

**CITY OF INGLESIDE
SPECIAL CITY COUNCIL MEETING
MINUTES
SEPTEMBER 17, 2024**

Opening Agenda

1. Call Meeting to Order.

The Special City Council Meeting of the City of Ingleside was called to order by Mayor Pro Tem Long at 6:30 p.m. on September 17, 2024, at City Hall 2671 San Angelo Ave., Ingleside, TX and live video streaming.

2. Roll Call.

With Council Members present a quorum was established.

Council Members Present: Steve Diehl, Stewart Wilson, David Pruitt, John Salinas, Mayor Pro-Tem Tracy Long, and Julio Salinas.

Absent: Mayor Oscar Adame

3. Invocation.

Council Member Pruitt led the invocation.

4. Pledge of Allegiance.

Mayor Pro Tem Long led the Pledge of Allegiance to the U.S. flag.

5. Citizen Comments and Reports.

There were no Citizen Comments presented for this meeting.

Presentations

6. Presentation on the Water and Sewer Rate Study.

City Manager Lewis stated that the water and sewer rate study completed by HDR, Inc. had the 3% transfer of sewer service revenue that will increase the funds available for debt service and asked that HDR, Inc. do a presentation for Council.

Grady Reed, the presenter for HDR, Inc., addressed the Council about the water utility rate increase. Explaining that assuming the projected 3,352 connections for FY 2025 for water use, limited growth projected for utilities of 1.0% per year, and last year's rate increase of 5% helped revenues to meet expenses, and the five-year water Capital Improvement Projects (CIP) total \$8.5M for next five (5) years, with limited projects in FY 2025.

With wastewater there is the same growth rate as water assuming the projected billing units are 4,499 to include 1,346 Multi-Family Dwelling Units (DUS), a growth rate of 1.0% per year, and with \$20M for capital projects not including the Wastewater Treatment Plant (WWTP). The WWTP is driving rate increases but would still need the rate increases even without that project for the debt service Series 2023 Bonds which is approximately \$19.2M with additional debt included in the model.

There is a \$2M transfer that occurred in 2024 with a budgeted \$1M transfer included in the 2025 budget to fund the WWTP.

Debt issue of approximately \$19.2M, in Series 2023 bonds, with annual payments of \$840k. Additional debt issue of approximately \$4.5M, Series 2024 Bonds, with annual payments starting in 2026 from the Utility Fund. In using the money set aside it lowers the rate increases. Spending \$2.5M of the funds while leaving money for cost over runs. In FY

2023 and FY 2024 \$23.7M will be spent, leaving \$3.9M available in the WWTP Construction Fund (Fund 56) and \$27M available to pay for the WWTP.

Upgrades to lift stations and water mains are needed. Rate recommendation on the water side is a 15% rate increase which is \$7.64 per month for 5,000 gallons of use. Rate recommendations on the wastewater side is a 25% rate increase which is \$11.13 per month for 5,000 gallons of use. Total for water and wastewater rate increase would be 19.7% increase which is \$18.77 per month.

The proposed water utility summary shows the decrease due to the money being set aside in 2025-2026 for a new Wastewater Plant. The goal is to have the utility funds to become stable.

The operating revenues should never go above 50% of the reserves. In the residential and commercial bill comparisons, the proposed bill for 5,000 gallons puts Ingleside higher than neighboring cities but comparable.

Discussion was held between the Council Members, City Manager Lewis, and Grady Reed about other cities updating rates, the difference in cities owning their own water wells versus cities having to purchase water from other entities, estimating connections growth rate for Ingleside, billing unit on the presentation being for 2025, how the billing is calculated, and how Ingleside previously went through the same kind of study several years ago without increases and it failed.

The water rate increase of 15% includes the proposed pass through rate increase from the San Patricio Water District. The City of Corpus has infrastructure increases which affects San Patricio Water District which is being passed to the citizens.

Grady Reed stated he also did the rate study last year for the City of Ingleside. The Wastewater Treatment Plant is the number one driver of the increase, there is a 20% rate increase just to fund the WWTP, with a 25% increase last year and now there needs to be another increase of 25% this year to start the funding which is critical on WWTP with uncertainty on the debt the city has.

Further discussion was about the 15% increase that has already been factored into the budget previously presented to Council, the recommendation is an additional 3% increase. Documentation has been filed to ask for a supplement, while October 30, 2024 will be the opening date for applying. Recommendations are based on historical growth trends, However, in the budget a projected decrease in building permits would contradict using historical growth trends.

The desalination project in Corpus Christi will increase the rate which possibly is being passed from San Patricio Water District to Ingleside. The City of Corpus Christi sells water to San Patricio Water District and San Patricio Water District sells to Ingleside. Cities are now looking for alternate sources of ground water and the water purchases are half of our total water budget.

