contractor. Generator has been ordered, but has a long lead-time.

Wastewater Treatment Plant Improvements: Notice to proceed issued, and engineer's submittal review is underway.

Wastewater Treatment Plant Improvements Phase II: 60% complete. Chemical storage, structural Improvements, and mixers.

Frac Tank Recommendation– City to move forward with the purchase of a Frac Tank for holding backwash water from the absorber cleaning required by the TCEQ.

Building Annex - design plans estimated to be 90% complete by 4/18. Comments from COK were incorporated from the 60% review.

Ongoing design for high service pumps currently in progress.

Nottingham: OPC available for review. Options to phase the project can be addressed in the plans and specs if necessary. Action may be considered at next council meeting.

East Main: contractor provided updated schedule, noting project completion in mid-July.

Councilor Brandon Briones asked Grace how often the brine permit renewed. Grace stated the permit was given for five years.

8. Consideration and possible action on the acceptance of the City of Kenedy's 2018 Annual Financial Report prepared by Beyer and Company, CPA's.

Wayne Beyer informed Council on the following regarding the City of Kenedy's 2017 Annual Financial Report:

Financial Highlights

- The assets of the City of Kenedy exceeded its liabilities at the close of the most recent fiscal year by \$44,414,800 (Net Position). Of this amount, \$12,602,592 (Unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$7,191,945. This increase is attributable to an increase of both oil and gas lease income and royalties of \$1,171,185 and charges for services of \$4,729,957; and careful budget management.
- As of the close of the current fiscal year, the City of Kenedy, Texas' governmental funds reported combined ending fund balances of \$17,017,541. Approximately 36% of this total amount, \$6,092,297, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,092,297, or 163 percent of total general fund expenditures.
- The City of Kenedy, Texas' total debt decreased by \$889,912 (11.13%) during the current fiscal year. The key factor in this decrease was the payment of bonds of \$535,000.

Government Funds

- The fund balance of the City of Kenedy, Texas' general fund increased by \$612,217 during the current fiscal year. Key factors in this increase are as follows: This increase is attributable to an increase of charges for services of \$679,872; and careful budget management.
- The grant fund has a net increase of \$36,615.
- The debt service fund had a net increase of \$44,201 during the year. This increase is a result of transfers in of \$201,506 outpacing debt expenditures of \$158,027 by \$43,479.
- The paving fund had a net increase of \$124,224 during the year. This increase is due to a transfer in from other funds of \$396,000.
- The Kenedy 4-B Corporation fund had a net increase of \$1,274,604 during the year. This increase is due to oil and gas royalties of \$1,408,090.
- The capital improvement fund had a net decrease of \$2,029,612 during the year. This decrease is a result of various construction projects during the year.
- The hotel occupancy tax fund had a net decrease of \$566,806. This decrease is due to various construction projects during the year.

- Unrestricted net position of the Utility fund at the end of the year amounted to \$6,527,066. The increase in net position was \$5,202,359.

The Current Ratio (Current Assets/Current Liabilities) for the City of Kenedy is 11:1; which is excellent.

Mr. Beyers stated the following deficiencies in internal control be to material weaknesses:

1. Municipal Court- It was found that money is not being turned in weekly. It is recommended that all monies be turned in promptly to ensure accurate financial records and to prevent theft or fraud.
2. Payroll- It was noted that four (4) out of twenty-five (25) timesheets tested were not signed by a supervisor. All twenty-five (25) timesheets tested were not signed by the payroll administrator and/or City Manager. All timesheets should be signed by the supervisors, payroll administrator, and/or City Manager to ensure accuracy.
3. Accounts Payable- It was noted the Accounts Payable list did not reconcile with the general ledger and the due to/from accounts did not reconcile between funds. It is recommended routine checks be done on a monthly basis to ensure accuracy.

