

**MERCEDES CITY COMMISSION
REGULAR MEETING
SEPTEMBER 17, 2024 – 6:30 P.M.
MERCEDES CITY HALL – COMMISSION CHAMBERS**

MEMBERS PRESENT:	Oscar D. Montoya Sr. Dr. Ruben J. Saldana Dr. Jacob C. Howell Armando Garcia Jose Martinez	Mayor Mayor Pro-Tem Commissioner Commissioner Commissioner
STAFF PRESENT:	Alberto Perez Martie Garcia Vela Joselynn Castillo Meredith Hernandez Francisco Sanchez Michael Rocha Adrian Perez Marisol Vidales Tomas Villagomez Kristine Longoria	City Manager City Attorney City Secretary Interim Finance Director Police Chief I.T Specialist Planning Director Library Director Public Works Director Human Resources

OTHERS PRESENT: Ruth Valdez, Alvaro De Leon, Juan Vasquez

1. CALL MEETING TO ORDER

Mayor Montoya welcomed everyone and called the meeting to order at 6:30 p.m.

2. ESTABLISH QUORUM

All members of the Commission were present which constitutes a full quorum.

3. INVOCATION

Mayor Pro-Tem Saldana said the invocation.

4. PLEDGE OF ALLEGIANCE

Commissioner Martinez led in the pledge of allegiance.

5. OPEN FORUM

There were no comments from the public.

Mr. Perez informed the Commission that the Financial Advisors were present and recommended moving to item 9 due to a meeting they needed to attend after. Commissioner Martinez motioned to move to item 9A. Commissioner Howell seconded. Upon a called vote, the motion passed unanimously.

9. ORDINANCES/RESOLUTIONS:

a. Consideration and Approval of An Ordinance Authorizing the Issuance Of “City of Mercedes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024”, Providing for The Payment of Said Certificates by The Levy of An Ad Valorem Tax Upon All Taxable Property Within the City and Further Securing Said Certificates by A Lien on And Pledge of The Pledged Revenues of The System; And Providing and Effective Date (Ord. 2024-12)

Mr. Bobby Villarreal, Don Gonzalez, and Matt Lujan were present during the meeting. Mr. Villarreal began by thanking the staff for their hard work and proceeded to discuss the market conditions, particularly concerning rates. He mentioned that the city has \$23 million in outstanding debt, with \$1.6 million in the utilities fund. SAMCO is serving as the underwriter, Norton Rose as the bond counsel, and Estrada Hinojosa as the financial advisor. Mr. Villarreal also noted that the city had been accredited with a AA rating for insurance.

The primary uses of the funds include \$5 million for utility system improvements and \$973,000 for general fund improvements. Mr. Matt Lujan congratulated the city on securing the bond, adding that the insurance premium was \$27,000. He detailed the pricing fluctuations in recent days and explained the adjustments in basis points, resulting in a net change of approximately \$100,000 in the city's favor. He further explained the significance of the 7%, noting that having insurance was more beneficial than proceeding without it.

Mr. Lujan then directed attention to page 9 of the report, which highlighted the audited numbers and debt service. He pointed out that the city has the flexibility to adjust the rate at any time. A timeline of events for the COs was also provided, with the bond closing set for October 3rd.

Mayor Montoya expressed gratitude to both the staff and contracted professionals for their efforts. Mr. Don Gonzalez elaborated on column H of page 9, explaining that the city's payment in 2025 would be \$945,317, but in 2026, it would drop to \$340,500. This reduction was planned to position the city for the next transaction, potentially involving a grant from the Texas Water Development Board, which would prevent the need to raise rates again the following year. Mr. Gonzalez also thanked the staff and commission for their hard work.

