GLEN SMITH – Mayor
JOHNNY TRAN –Councilmember Place 1
JUDY CHAVEZ – Councilmember Place 2
MARY CROCKER – Councilmember Place 3
TROY LEWIS – Councilmember Place 4
ANDY ERDELT – Councilmember Place 5
STEPHEN MCGOVERN – Councilmember Place 6

CITY OF PALACIOS
CITY COUNCIL REGULAR MEETING AGENDA
April 24, 2018

Notice is hereby given of a Regular Council Meeting of the Palacios City Council to be held April 24, 2018, beginning at 7:00 p.m. in the Council Chambers of City Hall, 311 Henderson Avenue, Palacios, TX, for the purpose of considering the following items:

REGULAR COUNCIL MEETING

CALL TO ORDER
INVOCATION – Councilmember Erdelt
PLEDGE OF ALLEGIANCE – Councilmember McGovern
PLEDGE TO TEXAS FLAG – Councilmember McGovern
PLEDGE TO PALACIOS FLAG – Councilmember McGovern

VISITOR / CITIZEN FORUM

ADMINISTRATIVE REPORTS

1. Planning and Zoning Committee needs appointment for vacant position
2. Election – Early Voting begins April 23, Election Day is May 5th
3. City Wide Clean Up was on Saturday April 21st
4. Pavilion – Grand Opening is Friday, May 11th, 5-7pm
5. City Manager's Report for March 2018

ITEMS TO BE CONSIDERED

1. Discuss and consider accepting the Quarterly Financial Statement as of March 31, 2018
2. Discuss and consider accepting the Quarterly Investment Report as of March 31, 2018

3. Discuss and consider adopting an amendment to the Personnel Policy that will allow employees to donate their sick time to other employees
4. Proclaim May as Mental Health Month
5. Discuss and consider adopting Resolution 2018-R-8 to allow AEP Texas Inc. to amend its distribution cost recovery factors
6. Discuss and consider action to approve the following consent agenda items:
   a) Minutes of the April 10, 2018 Regular Council Meeting
   b) Excuse the absence of Councilmember Tran on April 10, 2018 Regular Council Meeting

EXECUTIVE SESSION

In accordance with Chapter 551, Government Code, (Open Meetings Law) the Council May go into Executive (closed) session in order to:
Consult with its attorney (551.071)
Discuss Real Estate transaction (551.072)
Deliberation regarding prospective gifts or donation (551.073)
Discuss personnel matters (551.074) – City Manager annual review
Deliberation regarding security devices (551.076)
Discuss economic development negotiations (551.087)

ACTION ON EXECUTIVE SESSION:

a. Discuss personnel matters – City Manager annual review

ADJOURN

In compliance with the Americans with Disabilities Act, the City of Palacios will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact City Hall, at 361.972.3605.

CERTIFICATION

I certify that a copy of the April 24, 2018 agenda of items to be considered by the City Council was posted on the City Hall bulletin board by 5:00p.m. on April 20, 2018.

Clissa Mills

Clissa Mills, City Secretary

City Manager's

MONTHLY REPORT

MARCH 2018

HURICANE HARVEY

- City Staff completed project worksheets and submitted for FEMA Debris Removal reimbursements.
- Staff is completing FEMA documentation for damages and reimbursement requests.
- Monitoring CDBG DR program for possible projects for the City.

GRANTS

- Completed Lift Station Disaster Grant Project through County from Hurricane Ike.
- Engineer is designing the CDBD-DR grant; pass through funding from the County Ike Disaster Grant.
- Working with Engineer and Grant Works to submit Hazard Mitigation Grant for generators.
- Working with TxDOT Aviation Department for Palacios Airport Improvements Grant to repair Runway 13-31, taxiways, and terminal apron; TXDOT is advertising for project engineers.
- Chief is presenting the Criminal Justice Grant to H-GAC in April for new in-car video systems to replace existing outdated systems and two new vehicles.
- Engineer is working on plans for the Recycle Center Expansion Project Grant from HGAC.
- Grant documents have been executed for the Downtown Revitalization Grant from Texas Department of Agriculture.

PUBLIC WORKS

- Public Works Director attended annual TWUA school and required TWBD class
- Replaced storm sewer from South Bay Blvd to the seawall.
- Director is training employees to obtain water and wastewater licenses.
- Repaired water main leaks and responded to sewer backups
- Repaired potholes, installed repaired school zone light, and changed times for school zone flashing lights.

