

City of Natalia, Texas
Regular City Council Meeting
March 20, 2017 at 7:00 pm
Minutes

Roll Call: Mayor – Position Vacant Alderman (Mayor Pro-Tem) Sam Smith – Present
Alderman Mike Fernandez – Present Alderman Tommy Ortiz - Present
Alderman Sam Bluemel – Present Alderman Ruben Juarez – Present at 7:05pm

Call to Order:

- 1) Mayor Pro-Tem Sam Smith called the special city council meeting to order at 7:00 pm.

Citizens to be Heard:

- 2) None.

City Council Comments:

- 3) Mayor Pro-Tem Smith announced and congratulated NISD Student, Regina Garza, for winning State in Powerlifting.

Presentations:

- 4) Amy Edge, Librarian~Bluebonnet Coordinator, introduced the 2017 Natalia Bluebonnet Festival Court: King Christian Contreras, Queen Natalie Rodriguez, and Princess Juliana Sanchez. The group raised over \$2,300.

Consent Agenda:

- 5) a. Approval of Minutes: March 20, 2017 Regular Meeting
b. Approval of Financial Activity Report: February 2017
c. Approval of Police Department Activity Report: February 2017
d. Approval of Municipal Court Activity Report: February 2017
e. Approval of Code Compliance Activity Report: February 2017
f. Approval of Utility Department Activity Report: February 2017

Action: Alderman Fernandez made the motion approving the consent agenda, and Alderman Bluemel seconded the motion. Vote: 5-0; Motion carried unanimously.

Discussion/Consideration of Action Items:

- 6) **Discussion/Consider Approval of the City of Natalia Financial Audit for Fiscal Year 2015-2016; presented by Wayne Beyer, Auditor/Owner of Beyer & Co.**
[Item moved to end of meeting, awaiting arrival for Mr. Beyer.]
- 7) **Discuss/Consider Ordinance; Amending the Utility Rate Structure by establishing a Five-Year Restructuring Plan, and providing for an effective date.**

Discussion: City Administrator Hernandez explained that council has reviewed the proposed utility rates presented, and finalized a plan on March 9th meeting. This action would formalize the adoption of the utility rate increases for the next five-years, for the utility billing cycle beginning September 15-October 15 and billed on November 1, 2017, which will effectively apply next fiscal year 2017-2018 and continue for the next five-years thereafter. Ample notices will continue to be provided to customers through the newspaper, website, flyers, as well as on the backside of each utility bill, so customer can prepare for the increases.

Action: Alderman Fernandez made a motion adopting the Ordinance amending the utility rates and establishing a five-year plan; and Alderman Ortiz seconded the motion. Vote: 5-0; Motion carried unanimously.

- 8) **Discuss/Consider Ordinance; Amending the City of Natalia's Code of Ordinance, by adding an Article to Chapter 42, Utilities; Establishing a Capital Improvements Program, Review Procedures, CIP fee, and providing for an effective date.**

Discussion: City Administrator Hernandez explained that many capital projects are needed in Natalia; however, funding these projects are expensive and the city continues to postpone projects due to lack of funding. As a review of the projects listed from the 1996 Master Plan and the projects identified in the 2016 Water & Sewer Preliminary Engineering Report, the city has over \$9-million dollars of projects, including the \$2.3-million projects most recently funded through a USDA Loan/Grant Program. In order to stay ahead, and checkmark these projects off, the city needs to put in place a capital program plan and fee. Ms. Hernandez proposes the city amend the \$4.00 Water Pass-Thru Fees, and implement the \$4.00 as a CIP Fee.

Action: Alderman Bluemel made a motion adopting the Ordinance establishing a capital improvements program, procedures and CIP Fee; Alderman Ortiz seconded the motion. Vote: 5-0; Motion carried unanimously.

Staff Reports:

9) **City Administrator's Reports:**

- i. TxCBDG Contract No.7215349 Wastewater Treatment Improvements, B-5 Construction will commence mobilization as earliest as next week, and plan construction by end of April.
- ii. USDA Water/Sewer Improvements Letter of Conditions are moving along. 1) Communities Unlimited will be providing a rate study cover letter, executive summary and certificate of completed on the city's movement of adopting a utility rate plan, they will also be performing a site visit to assess the city security and vulnerabilities for an emergency response plan, and will be putting together a summary of guidelines the city will need to implement for management and operations performance of the systems. 2) The city's Bond Counselor, Jeffrey Kuhn, of Norton Rose & Fulbright LLC will be securing an ordinance of the debt by a combination tax and revenue certificate of obligation, which will also require the city to establish a short-lived assets reserve fund. 3) M&S Engineers was given the notice to proceed with the final design phase of the USDA Project.
- iii. City Offices will be closed on Good Friday, April 14, 2017.

EXECUTIVE SESSION:

- 10) Executive Session: The City Council met in Executive Session at 7:15pm pursuant to Texas Government Code, Chapter 551 to discuss the following:
 - i. §551.074; Personnel Matters: City Administrator Annual Evaluation.
- 11) Regular Session: The City Council reconvened into Regular Session at 7:25 pm, and took no action on items discussed in Executive Session.

Discussion/Consideration of Action Items:

12) **Discussion/Consider Approval of the City of Natalia Financial Audit for Fiscal Year 2015-2016; presented by Wayne Beyer, Auditor/Owner of Beyer & Co.**

Discussion: Mr. Beyer presented the City's financial statement and findings for fiscal year beginning October 1, 2015 and ending September 30, 2016. Overall the City, at the end of the fiscal year, the city was able to report positive balances in all three categories of net position, invested capital assets, and separate governmental activities. It was found that the city's vendor accounts needed updating; suggesting that W-9's be provided regularly and prior to payment. Mr. Beyer also reported the city needs to establish a segregation of duties to limit the control of functions performed and multitasked by the limited number of staff available, this serves as a check and balance on employee's work performed to maintain accountability. Additionally, Mr. Beyer has suggested the city invest in a governmental financial system to separate the accountability of funds, and cross-funding between the city's general fund, utility fund, reserve funds, and restricted accounts; discussions of the city's financial software was discussed in previous audits, as well as with the City Administrator. Ms. Hernandez mentioned that quotes were asked from USTI Asyst; this company currently provides software programs for both the court and utility department; however, the financials are handled through a Sage Peachtree software, which requires staff to manually enter each transaction performed by any department of the city because the system does not integrate the data collected from the USTI Asyst programs. Mr. Beyer also suggested the city consider increasing the utility rates to cover the actual costs of maintenance and operations, to fund capital needs, and to buildup reserve funds.

Action: Alderman Ortiz made the motion approving the financial audit for fiscal year 2015-2016; and Alderman Fernandez seconded the motion. Vote: 5-0; Motion carried unanimously.

- 13) **Adjournment.** Alderman Bluemel motioned to adjourn the meeting at 7:50pm, and Alderman Fernandez seconded the motion. Motion carried unanimously.

Passed and Approved this 17th day of April, 2017.

Approval:

Sam Smith, Mayor Pro-Tem

Attest:

Lisa S. Hernandez, City Administrator/Secretary