Mayor Montoya then reflected on the city's improved financial situation compared to the previous year, especially with the decision to move forward with the COs. Commissioner Howell made a motion to approve, which Mayor Pro-Tem Saldana seconded. Mr. Gonzalez concluded by noting that the city had attracted interest from 11 investors. The motion was then unanimously approved through a called vote.

b. 2nd Public Hearing Regarding the Voluntary Annexation of Las Cabanas Subdivision

Mayor opened the public hearing at 6:55 p.m. There were no comments. Mayor Montoya closed the public hearing at 6:57 p.m.

i. Approval of First Reading of Ordinance 2024-13 regarding the Voluntary Annexation of Las Cabanas Subdivision

Mayor Pro-Tem Saldana moved to approve the first reading of ordinance and forego the reading. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

6. CITY MANAGER UPDATE:

a. Projects Update

Mr. Isael Posadas provided an update on the 10th Street project, reporting that four core and base tests were conducted, all of which passed. He confirmed that the road meets the required specifications.

b. Introduction of the New Planning Director

Mr. Perez introduced Mr. Adrian Perez. Mr. Adrian Perez addressed the commission about having the opportunity to work for the city of Mercedes. He is bringing his experience with CDBG funding.

c. Community Educational Outreach Project

Commissioner Howell informed the commission about a collaborative project with the Police Department aimed at preventing student dropouts and addressing community needs. The initiative is expected to reduce dropout rates by 25% to 30%. He highlighted the role of CEOP Committees in bridging the gap between schools and parents in underserved neighborhoods. As part of the effort, educational materials will be placed in boxes and distributed in low-income and underserved areas. Commissioner Howell emphasized that keeping students in school is crucial for preventing their involvement in juvenile crime. He is seeking partnerships with both the Police Department, and the city to support this initiative. According to the Texas Tribune, 72.2% of students in Mercedes are considered at risk, underscoring the importance of this effort.

d. Update on Dilapidated Structures

Mr. Alvaro De Leon, the City Building Official, provided an update on the status of dilapidated structures in Mercedes. He reported that these properties had already been presented to the Building and Standards Board and shared photos of homes that have come into compliance. These homes were remodeled, painted, fully renovated, or had their dilapidated structures demolished.

Additionally, Mr. De Leon mentioned he had spoken with a property owner about accumulated tires, which have since been cleaned up. In response to a question, Mr. De Leon clarified that the properties involved are a mix of owner-occupied and investor-owned. Mayor Pro-Tem Saldana requested that staff provide property valuations before and after the improvements.

Mr. De Leon also noted that there is a list of properties he is focusing on, particularly those along the main roads. Commissioner Martinez asked Mr. De Leon to look into the condition of an old furniture store, while Commissioner Howell suggested considering the purchase of some properties for detention ponds.

The commission thanked Mr. De Leon and the Building and Standards Board for their efforts in bringing these properties up to code.

e. Update on Bank Depository Services

Ms. Meredith Hernandez informed the commission that the city's current bank agreement is expiring. As a result, the city is going out for bids, which were posted on September 11, 2024, with a deadline of September 25, 2024. A selection is scheduled to be made during the October 1, 2024, meeting.

7. CONSENT AGENDA:

a. Approval of Minutes for Meeting(s) held September 3, 2024

b. Approval of Second and Final Reading of Ordinance 2024-11 amending Zoning Ordinance No. 26 to include No Zoning: Class "R-TH" Town House Residence District

Commissioner Martinez motioned to approve all items under consent agenda.

Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

8. ACTION ITEMS:

a. Approval of raising the speed limit at the 9000 block of Mile 2 West

Chief Sanchez addressed the commission regarding a proposal to increase the speed limit on Mile 2W. After conducting a survey, it was recommended that the speed limit near the Science Academy be set at 30 mph, while the rest of the road should be increased to 40 mph. He explained that the area could not be designated as a school zone since a crosswalk is required, and there are no students walking to the school. Commissioner Martinez made a motion to approve the speed increase to 40 mph, which was seconded by Mayor Pro-Tem Saldana. Upon a called vote, the motion passed unanimously.

b. Approval of Adopting the New Mercedes Police Department Model Policy: Medical and Psychological Examination of Licensee, and Adding it to the Table of Contents of the Existing Policies