AIRPORT

- Mowed and sprayed around buildings, runways, and hangers
- Serviced fuel pump and installed new hose
- Repaired gate opener and ordered new gate motor

PAVILION

- Contractor is working on punch list; 99% complete
- Completing the GLO CMP grant; Plazas and Picnic Shelters are complete; working on planting around the wetland pond.

POLICE

- Calls for Service 453
- Citations 57 Warnings 108
- Worked a traffic accident, 40 reports, and 13 arrests

FIRE

- Responded to several calls; they will provide report next month
- Fire Department is collecting donations for new Fire Station.

ADMINISTRATION

- Auditors presented the 2016-2017 Audit Findings to Council.
- Site visit with Department of Agriculture for the Downtown Revitalization Grant
- Attended Pavilion, EDC, and Seawall Commission meetings.

City of Palacios
Financial Statement
As of March 31, 2018

General Fund

Percent of Year Complete 50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues			
Property taxes	$ 1,555,000	$ 1,342,536	86%
Licenses & Permits	33,600	19,842	59%
Other Local Taxes	643,600	282,693	44%
Fines & Court Costs	95,000	35,449	37%
Miscellaneous	26,000	6,917	27%
Fund to FundTransfers	150,600	62,750	42%
Leases & Contributions	156,900	89,479	57%
Recycling Revenues	10,600	7,930	75%
Park Reservation Fees	9,000	4,055	45%
Community Improv / Weedlots	35,700	14,877	42%
Total Revenues	$ 2,716,000	$ 1,866,528	69%
Expenditures			
Council	$ 28,550	$ 10,588	37%
Elections	2,300	-	0%
Administation	583,380	271,017	46%
Legal	8,000	803	10%
Corporation Court	99,580	45,432	46%
Library	30,000	15,000	50%
Police Department	1,126,840	544,821	48%
Fire Department	45,000	11,488	26%
Recycle	16,550	9,828	59%
Swimming Pool	20,000	-	0%
Parks	178,000	130,515	73%
Streets	270,000	65,182	24%
Animal Control	33,700	15,640	46%
Special Items	274,100	147,575	54%
Total Expenditures	$ 2,716,000	$ 1,267,888	47%
Revenue Over/ (Under) Expenditures	$ -	$ 598,640	
Beginning Fund Balance		$ 702,854	
Ending Fund Balance		$ 1,301,494	

City of Palacios
Financial Statement
As of March 31, 2018

Water Fund

Percent of Year Complete 50%

Revenues	Budget	Y-T-D Actual	Percent of Budget
Water & Sewer	$ 1,615,000	$ 760,622	47%
Service & Penalty Charges	$ 47,500	$ 30,410	64%
Garbage	40,000	22,093	55%
Miscellaneous	3,500	2,706	77%
Total Revenues	$ 1,706,000	$ 815,831	48%
Expenditures			
Water Department	$ 597,750	$ 314,373	53%
Sewer	297,600	104,932	35%
Special Items	822,850	444,912	54%
Total Expenditures	$ 1,718,200	$ 864,217	50%
Revenue Over/ (Under) Expenditures	$ (12,200)	$ (48,386)	
Beginning Fund Balance		$ 10,749,510	
Ending Fund Balance		$ 10,701,124	

City of Palacios
Financial Statement
As of March 31, 2018

Airport Fund

Percent of Year Complete 50%

		Budget		Y-T-D Actual	Percent of Budget
Revenues					
Fuel Sales	$	20,000	$	7,341	37%
Hangar Rent & Tiedowns		6,300		3,270	52%
PISD School Barn Lease		150		-	0%
Golf Assoc Lease		100		-	0%
T Hangar Lease		6,000		3,000	50%
Farming Lease		1,900		1,800	95%
Grazing Lease		21,900		21,938	100%
Interest Income		-		56	
Misc Receipts		25		-	0%
TxDot Reimbursement		5,000	$	-	0%
Total Revenues	$	61,375	$	37,405	61%
Ependitures					
Airport	$	40,375	$	7,426	18%
Special Items		21,000		15,338	73%
Total Expenditures	$	61,375	$	22,764	37%
Revenue Over/ (Under) Expenditures	$	-	$	14,641	
Beginning Operating Balance			$	29,965	
Ending Operating Balance			$	44,606	

