

MINUTES
CITY OF HONDO
REGULAR CITY COUNCIL MEETING
JANUARY 08, 2024 at 6:00 p.m.

1. Call the meeting to order.

Mayor McAnelly called the meeting to order at 6:00 p.m.

2. Quorum check.

Mayor John McAnelly, Council Member Brett Williams, Council Member Rachel Ramirez, Council Member John E. Villa, Council Member Bobby Vela, Mayor Pro Tem Jose "Porky" Ytuarte.

ABSENT: None.

Staff Present: City Manager John Naron, Chief Finance Officer Chris Hill, City Attorney Richard Linder, Director of Public Works Rene Saenz, Admin Assistant to City Manager Stephanie Velasquez, Human Resource Manager Michele Thacker, Director of Public Information and Recreation Jamie Kindred, Development Services Manager Uche Echeozo, Wastewater Superintendent Stephen Winters, Street Superintendent Adam Zapata, Electric Superintendent Val Sanchez, Chief of Police Justin Soza, Lieutenant AJ Garza.

3. Invocation by Pastor Beverly Kelling, St. Paul Lutheran.
4. Pledge of Allegiance.
5. Citizens'/Public Comments: Persons who desire to address the City of Hondo City Council will be received at this time. Those persons wishing to speak should complete a Public Comment Form and submit it to the City Secretary prior to the meeting. If the speaker wishes to comment on a particular agenda item, then the speaker should indicate such item(s) to on the form. Public comment is limited to 3 minutes per speaker. Speakers must conduct themselves in a civil manner. In accordance with the Texas Open Meetings Act, the City of Hondo City Council cannot deliberate or take action on items not listed on the meeting agenda.

Florestella Gonzalez, a long-time resident of Hondo residing at 1002 Avenue S, discussed the poor condition of the local animal shelter based on her visit on January 7. She described the shelter as being in the worst condition seen in years, with blankets strewn about and a deer head in the dog play enclosure. She expressed concern over the apparent absence of Animal Control Officers (ACOs) and police officers, who are responsible for the shelter during weekends, and emphasized the importance of consistent care, suggesting a rotating schedule for ACOs to ensure weekend

supervision. She also noted a foul odor and flies, possibly due to the deer head in the enclosure. Sharing her history of over 20 years of involvement with the shelter, she recounted incidents of neglect and poor conditions in the past, including finding dead animals. While acknowledging some improvements over the years, she stressed the need for better care and attention to the shelter. She plans to meet with the current city manager to discuss these issues, having met with previous managers in the past, and emphasized the importance of the animal shelter in the community and the need for immediate action to address the current conditions.

Mr. Chavel Lopez, residing at 1002 Avenue S, addressed the issue of environmental cleanup and the disposal of household hazardous chemicals, a service currently not provided by the city. He shared his personal experience of needing to dispose of motor oil from lawn mower maintenance and stressed the importance of the City renegotiating or amending its contract with STRD to prioritize the cleanup of such chemicals. He pointed out the illegality and environmental hazard of disposing these chemicals in regular trash and suggested that this service could be integrated into the city's annual budget and perhaps executed during spring or fall cleanups. Mr. Lopez emphasized the need for this service, which had been provided in the past but was discontinued for unknown reasons. He expressed concern about the ongoing environmental issues such as increased heat and drought, highlighting the urgency of minimizing contamination to protect the planet. He concluded by urging the city manager to take action, either through renegotiation or amendment of the contract with STRD, to address this critical environmental issue.

PRESENTATIONS

6. City Managers Report. (John Naron)

City Manager John Naron commenced his report by welcoming council members back from the Christmas and New Year's break. He shared a personal update, mentioning his recent move to Hondo with his wife and daughter.