Commissioner Howell motioned to approve. Commissioner Garcia seconded. Chief Sanchez explained that the current psychological policy only applies to new hires, but the proposed changes will enhance the process to ensure that the employees are getting the help they need after a traumatic event. Upon a called vote, the motion passed unanimously.

c. Approval of Variances for Mirasol Subdivision

Mr. Alfonso Quintanilla and property owner Mr. Kevin Campbell addressed the commission, requesting a variance for their proposed subdivision. They detailed plans for properties with regular lot sizes of 60 by 120 feet and 60 by 135 feet. They requested that the side setbacks, originally set at 7 feet and 3 feet, be adjusted to 5 feet on each side. Due to the subdivision only having one entrance and exist with each road ending in a cul-de-sac, Mr. Quintanilla proposed an entrance to the north, as that area is currently undeveloped or an entrance on the south side of the subdivision.

Commissioner Howell motioned to approve, but Mr. Isael Posadas, City Engineer, explained that there are five variances involved. He noted that the minimum frontage required is 50 feet, but some lots only have 37 feet. The setback variance was acceptable, but he raised concerns about the restrictive cul-de-sac ordinance, which nearly prohibits cul-de-sacs in the city. He also pointed out that if the developers do not provide the escrow for street widening, the city would have to cover those costs in the future. Additionally, the area lies within the ETJ (Extraterritorial Jurisdiction) which allows for mixed-use housing however the city does not allow mixed use housing. The proposed subdivision consists of 58 lots.

Mayor Montoya acknowledged that Mr. Posadas recommendations are simply following city ordinances. In response to a question, Mr. Quintanilla clarified that this is not a proposed colonia but a subdivision with North Alamo water and plans to expand drainage. Mr. Campbell explained that they initially applied for development in 2022 with a septic system but withdrew their plan after learning the city would provide sanitary sewer access across the street. After waiting over two years, they redesigned their development to focus on new manufactured housing aimed at creating affordable housing.

Commissioner Howell rescinded his motion, postponing the vote for further discussion. Commissioner Martinez asked if Mr. Campbell would consider annexing the property, to which Mr. Campbell responded affirmatively, provided the city allowed manufactured housing. Commissioner Martinez seconded the motion and requested photos of the proposed homes. Mayor Montoya clarified that the area is outside city limits, meaning the city could either have no development there or approve the manufactured homes.

The motion ultimately failed due to the lack of a third vote. After further discussion about potentially allowing the variance for manufactured homes, Commissioner Martinez motioned to postpone the item until the next meeting on October 1, 2024. Mr. Quintanilla stated that he would submit exhibits of the homes, and Mr. Campbell mentioned the homes would have a minimum size of 400 square feet. Mayor Montoya confirmed that the motion died and the item will be placed on the next agenda for further consideration.

d. Approval of the updated Bylaws for Keep Mercedes Beautiful

Commissioner Martinez motioned to approve, with Commissioner Howell seconding. Commissioner Martinez then amended his motion to update the bylaws, changing the title from Planning Director to Parks Director. Commissioner Howell seconded the amendment. Additionally, committee roles were defined, including the addition of a Treasurer, and it was confirmed that minutes will continue to be signed. Commissioner Martinez further amended his motion to accept the updated bylaws with the corrections and to approve the applicants listed under item E. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

e. Approval of appointment of Members to the Keep Mercedes Beautiful Committee.

The applicants were as follows: Robert Saucedo, Francisco Rivas, Gabriela Martinez, Barbara Knouase, Joshua Knouase, Tracy Moss, Jorge Marin Jr., and Preston Castellon. This item was approved with the previous item d.

f. Approval of the Voluntary Annexation Petition filed for North Valley Village

Commissioner Martinez motioned to accept the petition filed for annexations by North Valley Village. Commissioner Garcia seconded. The property is located on Mile 2 East and has 193 lots proposed. Upon a called vote, the motion passed unanimously.

g. Approval to appoint a member to the Library Board

Ms. Vidales stated Ms. Joan Jensen had to resign for personal reasons. Ms. Dora Del Toro expressed interest in serving on the board. If approved her term will end in 2027. Mayor Pro-Tem Saldana motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