Beginning Fund Balance Including Fuel Inventory	$	34,301
Ending Fund Balance Including Fuel Inventory	$	48,942

City of Palacios
Financial Statement
As of March 31, 2018

Equipment Fund

Percent of Year Complete 50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues	$ 157,000	$ 78,556	50%
Expenditures	$ 157,000	$ 43,507	28%
Revenue Over/ (Under) Expenditures	$ -	$ 35,049	
Beginning Fund Balance		$ 159,173	
Ending Fund Balance		$ 194,222	

City of Palacios
Financial Statement
As of March 31, 2018

Hotel/Motel Tax Fund

Percent of Year Complete 50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues	$ 28,100	$ 17,656	63%
Expenditures	$ 28,000	$ 11,000	39%
Revenue Over/ (Under) Expenditures	$ 100	$ 6,656	
Beginning Fund Balance		$ 92,152	
Ending Fund Balance		$ 98,808	

City of Palacios
Financial Statement
As of March 31, 2018

Economic Development Fund

Percent of Year Complete 50%

	Budget	Y-T-D Actual	Percent of Budget
Revenues	$ 169,300	$ 79,067	47%
Expenditures	$ 169,300	$ 73,070	43%
Revenue Over/ (Under) Expenditures	$ -	$ 5,997	
Beginning Fund Balance		$ 499,963	
Ending Fund Balance		$ 505,960	

CITY OF PALACIOS, TEXAS
QUARTERLY INVESTMENT REPORT
FOR THE QUARTER ENDED MARCH 31, 2018

The investment portfolio detailed in the attached report includes all investment transactions made during the above referenced period. The investment portfolio and all related transactions comply with the investment policy of the City of Palacios, Texas and the Public Funds Investment Act of the State of Texas.

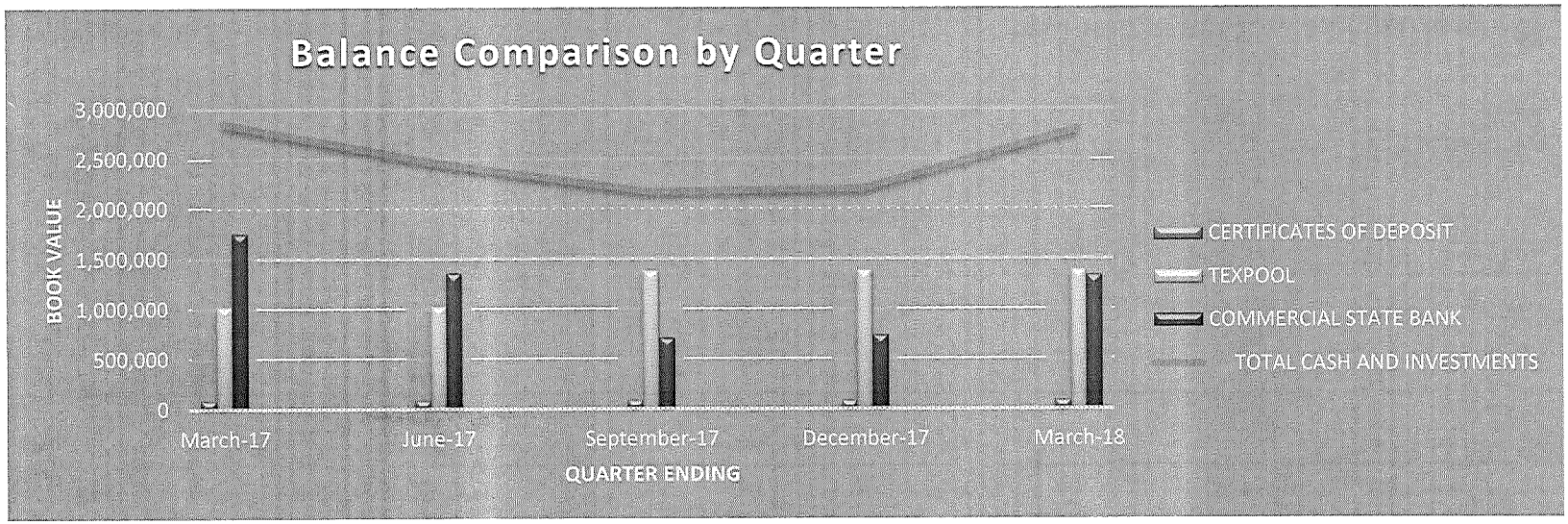
Investment Officer: Tammy McDonald
Tammy McDonald, City Treasurer