Mr. Naron shifted the focus to current municipal affairs, specifically addressing the issue of boring operations being conducted in the city. He emphasized the importance of residents contacting the city first in case of any plumbing issues potentially linked to these operations. This approach aims to prevent residents from unnecessary plumbing expenses. He suggested that this information be publicized in the local paper, to reach a broader audience, and mentioned that Director of Public Works Rene Saenz could provide detailed guidance on this procedure.

In his report, Mr. Naron also spoke about completing evaluations for department heads. Despite being in his role for only three months, he expressed great satisfaction and optimism about the work of his team. He highlighted their innovative ideas and contributions towards planning for the future, including discussions on capital improvements and budgeting for the upcoming cycle.

Mr. Naron concluded his report by mentioning a few important agenda items for the day's meeting and expressed eagerness to engage in discussions, particularly about the budget. He noted the presence of most department heads at the meeting, ready to answer any queries and provide insights.

7. Public Works Report. (Rene Saenz)

Public Works Director Rene Saenz recapped the city's projects from fiscal years 2022 to 2023. He emphasized the development of a three to five-year Capital Improvement Plan (CIP), which will give a comprehensive view of Hondo's strategic infrastructure goals, involving multiple city departments.

Director Saenz outlined seven major projects completed in this period, including the extension of the electric grid for new businesses, an AMI water meter upgrade, rehabilitation of the wastewater treatment plant clarifiers starting January 22, 2024, rehabilitation of the spatz waterwell, downtown sidewalk rehabilitation, construction of a sewer line to Mummies Stone yard, and the chip seal program for roads.

He also mentioned the ongoing Boerne Street project, delayed due to weather conditions, with plans to resume in the next year's paving cycle, keeping the allocated budget and an additional \$15,000 contingency.

Councilman Williams posed a question to Public Works Director Mr. Rene Saenz about the completion of the water meter change project. Mr. Saenz clarified that the contracted company had finished installing the meters as per their agreement. He noted a specific clause in the contract stating that if the meter installation required extensive work, such as dealing with rock or other challenging conditions the company couldn't handle, the city would undertake these installations. Mr. Saenz informed the council that there are a couple of hundred meters left for the city to install due to these conditions. He emphasized the financial prudence of this approach, highlighting that the funds allocated for these installations would be saved, as the payment would not be extended to the company for these particular cases.

Director Rene Saenz outlined the public works projects planned for Fiscal Year 2024, with a special emphasis on water and sewer line infrastructure upgrades. He explained the significance of these upgrades, noting that Hondo is currently at its maximum capacity for wastewater treatment. The planned improvements will increase this capacity, crucially enabling the development of around 2,500 acres near the airport area, a vital step for the city's expansion.

Director Saenz also mentioned ongoing efforts on the second phase of the chip seal project. On Avenue V, he provided an update on the nearly complete plans, elaborating that the delay is due to the comprehensive nature of the construction. This includes a full overhaul of infrastructure, encompassing wastewater, water, streets, curbs, gutters, stormwater management, and even

extending the sewer line looping from Highway 90 to Avenue S. This project aims to provide complete and modernized services, including new connections to houses.

Director Rene Saenz expanded on the upcoming public works initiatives, emphasizing a significant new development near the airport area. This area is being prepped for future growth but also necessitates enhanced stormwater vectoring to manage drainage effectively. In addition to this, he shed light on a major drainage plan for the entire community, underscoring its criticality.

Director Saenz explained that these projects are not listed by priority but are all crucial. The comprehensive stormwater master plan addresses the increasing issue of ponding water on roadsides, intersections, and corners. This plan aims to ensure proper water flow into ditches, inlets, or swales, considering that standing water is detrimental to asphalt roads.

He also mentioned the endorsement of phase two of the Downtown Project, extending from Avenue K to Avenue M, and the introduction of a street classification maintenance program that includes curbs. This time, the approach will be more engineered and accountable, with clear reporting and scheduling available to the public and stakeholders. The plan is to tackle different city sections methodically each year, moving away from ad-hoc curb repairs that have proven ineffective and costly.