Mr. Beyer stated the following deficiencies in internal control to be significant deficiencies:

1. Payroll- It was noted that some elected officials were receiving checks that were not processed through the payroll account. It is recommended that all elected officials be paid out of the payroll account to ensure proper records.
2. Revenue/Receivables- It was found that account 05-0408-00, under Town Oaks Apartments, had zero consumption showing on both meters. It has since been changed. It is recommended the City ensure that all meters are running properly to ensure proper billing.
3. Revenue/Receivables- Two accounts with bill adjustments, reversed penalty charges, and a reversed cutoff date with no reason given was found. It is recommended the City provide adequate reasons for all bill adjustments and reversals and keep proper records.

Mr. Beyers informed Council that his team audits internal controls as well, not just financials. Segregation of duties would be almost impossible for the City of Kenedy due to number of employees.

The City of Kenedy is in good financial standing and is being handled very well. The City had a lot of activity this past fiscal year.

Councilor Leslie Wynn made a motion to accept the City of Kenedy's 2018 Annual Financial Report. Councilor Brenda Cano seconded the motion. All voted in favor. Motion passed.

9. Consideration and possible action in regard to a Proclamation naming the month of April as "National Sexual Assault Awareness and Prevention Month"

Councilor Leslie Wynn made a motion to approve a Proclamation naming the month of April as "National Sexual Assault Awareness and Prevention Month." Councilor Justin Meyer seconded the motion. All voted in favor. Motion passed.

10. Consideration and possible action in regard to Resolution 19 – 11 a resolution of the City Council of the City of Kenedy, Texas authorizing eligible expenditures of the Kenedy 4B Economic Development Corporation; making certain findings regarding eligible expenditures of the corporation; and establishing requirements for reimbursements pursuant thereto.

Councilor Leslie Wynn asked what exactly is the resolution stating. City Manager Barbara Shaw stated it is to approve expenditures by 4B for the sports complex.

Councilor Justin Meyer asked who will fill the jobs at the complex and if there has been any discussion with the KISD superintendent and athletic director. City Manager Barbara Shaw stated the City will provide employees for the sports complex. Revenues from the sports complex will belong to the City of Kenedy. She also stated the KISD superintendent stated the schools would use the complex.

Councilor Leslie Wynn made a motion to approve Resolution 19-11 a resolution of the City Council of the City of Kenedy, Texas authorizing eligible expenditures of the Kenedy 4B Economic Development Corporation; making certain findings regarding eligible expenditures of the corporation; and establishing requirements for reimbursements pursuant thereto. Councilor Alberto Baldarramos seconded the motion. All voted in favor. Motion passed.

11. Consideration and possible action in regard to Resolution 19 – 12 a resolution of the City Council of the City of Kenedy, Texas amending the City's Personnel Policy; providing a severability and repealer clause; and providing for an effective date.

City Manager Barbara Shaw stated this is the same resolution used for elected officials. This resolution will be for employees.

Councilor Leslie Wynn made a motion to approve Resolution 19-12 a resolution of the City Council of the City of Kenedy, Texas amending the City's Personnel Policy; providing a severability and repealer clause; and providing for an effective date. Councilor Brenda Cano seconded the motion. All voted in favor. Motion passed.

12. Consideration and possible action advertising for paving and sewer main replacement on East Main Street.

Councilor Brandon Briones asked when would the City be going out for bids for the paving and sewer main replacement projects. City Manager Barbara Shaw stated tomorrow if approved.

Councilor Brandon Briones made a motion to approve the advertising for paving and sewer main replacements on East Main Street. Councilor Justin Meyer seconded the motion. All voted in favor. Motion passed.

13. Consideration and possible action to award bid(s) for Utility Improvements located at Medina, Clinton, Hillside, St. Mary's and Northside Streets.

City Manager Barbara Shaw stated two bids were received for the mentioned project. Luke Bingham Construction turned in a bid for \$157,322. Mercer Construction turned in a bid for \$189,153.

Councilor Justin Meyer asked if both bidders are reputable, if the City has to go with the lowest bidder. City Attorney Megan Santee stated the City is required by law to use the lowest responsible bidder.