Date: 4/10/2018

CITY OF PALACIOS, TEXAS
Quarterly Investment Report
As of March 31, 2018

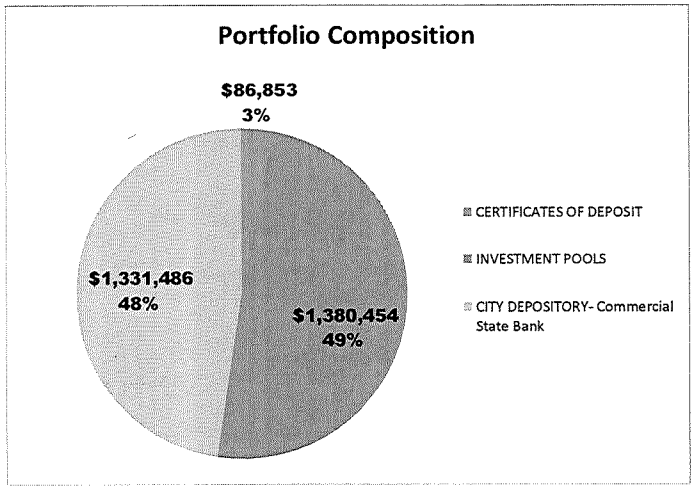
Balance Comparison by Quarter

INVESTMENT BALANCES BY TYPE	Book Value 3/31/2017	Book Value 6/30/2017	Book Value 9/30/2017	Book Value 12/31/2017	Book Value 3/31/2018
CERTIFICATES OF DEPOSIT	$ 86,723	$ 86,754	$ 86,787	$ 86,820	$ 86,853
TEXPOOL	$ 1,017,637	$ 1,019,636	$ 1,372,926	$ 1,376,690	$ 1,380,454
COMMERCIAL STATE BANK	$ 1,748,939	$ 1,352,122	$ 707,016	$ 737,405	$ 1,331,486
TOTAL CASH AND INVESTMENTS	$ 2,853,299	$ 2,458,512	$ 2,166,729	$ 2,200,915	$ 2,798,793



CITY OF PALACIOS, TEXAS
INVESTMENTS OUTSTANDING AS OF MARCH 31, 2018

Purchase Date	Description	Maturity Date	# Days to Maturity	Cost	Par Value	Coupon Yield	12/31/2017 Book Value	12/31/2017 Market Value	Quarterly Activity Purchases	Quarterly Activity Maturities	Quarterly Activity Interest	3/31/2018 Book Value	3/31/2018 Market Price	3/31/2018 Market Value	Unrealized Gain/Loss
CERTIFICATES OF DEPOSIT															
	Commercial State Bank	5/5/2018	34	$ 45,030	$ 45,030	0.15%	$ 86,820	$ 86,820	$ -	$ -	$ 33	$ 86,853	$-	$ 86,853	-
							$ 86,820	$ 86,820	$ -	$ -	$ 33	$ 86,853	$-	$ 86,853	
								4%						3%	OF TOTAL
INVESTMENT POOLS															
N/A	Texpool - Pooled	N/A	N/A		1,325,833	0.79%	$ 1,322,218	$ 1,322,218	$ -	$ -	$ 3,615	$ 1,325,833	$-	$ 1,325,833	
N/A	Texpool - Escrow Acct Beachside Dev	N/A	N/A		54,621	0.79%	54,472	54,472	-	-	149	$ 54,621	-	54,621	
							-	-	-			$ -	-	-	
							1,376,690	1,376,690	-	-	3,764	$ 1,380,454	-	$ 1,380,454	
								63%						49%	OF TOTAL
CITY DEPOSITORY- Commercial State Bank															
N/A	Pooled Cash Savings	N/A	N/A		1,101,744	0.24%	617,038	617,038	2,090,770	(1,606,632)	568	$ 1,101,744	-	1,101,744	
N/A	Pooled Cash	N/A	N/A		222,653	0.00%	112,608	112,608	1,624,139	(1,514,094)	-	$ 222,653	-	222,653	
N/A	Police Dept Drug Seized Funds	N/A	N/A		4,802	0.00%	4,802	4,802	-	-	-	$ 4,802	-	4,802	
N/A	City Escrow Fund	N/A	N/A		787	0.00%	787	787	-	-	-	$ 787	-	787	
N/A	TDHCA Home Program	N/A	N/A		-	0.00%	-	-	-	-	-	$ -	-	-	
N/A	TCDP	N/A	N/A		-	0.00%	670	670	2,230	(2,900)	-	$ -	-	-	
N/A	Disaster Recovery Supp Rd 2.2	N/A	N/A		1,500	0.00%	1,500	1,500	-	-	-	$ 1,500	-	1,500	
							737,405	737,405	3,717,139	(3,123,626)	568	$ 1,331,486	-	$ 1,331,486	
								34%						48%	OF TOTAL
	TOTAL PORTFOLIO				$ 2,752,168	0.49%	$ 2,200,915	$ 2,200,915	$ 3,717,139	$ (3,123,626)	$ 4,365	$ 2,798,793	$-	$ 2,798,793	