In summary, these initiatives, as outlined by Director Saenz, represent a strategic and well-planned approach to address key infrastructure and environmental challenges in the city, thereby enhancing overall community well-being and sustainability.

Councilman Ytuarte inquired with Mr. Saenz about whether the Public Works department has begun compiling data for enhanced accountability, specifically focusing on the numerical aspects of the projects.

Mr. Saenz confirmed they are indeed putting numbers together for accountability, mentioning how this approach allowed him to quickly provide figures for the 30th Street sewer line project. He emphasized the need to prioritize the trunk line before moving on to the wastewater treatment plant.

Mayor McAnelly clarified a point, stating, "You mentioned earlier about being at capacity. To be clear, we need to start making improvements when we reach a certain percentage of our total capacity, and that's the situation we're currently in."

Rene Saenz responded, "Yes, that's correct. When a city reaches 75% of its total capacity, the TCQ requires us to be already planning, designing, and securing funding. At 90% capacity, we should be ready to start construction."

Rene Saenz stated, he has scheduled a meeting with KSA, one of our engineering firms, at the end of this month. After this meeting, I should be able to provide a ballpark estimate, likely by late

February. They need time to ensure accuracy in their calculations. I want to avoid giving just any number, especially considering the current fluctuating prices.

City Manager John Naron mentioned that they are currently awaiting funding options from the Texas Water Development Board, hoping for an invitation to discuss a potential low-interest loan for the wastewater treatment plant. He added that KSA, an engineering firm, has already conducted preliminary work on this project and that various options have been discussed. Naron expressed optimism that the Water Development Board would provide favorable financing terms.

He acknowledged Rene Saenz's diligent efforts over the past year and a half, particularly since the problem with capacity was identified. Naron highlighted the city's growth in industry and housing, noting that smaller housing developments required studies to ensure the accommodation of new growth. He confirmed that the city is significantly over its capacity limit but remains positive about the future, looking forward to potential progress by February.

In closing, Director Saenz thanked the mayor and city council for their support and praised his team at Public Works. He mentioned Adam Zapata, Street Superintendent; Steven Winters, Wastewater Superintendent; Val Sanchez, Electric Superintendent; and Bill Howard, a key team member. He acknowledged their hard work in helping him run the department effectively.

CONSENT

Council Member Ytuarte motioned consent agenda items 8, 9, 10, 11, 12, 13, and 14; seconded by Council Member Williams. The motion carried by the following vote: AYE: Ytuarte, Williams, Vela, Villa, Ramirez. NAY: None. ABSTAIN: None ABSENT: None.

8. Discuss and consider approving the minutes from December 11, 2023. (Stephanie Velasquez)
9. Discuss and consider the 4th Quarter Investment Report for the Fiscal Year ended September 30, 2023, as presented. (Chris Hill)
10. Discuss and consider an Ordinance amending the City of Hondo Investment Policy as required by Chapter 2256 of the Texas Government Code: and setting an effective date. (Chris Hill)
11. Discuss and consider a Resolution approving the City of Hondo's participation in the Texas SmartBuy Membership Program. (Chris Hill)
12. Authorize Chief of Police to enter into a MOU with Bluebonnet Children's Advocacy Center.
13. Discuss and consider making various appointments to boards and commissions. (Mayor McAnelly)

14. Discuss and consider support for Medina County's Inclusion in the Alamo Area Metropolitan Planning Organization. (Mayor McAnelly)

OTHER BUSINESS

15. Discuss and consider a resolution authorizing and approving publication and posting of a notice of intention to issue the city's combination tax and limited pledge revenue certificates of obligation in a maximum aggregate principal amount not to exceed \$11,300,000 and other matters in connection therewith. (John Naron and Chris Hill)

City Manager John Naron addressed a pertinent question raised by Councilman Ytuarte, one he shared and had previously discussed with CFO Chris Hill and Andrew Friedman from Samco. He recounted considering waiting for lower-interest funding from the Texas Water Development Board but explained why they decided to proceed without it.