Councilor Justin Meyer made a motion to award the bid for the Utility Improvements located at Medina, Clinton, Hillside, St. Mary's and Northside Streets to Luke Bingham Construction in the amount of \$157,322. Councilor Brenda Cano seconded the motion. All voted in favor. Motion passed.

14. Consideration and possible action in regard to acceptance of a bid for the replacement of Train C at the Reverse Osmosis Treatment Plant.

City Manager Barbara Shaw stated bid packages for the City of Kenedy RO Train C Replacement were received and open on March 20, 2019. A total of three bid packages were submitted. The apparent lowest priced proposal was J.S. Haren Company in the amount of \$331,000.

Councilor Leslie Wynn made a motion to accept a bid from J.S. Haren Company in the amount of \$331,000 for the replacement of Train C at the Reverse Osmosis Treatment Plant. Councilor Brandon Briones seconded the motion. All voted in favor. Motion passed.

15. Consideration and possible action to accept a recommendation from the Special Projects Committee to demolish the building located at Craig Street.

City Manager Barbara Shaw stated she had a meeting with the Special Projects Committee about the building located at Craig Street. The Special Projects Committee recommends demolishing the building to rebuild.

Councilor Justin Meyer stated he originally voted against the purchase of the building because he did not want the City to have to rebuild. He had recommended the City looking at other properties. This could have been prevented.

Councilor Brenda Cano stated the Special Projects Committee is considering a recreation center for children among other uses.

Councilor Brandon Briones asked if the budget will be amended. City Manger Barbara Shaw stated the building does not have a budget set up for it.

Councilor Leslie Wynn asked if this will affect tax dollars. Barbara stated it will not.

Councilor Justin Meyer made a motion to accept the recommendation of the Special Projects Committee to demolish the building location at Craig Street and to allow the City to go out for bids for the demolition. Councilor Leslie Wynn seconded the motion. All voted in favor. Motion passed.

16. Consideration and possible action to accept a recommendation from the Kenedy Regional Airport Board to continue to use Jimmy Burns for airport maintenance.

City Manager Barbara Shaw stated the City has 76 acres of land at the Kenedy Regional Airport. It is more cost efficient for the City to hire someone to maintain the land. Since hiring Jimmy Burns, the land is now maintained and in perfect condition. The Kenedy Regional Airport Board recommends continuing to use Jimmy Burns for airport maintenance.

Councilor Justin Meyer made a motion to continue to use Jimmy Burns for maintenance at the Kenedy Regional Airport. Councilor Brenda Cano seconded the motion. All voted in favor. Motion passed.

17. CLOSED SESSION:

Pursuant to Section 551.071 of the Texas Government Code, the City of Kenedy will consult in closed session with its attorney and to receive legal advice regarding pending or contemplated litigation, a settlement offer, or on a matter 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 conflicts with the Texas Open Meetings Act:

- 1. Apartment Complex Audit Findings**
- 2. Allen Vernon – Substandard Structure located at 160 Graham Road, Kenedy, Texas**

Councilor Leslie Wynn made a motion to convene into closed session. Councilor Brenda Cano seconded the motion. All voted in favor. Motion passed.

Council convened into Closed Session at 7:51 P.M.

18. OPEN SESSION:

The City council will reconvene in Open Session at which time action on the matters discussed in closed session may be considered.

- 1. Apartment Complex Audit Findings**
- 2. Allen Vernon – Substandard Structure located at 160 Graham Road, Kenedy, Texas**

Councilor Leslie Wynn made a motion to reconvene into Open Session. Councilor Brenda Cano seconded the motion. All voted in favor. Motion passed.

Council reconvened into Open Session at 8:18 P.M.

19. City Manager's Report

-Employee of the Month – Michael Cantu

-City Auction – April 25, 2019 at 10:00 at 1 Mourning Street, Kenedy, Texas

20. Adjourn.

Councilor Leslie Wynn made a motion to adjourn the meeting. Council Brenda Cano seconded the motion. All voted in favor. Motion passed.

Meeting adjourned at 8:23 P.M.



Amanda Hines, City Secretary



James D Sutton, Mayor