CITY OF PALACIOS PERSONNEL POLICY UPDATE

Attn: All full-time, benefits eligible employees:

The below changes have been made to the City of Palacios Personnel Policy, effective **April 24, 2018**, as per City Council approval.

SICK LEAVE

a) 6.07-J – Transferring Sick Leave Between Employees – Employees who have accumulated 100 or more hours of sick leave may transfer such sick leave to another employee who, because of an extended or catastrophic illness or injury, has exhausted their sick leave, vacation or other paid leave. The amount of sick leave transferred may not exceed the following limits:

Accumulated Sick Leave	Amount Transferable
300+ hours	40 hours
200-299 hours	32 hours
100-199 hours	24 hours

The Department Director shall designate when an employee is eligible to receive transferred sick leave. All transfers shall be approved by the City Manager. Employees may only donate sick leave once in a calendar year period. Once transferred, sick leave may not be re-credited to the employee who granted it.

Please review and acknowledge these changes by signature, then return to the City Secretary.

_____

Employee's Name (Printed)

_____

Employee's Signature

Mental Health Month

WHEREAS, mental health is essential to everyone's overall health and well-being; and

WHEREAS, all Americans experience times of difficulty and stress in their lives; and

WHEREAS, prevention is an effective way to reduce the burden of mental health conditions; and

WHEREAS, there is a strong research that diet, exercise, sleep, and stress management can help all americans protect their health and well-being; and

WHEREAS, mental health conditions are real and prevalent in our nation; and

WHEREAS, with effective treatment, those individuals with mental health conditions can recover and lead full, productive lives; and

WHEREAS, each business, school, government agency, healthcare provider, organization and citizen shares the burden of mental health problems and has a responsibility to promote mental wellness and support prevention efforts.

THEREFORE, I, Glen Smith, Mayor of the City of Palacios, hereby proclaim the month of May, 2018, as

Mental Health Month

in Palacios, Texas. As the Mayor, I also call upon the citizens, government agencies, public and private institutions, businesses and schools in Palacios to recommit our community to increasing awareness and understanding of mental health, the steps our citizens can take to protect their mental health, and the need for appropriate and accessible services for all people with mental health conditions.

In Witness Whereof, I have hereunto set my hand and have caused the Official Seal of the City of Palacios to be affixed this _____ day of May, 2018.

_____

GLEN SMITH, MAYOR

ATTEST:

_____

CLISSA MILLS, CITY SECRETARY

RESOLUTION NO. 2018-R-8

A RESOLUTION OF THE CITY OF PALACIOS, TEXAS FINDING THAT AEP TEXAS INC.'S APPLICATION TO AMEND ITS DISTRIBUTION COST RECOVERY FACTORS TO INCREASE DISTRIBUTION RATES WITHIN THE CITY SHOULD BE DENIED; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Palacios, Texas ("City") is an electric utility customer of AEP Texas Inc. ("AEP" or "Company"), and a regulatory authority with an interest in the rates and charges of AEP; and

WHEREAS, the City is a member of the Cities Served by AEP ("Cities"), a membership of similarly situated cities served by AEP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in AEP's service area; and

WHEREAS, on or about April 3, 2018 AEP filed with the City an Application to Amend its Distribution Cost Recovery Factor ("DCRF"), PUC Docket No. 48222, seeking to increase electric distribution rates by approximately $3.1 million (an approximately $800,000 decrease for the Central Division and $3.9 million increase for the North Division); and

WHEREAS, all electric utility customers residing in the City will be impacted by this ratemaking proceeding if it is granted; and

WHEREAS, Cities are coordinating its review of AEP's DCRF filing with designated attorneys and consultants to resolve issues in the Company's application; and

WHEREAS, Cities members and attorneys recommend that members deny the DCRF.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PALACIOS, TEXAS:

Section 1. That the City is authorized to participate with Cities in PUC Docket No. 48222.

