

**MERCEDES CITY COMMISSION
SPECIAL MEETING
AUGUST 29, 2024 – 6:30 P.M.
MERCEDES CITY HALL – COMMISSION CHAMBERS**

MEMBERS PRESENT:	Oscar D. Montoya, Dr. Ruben J. Saldana Dr. Jacob C. Howell Armando Garcia Joe Martinez	Mayor Mayor Pro-Tem Commissioner Commissioner Commissioner
STAFF PRESENT:	Alberto Perez Martie Garcia-Vela Joselynn Castillo Meredith Hernandez Juan Vasquez	City Manager City Attorney City Secretary Interim Finance Director I.T Technician

1. CALL MEETING TO ORDER

Mayor Montoya welcomed everyone and called the meeting to order at 6:00 p.m.

2. ESTABLISH QUORUM

Four members of the commission were present which constitutes a quorum. Commissioner Martinez was arrived during item 5A.

3. INVOCATION

Commissioner Howell said the invocation.

4. PLEDGE OF ALLEGIANCE

Pledge of Allegiance led by Mayor Pro-Tem Saldana.

5. ORDINANCES/RESOLUTIONS:

a. Approval of First Reading and Second Reading as per section 2.13 of the City Charter to adopt Ordinance 2024-10 regarding utility rates as per city obligations (Record Vote Required)

City Attorney Garcia Vela addressed the Commission, explaining that the ordinance is an emergency measure to comply with financial obligations. In response to a question about the \$8.50 rate increase, Mr. Perez outlined planned investments, including a water well, property for a water plant, water rights, 10th street, and a brush truck.

Mayor Pro-Tem Saldana moved to approve the first and second reading of the ordinance as per 2.13 of the City Charter to adopt Ordinance 2024-10 regarding utility rates as per city obligations and forego the readings. Commissioner Garcia seconded. Mayor Montoya discussed the development of 600 new homes, which will impact rates. He noted that while taxes from these homes will not be realized until they are built, the city needs to address infrastructure needs now. He highlighted the increase in major water breaks from 44 in June, July and August in 2022, to 103 in 2024, attributing the rise partly to drought conditions. Improvements such as upgrading the 6-inch water line on 10th Street to a 12-inch line are part of the city's response. Mayor Montoya emphasized the necessity of investing in water rights, wells, and expanding the water tower to ensure

the city becomes self-sufficient. He acknowledged the need for the city to support its growth and avoid turning away businesses and developers. Mayor Pro-Tem Saldana commended the Mayor for positioning the city for future growth.

Commissioner Howell expressed concerns about the rate increase and suggested applying a conservative water rate structure similar to a study in San Antonio. Mr. Perez indicated that a water rate study would be needed and that a decision must be made soon to secure funding for the COs going out next week. Mayor Montoya clarified that this funding is crucial to ensure the city's water capacity and to prevent TCEQ from halting growth by stopping permit issuance. Commissioner Martinez also voiced concerns about the impact on residents and questioned if alternative solutions were available. Mr. Perez noted that increasing water rates now could mitigate even higher future increases and that a water well would help reduce the city's water rights costs. Mr. Perez stated if the commission do not start now, in the future the water rates will still increase at a faster and higher rate. After discussion, the motion passed with a vote of 3 to 2, with Commissioner Martinez and Commissioner Howell voting against.

Commissioner Howell motioned to go into executive session. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously. The meeting went into executive session at 6:31 p.m.

6. EXECUTIVE SESSION:

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

7. OPEN SESSION: Mayor Montoya called the meeting back to order at 7:34 p.m.

- 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 any items in executive session.

8. ADJOURNMENT

Commissioner Howell motioned to adjourn. Commissioner Martinez seconded. Upon a called vote, the motion passed unanimously. The meeting adjourned at 7:34 p.m.