Paul Baen, 2177 Glenwood Dr, addressed the Council about the cost of allocations between the water system and the wastewater system that was presented to the HDR representative, reference to \$3.4M in reserve and was based on last year's budget, obligation to the city which is for a Wastewater Treatment Plant which is being based on a tax rate.

Grady Reed responded about how the City could possibly move more money into the reserve fund, but the fund is there to pay for the debt for a period of years; \$300k assuming is just the utility portion for the Series 2024; through general fund, debt being tax supported; first payment through tax revenues assumed, could be through the general fund with the 2025 debt to be paid.

Debra Sanders, 3076 Ave A., addressed the Council about the water the citizens are getting, citizens getting sick; water reports coming back as failing, and the city had to pay fines; and is the city addressing the water testing, better water quality.

Consent Agenda

No Consent Agenda presented for this meeting.

Public Hearing

7. Public Hearing on the FY2025 City Manager’s proposed budget.

At 7:32 p.m. Mayor Pro-Tem Long convened the Ingleside City Council into a Public Hearing.

Speaking For: None

Speaking Against: None

Paul Baen, 2177 Glenwood, addressed the Council about the material presented to the Council a full month to go over the budget? Wanted to know about the industrial sales taxes for special projects, unfunded pension liability, how certificate of obligations being met, status of the process, hostile predatory environment.

At 7:36 p.m. Mayor Pro-Tem reconvened the Ingleside City Council into a Regular Meeting.

8. Public hearing on the 2024 proposed tax rate.

At 7:36 p.m. Mayor Pro-Tem Long convened the Ingleside City Council into a Public Hearing.

Speaking For: None

Speaking Against: None

Paul Baen, 2177 Glenwood Dr., addressed the Council about the Council considering the adoption of a policy which prohibits the use of any unused incremental tax rate or foregone revenue amounts as recently provided for by the legislation; not adopting tax rate, long range plans, and the status of plans not implemented.

At 7:38 p.m. Mayor Pro-Tem Long reconvened the Ingleside City Council into a Regular Meeting.

9. Public Hearing on Ingleside Development Corporation fiscal year 2024-2025 budget.

At 7:38 p.m. Mayor Pro-Tem Long convened the Ingleside City Council into a Public Hearing.

Speaking For: None

Speaking Against: None

Paul Baen, 2177 Glenwood Dr., Board of Directors for the Ingleside Development Corporation (IDC), IDC has been made aware of a need for legal advice and will take the necessary actions to get the services of an attorney for the interest of the IDC; revision of the proposed budget is expected to presented; requests of the Council in writing for the current plans for the Economic Development department, so the IDC can take the appropriate considerations of the impact on the City Manager’s proposals and regulations, and take the necessary actions.

Council Member Diehl asked if the budget document was the same one that was presented before. City Manager Lewis informed the Council that it was the same budget document that was presented before.

At 7:41 p.m. Mayor Pro-Tem Long reconvened the Ingleside City Council into a Regular Meeting.

Regular Agenda

10. Deliberate and take appropriate action on the 2024 Update of Water and Sewer Rate increases for the City of Ingleside.

Paul Baen, 2177 Glennwood Dr., reiterated his prior comments made under the public hearing, and made the additional comment about the 5% rate increase, done years ago, still being set aside?

Discussion was held between Council Members, City Manager Lewis, Director of Finance Vela, and HDR Presenter Grady Reed about the \$3.4M, the \$75k to \$80k coming from a Resolution change last year setting a base pay, the reasons for the calculations from the past. Water system certified through the State of Texas have tested the water which is certified by the State, and each year they will come back for more.

Further discussion about the start of the budget process beginning in August while staff started budget in March; reducing some operations would be needed if not passed; maintenance of the water towers with debt needing to be paid off; money to repair the water tower after Harvey was spent on other things; going through the process to go through TCEQ to use it again because the water tower has been there since the 1960's and the WWTP was next to it; TCEQ notices received in 2023; the total including Corpus Christi is 15% total, 15% on water and 25% on WW, the purpose of the 3% increase is based on approximately \$80,000 stated in the memo; and the 3% is included in the 15%.

Cindy Wilson, 2635 San Angelo Ave, addressed the City Council about how water will now cost approximately closer to \$150.00 per citizen.

Further discussion was held about the minimum of water usage of 3,000 gallons; average user will have a bill go up about \$19.70 per month; other cities not posting what their increases will be; possible better breakdown on water and wastewater bills, so Council can have this information on additional projects before passing the budget; and proposed projects being paid by 2026. Budget tax rate must be adopted by September 24th. Need some plan to start generating revenue to pay for the \$840k debt, and recommendation is to start now. The rate increase is about other projects, not just the WWTP. Each lift station is about \$4.5M, if projects don't happen then the rates need to be adjusted accordingly.