Section 2. That subject to the right to terminate employment at any time, the City of hereby authorizes the hiring of the law firm of Lloyd Gosselink and consultants to negotiate with the Company, make recommendations to the City regarding reasonable rates, and to direct any

necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.

Section 3. That the rates proposed by AEP to be recovered through its DCRF charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

Section 4. That the Company shall continue to charge its existing rates to customers within the City.

Section 5. That the City's reasonable rate case expenses shall be reimbursed in full by AEP within 30 days of presentation of an invoice to AEP.

Section 6. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

Section 7. That a copy of this Resolution shall be sent to Melissa Gage, American Electric Power Service Corporation, 400 West 15th Street, Suite 1520, Austin, Texas 78701 and to Thomas Brocato, General Counsel to the Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED this _____ day of _____, 2018.

_____
Mayor

ATTEST:

_____
City Secretary

APPROVED AS TO FORM:

_____
City Attorney

GLEN SMITH – Mayor
JOHNNY TRAN –Councilmember Place 1
JUDY CHAVEZ – Councilmember Place 2
MARY CROCKER – Councilmember Place 3
TROY LEWIS – Councilmember Place 4
ANDY ERDELT – Councilmember Place 5
STEPHEN MCGOVERN – Councilmember Place 6

CITY OF PALACIOS
CITY COUNCIL REGULAR MEETING MINUTES
April 10, 2018

CALL TO ORDER – Mayor Glen Smith at 7pm
INVOCATION – Councilmember Chavez
PLEDGE OF ALLEGIANCE – Councilmember Lewis
PLEDGE TO TEXAS FLAG – Councilmember Lewis
PLEDGE TO PALACIOS FLAG – Councilmember Lewis

VISITOR / CITIZEN FORUM – Patricia Loving asked everyone to wear orange on Friday, April 20th for National Day of Action against Gun Violence in Schools. Chip Woolfe noted a discrepancy in the financial statements. Becky Rusk stated that Friends of Elder Citizens is expanding a new public transportation voucher program in Matagorda County starting May 1st, and they need a dedicated driver and vehicle in Palacios.

ADMINISTRATIVE REPORTS

1. Planning and Zoning Committee needs appointment for vacant position
2. Election –Early Voting begins April 23
3. Certificate of Recognition for Outstanding Recycling Efforts in 2017

ITEMS TO BE CONSIDERED

1. Discuss and consider approving a contract with Urban Engineering for the Downtown Revitalization grant
   Councilmember Crocker motioned to approve the contract with Urban Engineering for the Downtown Revitalization grant
   Councilmember Chavez seconded
   There was no opposition
   With no opposition, the motion carried

2. Discuss and consider accepting the Quarterly Financial Statement as of March 31, 2018 and the Quarterly Investment Report as of March 31, 2018
   Councilmember Lewis motioned to table the Quarterly Financial Statement and the Quarterly Investment Report
   Councilmember Erdelt seconded
   There was no opposition
   With no opposition, the motion carried
3. Discuss an amendment to the Personnel Policy to allow employees to donate their sick time to other employees – Council discussed an amendment to the Personnel Policy to allow employees to donate their sick time to other employees and agreed to add this item on the agenda for the next council meeting to be adopted
4. Proclaim April as National Safe Digging Month
   Mayor Glen Smith proclaimed April as National Safe Digging Month
5. Discuss and consider action to approve the following consent agenda items:
   a) Minutes of the March 27, 2018 Regular Council Meeting
   b) Excuse the absence of Councilmember Tran on March 27, 2018 Regular Council Meeting

   Councilmember Crocker motioned to approve the minutes of the March 27, 2018 council meeting and excuse the absence of councilmember Tran at the March 27, 2018 council meeting
   Councilmember McGovern seconded
   There was no opposition
   With no opposition, the motion carried

NO EXECUTIVE SESSION

ADJOURN
Councilmember Erdelt motioned to adjourn the meeting at 7:30 pm
Councilmember Crocker seconded
There was no opposition
With no opposition, the motion carried

_____
Glen Smith, Mayor

_____
Clissa Mills, City Secretary