10. BIDS AND CONTRACTS:

a. Approval of bid selection for voluntary products

Ms. Yvonne Ortegón informed the commission that the city went out for bids for the employee voluntary supplemental products. She requested approval for these voluntary projects and mentioned that the Section 1125 plan would be addressed at the next meeting. To reduce the medical renewal cost, she recommended moving the dental plan to BCBS. Manhattan Life was proposed for supplemental coverage such as cancer, disability, hospital indemnity, and supplemental life/AD&D. The rates for medical coverage decreased by 0.1%. Vision, basic life, and New York Life all experienced a rate pass. Commissioner Martinez motioned to approve the recommendations. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously for both items A & B.

b. Approval to renew the medical, dental and vision

This item was approved with the motion made for item a

c. Approval of bid selection for Auditing Services

Ms. Hernandez reported that the city went out for bids and received two submissions: one from CRI at \$67,000 and another from Adrian Webb at \$58,000. Commissioner Martinez motioned to approve the lower bid from Adrian Webb. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

d. Approval of bid selection for City Hall Roof Repair

Mr. Posadas addressed the commission regarding the City Hall roof repair, noting that the building spans 10,000 sq. ft. and currently has a polyurethane foam system. SDI estimated the repair cost to be \$286,500, which includes cleaning, fixing any issues, and placing the membrane. HVAC repair was also included in the specifications. The city received four bids: SLR Building Contractors LLC at \$122,630.00, Betancourt Legacy Construction LLC at \$233,350.00, El Chamizal Construction LLC at \$285,600.00, and STX BuildCon LLC at \$304,042.00. Mr. Posadas explained that the selected contractor will provide a 20-year warranty on the roof, and after vetting, they are comfortable recommending SLR. Commissioner Martinez motioned to approve the recommendation by SDI Engineering, with Commission Howell seconding. Mr. Posadas also mentioned there are additional issues with the ductwork and ceiling in the hallways, for which the contractor provided pricing, but today's vote is solely for the roof repair. Upon a called vote, the motion passed unanimously.

e. Approval of Memorandum of Understanding between Comp-U-Dot Inc. and Dr. Hector P. Garcia Memorial Library

Ms. Vidales informed the commission that the organization was founded in 2007 and their purpose is providing technology access and education to under resourced youth and their communities. The MOU is required in order for the library to offer the classes to the community. She is requesting two courses: one course is Pathways which will run from October 22nd to the 25th for ages 16 to 26 and course two is Early Adopters for grades 3 to 5 from December 16th to the 20th. At the end of the class the participants will receive a free electronic device. The library is required to enroll 15 students for each class, provide the space, internet and a site manager. Commissioner Martinez motioned to approve the MOU. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

11. DEPARTMENT MONTHLY REPORTS

- a. Mr. Villagomez presented his monthly report. In response to a question, he clarified that if the area is within city limits, the city will take care of cutting the grass in the right-of-way. He added that his team has been working by quadrants and will address work orders in each area as they reach that specific quadrant. There was also discussion regarding mosquito spraying. Recent rains have delayed work on pothole patching, mosquito spraying, and water line repairs, as all require drier conditions. Additionally, Ms. Hernandez confirmed that sales tax revenue increased by 77%.

12. EXECUTIVE SESSION: Commissioner Martinez motioned to go into executive session.

Commissioner Howell seconded. Upon a called vote, the motion passed unanimously at 8:55 p.m.

- a. **Discussion with City Manager regarding personnel matters** – Section 551.074
b. **Consultation with Attorney regarding update on litigation** – Section
c. **Consultation with Attorney regarding contracts** – Section 551.071

13. OPEN SESSION: Mayor Montoya called the meeting back to order at 9:37 pm.

- a. Possible Action pertaining to executive session item a
b. Possible Action pertaining to executive session item b
c. Possible Action pertaining to executive session item c

No action was taken on the items discussed in executive session.

14. ADJOURNMENT

Commissioner Martinez motioned to adjourn. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously. The meeting adjourned at 9:38 p.m.