Naron noted two main factors influencing their decision: Firstly, the timetable for receiving funds from the Water Development Board was later in the year, which would delay the project. Secondly, the environmental requirements associated with this funding would add another year to the timeline. As a result, starting the project would likely be postponed by about a year and a half.

In contrast, the current project, while not entirely shovel-ready, is close to that stage. Some engineering work remains, but preliminary engineering is already complete, allowing for a swifter commencement.

Mayor McAnelly inquired of John Naron, "When you mention 'the project,' are you specifically referring to the trunk line project?"

City Manager John Naron replied; Yes, sir. The trunk line project is the key one eligible for funding from the Texas Water Development Board. We've evaluated this option and also considered the rising construction costs. We're aware that costs continue to escalate.

We also have a housing developer interested in our area, as discussed in the December meeting. This development is imminent. Additionally, several potential industries have shown interest in coming to our city. With these factors in mind, we believe it's crucial to complete the trunk line project swiftly. This will increase our capacity and allow us to accommodate this growth.

Regarding the wastewater treatment plant, it will eventually need upgrading. We hope to cover this upgrade with future funding from the Texas Water Development Board.

As for other general projects like the baseball fields and the fair hall, I think it's a good time for the council to discuss these tonight. So far, there haven't been many questions about Public Works, but it's a crucial topic that we've been considering internally.

Councilman Williams expressed his desire to prioritize the development of parks and the fair hall. He agreed that other projects were also necessary but specifically suggested a different approach for the baseball fields. Instead of constructing new ones as proposed in the packet, he recommended renovating the existing fields, believing this to be a more effective use of resources.

Councilman Williams provided detailed insights into the condition of the baseball fields. He noted that while the youth fields are in acceptable condition and don't require renovations, the junior and senior fields do need attention. He has already discussed potential renovations with the staff, particularly for the junior/senior field, which he believes can be significantly improved. Additionally, he mentioned that the fields at the sports complex have potential but need work. He emphasized that there is no need for a new Little League field for 11 and 12-year-olds, as there are already sufficient fields for this age group. However, the junior field requires urgent attention due to its poor condition, with rocks posing a hazard and making it nearly unplayable.

Councilman Vela took a moment to share his perspective, highlighting a lack of planning for projects like the baseball fields and the fair hall. He pointed out that these ideas seem to be thrown out without a structured plan, noting that the discussion gained momentum during the interim period and has been fast-tracked since then. Emphasizing the importance of infrastructure as a forward-looking investment, he suggested that projects like the baseball fields and the fair hall should be carefully budgeted for in the annual financial planning. He expressed his belief that it's not advisable to incur debt for such projects, stressing the need for a more deliberate and fiscally responsible approach.

Mayor McAnelly, addressing Councilman Vela's points, asked for clarification on whether issuing certificates of obligation meant the council was committing to the specific proposals for the fair hall and ball field improvements, including restrooms.

City Manager John Naron confirmed that the wording of the certificates of obligation is indeed general, allowing the council to continue guiding staff decisions. He mentioned a discussion with Councilman Williams about leveraging the Parks Board to assist in designing the fields or conceptualizing ideas for them, with the intent to later seek council approval. Naron suggested a similar approach could be applied to the fair hall project, including obtaining more bids or even conducting a small study. He emphasized that the council's direction is key, and as long as the projects are broadly defined as for the fair hall or baseball fields/parks, they can proceed. He also noted that the council can provide further direction during the funding period.

Councilman Williams expressed his opinion that funds should be earmarked for both the baseball fields and the fair hall, with a focus on developing a plan to use these funds efficiently. He voiced concerns about lumping these expenses into the current debt, emphasizing that these projects are immediate needs for the community. Highlighting the importance of youth sports, he noted the

large number of children who play baseball and the longstanding issues with some fields. Williams stressed the significance of sports and recreational facilities like the fair hall for community engagement and enjoyment. He called for action, citing that discussions about improving the sports complex have been ongoing for 16 years without substantial progress, and now is the time to address these needs effectively.