Motion: Council Member Diehl made a motion to direct staff as part of the impending resolution to cover the required increases with regards to wastewater treatment and readjust the Capital Improvement Projects (CIP), basically bare bones, and make one package. Mayor Pro-Tem Long seconded the motion. Motion carried with all present voting in favor.

11. Deliberate and take appropriate action on the City Manager's proposed Fiscal Year 2024-2025 Budget.

Discussion was held between Council Members, City Manager Lewis, and Director of Finance Vela about the projected number of employees from 154 to 156, in regards to the Economic Development Department having two (2) employees; projections were already calculated into the budget in regards to the previous change of the water and wastewater rates; tax rate of 0.642061, which is the projected collections of \$1M less over last years.

City Manager Lewis informed the Council that the franchise fees are used for the City's Right of Ways (ROWs), the City does not charge that to ourselves or the water fund or sewer fund, for the use of the ROWs, but we do make an internal transfer for costs that are associated with the actual operations of the General Fund; if no changes are made for the no new revenue rate and reducing by \$1M and having to go back to the voter approval rate, having the money in reserves to offset the cost; reducing the rate or keeping it at what it is now, the City is not generating the no new revenue rate, because it is an additional cost to the citizens; tax funds and enterprise funds, and the enterprise funds are the water and sewer funds; and funds projected in reserves are not able to mix within those accounts.

Further discussion was held about the need to adjust rates to pay off debt instead of going out for bonds; rate at which budget is calculated is not a no new revenue rate; used unobligated balance to offset M&O; voter approval rate was a little over 0.74 cents; and explained how the adoption of the rate is done.

No Action Required

12. Deliberate and take appropriate action on the proposed 2024 Property Tax Rate.

Discussion was held between Council Members and City Manager Lewis about the staff recommendation to take official action on the September 24, 2024 Regular City Council meeting on the proposed 2024 property tax rate.

Motion: Council Member Diehl made a motion to postpone official action on the proposed 2024 property tax rate until the September 24, 2024 Regular City Council meeting. Council Member John Salinas seconded the motion. Motion carried with all present voting in favor.

13. Deliberate and take appropriate action on a proposed Cove Park utility easement to be granted to AEP.

Discussion was held between Council Members and City Manager Lewis about AEP not being granted a utility easement by the property owners, and that City staff met with AEP staff on site and determined a variable width utility easement would be necessary.

Motion: Council Member Julio Salinas made a motion to authorize the City Manager to execute the easement after legal review. Council Member Pruitt seconded the motion. Motion carried with all present voting in favor.

Executive Session

14. Closed Session

City Council will meet in Closed Session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

A. Section 551.071 Consultation with Attorney - City Manager Employment Contract.

At 9:02 p.m. Mayor Adame convened the Ingleside City Council into a closed session pursuant to provision of Chapter 551 of the Texas Government Code, in accordance with the authority contained in Section 551.071 Consultation with Attorney - City Manager Employment Contract.

15. Open Session

City Council will reconvene in Open Session at which time action on the matter(s) discussed in Closed Session may be considered.

A. Section 551.071 Consultation with Attorney - City Manager Employment Contract.

At 9:16 p.m. Mayor Adame reconvened the Ingleside City Council into an open session pursuant to provision of Chapter 551 of the Texas Government Code to take any action necessary related to the executive session noted herein, or regular agenda items, noted above, and/or related items.

Item A: No action taken.

Closing Agenda

16. Items to consider for placement on future agendas.

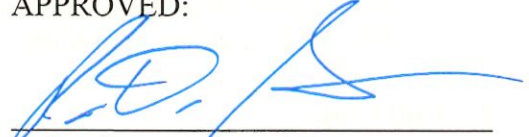
Council Member Diehl requested for new employees to be introduced to the Council.

Council Member Julio Salinas requested for a workshop to list new/future projects to give staff information on how to plan. Future use map to help with Planning and Zoning recommendations. Comprehensive Plan will go through all the requirements as a future agenda item. The current future use map gone through the process every 5 years.

17. Adjourn.

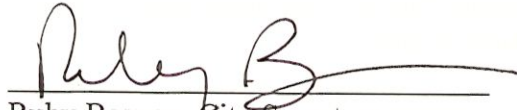
Mayor Pro Tem Long adjourned the special meeting of the City of Ingleside at 9:22 p.m.

APPROVED:



Pedro Oscar Adame, Mayor

ATTEST:



Ruby Beaven, City Secretary