Councilman Ytuarte reflected on the long-standing issue of upgrading the junior field, noting that since his return to the area in 1990, there had always been discussions about upgrading it, but no action was taken. He pointed out that funds were allocated but never used for their intended purpose. He mentioned the fields near the soccer fields, recalling that they were the most significant promise fulfilled in 18 years, initiated by Mr. Herrera when he first arrived. These fields were built in response to community discussions about the growing need for more fields due to the increasing number of children. Ytuarte emphasized that there are two existing fields that could be upgraded but have remained untouched. Let's recall the baseball complex idea. This concept originated from the EDC Board President. He proposed the idea of a new \$400,000 complex. It was first presented by Ronnie Miller, the EDC board president, back in August during our initial budget workshop meeting. Fast forward to January 2024, it appears some council members do not view baseball as a priority for the community, enough to allocate \$400,000 through a loan. However, the council's majority opinion will ultimately guide this decision. Regarding the fair building, its urgent need for attention is clear. In our financial discussions for the \$10.3 million budget, we received a breakdown, but we specifically requested estimates for the fair building's renovation and details about the sources of these estimates. The provided information includes items like removing garage doors, but it lacks clarity on where these estimates are coming from. It's important to note that these tasks won't be carried out by city staff. To make informed decisions, we need to understand who is providing these estimates and their basis.

City Manager John Naron addressed Councilman Ytuarte, explaining that due to state law, any project over \$50,000 must be put out to bid, ensuring transparency and compliance. He assured the council that they would have all necessary information before any project commenced. Naron mentioned that preliminary cost estimates from different contractors revealed significant price variances, underscoring the need for a professional assessment to determine a more accurate cost and scope of work.

Naron expressed his support for the council's ongoing discussion, noting the diversity of opinions as a healthy part of the decision-making process. He acknowledged that each council member represents different constituents and concerns, many with deep community ties.

He outlined potential next steps, suggesting that if the council decides to proceed with general fund projects, they can refine plans and involve professionals as needed to guide the process through various phases. Alternatively, if the council chooses a different direction, that decision will also be supported. Naron mentioned potential internal work but noted limitations, such as the AC system in the fair hall, which would require professional intervention.

Naron concluded by emphasizing the council's autonomy in making these decisions, whether to proceed with the proposed projects or take a different path. He indicated readiness for either scenario, with or without the inclusion of general fund items, stressing the importance of the council's guidance in determining the course of action.

Councilman Vela clarified his position, stating, "I want to make it clear that I'm not opposed to investing in the fair hall. What I am emphasizing is that any funding allocated should be part of a well-thought-out and carefully budgeted plan.

City Manager John Naron responded to Councilman Vela, acknowledging his concerns: "You bring up an excellent point, and I believe you're fulfilling your role as a councilman precisely as you should. It's important to ensure accountability for both the end result and the process leading up to it, and that's exactly what you're doing as a council member.

Councilman Vela responded by raising concern about the lack of discussion regarding a police station, questioning why it hadn't been a topic of conversation.

In response, Councilman Williams pointed out the complexity and scale of a police department project, emphasizing its status as a significant capital improvement. He explained the process, stating, "This is how you manage capital projects: you allocate funds to them first. Then, as you delve into the engineering details and start planning, that's when the actual planning begins." This response highlighted the need for a structured approach to large-scale projects, starting with financial allocation and followed by detailed planning and engineering work.

Councilman Williams discussed the funding for the baseball fields and the fair hall, noting that the allocated amount for the baseball fields represents three and a half percent of a significant overall budget. He suggested allocating \$400,000 each to the baseball fields and the fair hall. The councilman emphasized the importance of allowing staff to perform their due diligence to determine the specific needs and actions for these projects. He also pointed out that while council input is essential, there is no immediate need for an engineered plan at this very moment, suggesting a more phased approach to planning and implementation.

Mayor McAnelly stated that if we already have the money obligated, then it will be a hit.

Councilman Vela expressed his willingness to allocate funds for the projects, emphasizing his main concern is ensuring their completion. He pointed out the importance of prioritizing the projects correctly, using the fair hall as an example. He mentioned that while focusing on AC units and drop-down ceilings is good, it's crucial not to overlook more fundamental issues like the roof, as a leaking roof could undermine other improvements. Vela stressed the need to develop new habits in effectively completing and finishing projects.

City Manager John Naron addressed the council, discussing the \$400,000 amount carried over for the baseball field and the fair hall projects. He noted that a definitive cost assessment or feasibility study hadn't been conducted for either project yet. He acknowledged the council's concerns about potential unforeseen expenses, especially when dealing with older structures, such as the fair hall.

Naron pointed out that issues like roof repairs could escalate costs, and he understood the council's desire to complete projects without the need for additional funding.

Naron suggested that it might be prudent for the council to consider commissioning a feasibility study or obtaining an opinion of probable costs for each project. This approach would provide a more accurate understanding of the necessary repairs and their associated costs. Once these assessments are complete, the council could then consider a general fund bond specifically for these projects, ensuring a well-informed and transparent approach to funding and completing these essential community developments.

Council Member Vela made a motion to approve resolution no. 419-24 authorizing and approving publication and posting of a notice of intention to issue the city's combination tax and limited pledge revenue certificates of obligation in a maximum aggregate principal amount not to exceed \$11,300,00 and other matters in connection therewith; seconded by Council Member Williams. The motion was carried by the following vote: AYE: Vela, Williams, Ytuarte, Ramirez, Villa. NAY: None. ABSTAIN: None. ABSENT: None.

In closing of this topic Andrew Friedman from Samco Capital, the financial advisor for the City of Hondo, provided further details on the financing process. He explained that the city would be seeking its first-ever bond rating from the Standard & Board rating company. Following this, they plan to competitively price the obligations on February 26. Friedman indicated that they would return to the council meeting with finalized bids and a better idea of the final interest rate, subject to council approval on that day. He also mentioned that if approved, the closing of this financial process would be scheduled for March 27.

EXECUTIVE SESSION

16. Executive Session: The City Council of the City of Hondo may convene in Executive Session in accordance with the Texas Open Meetings Act, Texas Government Code: Section 551.071(1) (A) and (2) (Consultations with Attorney) and Section 551.072 (Deliberations about Real Property), Section 551.074 (Personnel Matters), Section 551.076 (Deliberations about Security Devices), or Section 551.087 (Deliberations Regarding Economic Development Negotiations); Section 551.086 (Meeting concerning municipally owned utility-competitive matters);
 - a. Discuss and Consider Project Blue-Real Property Acquisition
 - b. Discuss personnel matters regarding finance and development services personnel changes.

The City Council of the City of Hondo convened into regular session at 07:09 p.m.

17. Discuss and consider appropriate action on items resulting from Executive Session.

The City Council of the City of Hondo reconvened out of regular session at 07:59 p.m.

No action taken.

18. Adjourn (08:01 p.m.)

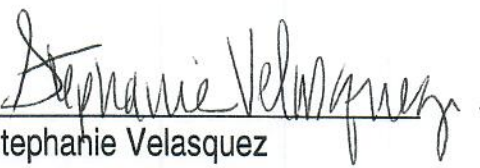
Council Member Villa made motion to adjourn; seconded by Council Member Ramirez. The motion carried by the following vote: AYE: Villa, Ramirez, Williams, Vela, Ytuarte. NAY: None. ABSTAIN: None. ABSENT: None.

PASSED AND APPROVED THIS 22ND DAY OF JANUARY 2024


JOHN McANELLY, JR. MAYOR



ATTEST:


Stephanie Velasquez
Acting City Secretary