MERCEDES CITY COMMISSION
REGULAR MEETING
SEPTEMBER 16, 2025 – 6:30 PM
MERCEDES CITY HALL – COMMISSION CHAMBERS
400 S. OHIO AVE., MERCEDES, TX 78570

MEMBERS PRESENT: Mayor Oscar Montoya
Commissioner Joe Martinez
Commissioner Jacob Howell
Commissioner Armando Garcia
Mayor Pro-Tem Ruben Saldana

MEMBERS ABSENT:

STAFF PRESENT: Alberto Perez, City Manager
Joselynn Castillo, City Secretary
Martie Garcia Vela, City Attorney
Meredith Hernandez, Interim Finance Director
Krisinte Longoria, Human Resources
Francisco Sanchez, Police Chief
Michael Rocha, I.T Director
Tom Villagomez, Public Works Director
Marisol Vidales, Library Director
Denisse Hernandez, Interim Planning Director
Armando Villela, Parks Director
Javier Campos, Fire Chief/EMC

OTHERS PRESENT: Nellie Zamora, Martin Johnson, Juan Vasquez, Alvaro De Leon

1. **Call Meeting to Order**
   Mayor Montoya welcomed everyone and called the meeting to order at 6:31 p.m.

2. **Establish Quorum**
   Four members of the Commission were present, constituting a quorum. Commissioner Martinez arrived later in the meeting.

3. **Invocation**
   The invocation was led by Commissioner Howell.

4. **Pledge of Allegiance**
   The Pledge of Allegiance was led by Commissioner Garcia.

5. **Open Forum**
   There were no sign-ups for Open Forum.

6. **Presentation**

a. **Presentation by Melden & Hunt regarding the Water Well Project**

Mr. Ruben James De Jesus and Mr. Mike Hernandez provided the monthly report for June regarding the progress of the water well project. They noted that the cost estimate and the current project schedule are still pending. Environmental clearance has been obtained, and the project is now in the design phase. Funding has been allocated, and efforts are underway to close on the grant in order to access the funds.

They further reported that the permitting from TCEQ remains pending, with completion anticipated by February 2026. In response to a question, Mr. De Jesus confirmed that Well Site No. 1 is the designated site for development. Mr. Perez clarified that funds are allocated exclusively for Site No. 1 and not for Site No. 2.

b. **Presentation on Mile 2 W Project by Pct. 1**

County Commissioner David Fuentes and Mr. Lozano informed the Commission about the 9-mile road rehabilitation project from Highway 107 to IH-2 on Mile 2 West, with a total allocation of $12 million. They reported that 2.5 miles of the project fall within the City limits of Mercedes. Approval is requested for work to proceed inside the City limits. The County will front the costs and invoice the City at a later time during FY 2026–2027. The project will restore the existing pavement, and Commissioner Fuentes noted that bar ditching improvements will be completed following construction.
Mayor Montoya expressed appreciation to Commissioner Fuentes and Mr. Lozano for their continued support and assistance to the City of Mercedes.

At this time, Commissioner Garcia motioned to move to Item 9F. Commissioner Howell seconded. Upon a called vote, the motion passed unanimously. Ms. Caso clarified that the item is listed as 9D as per the addendum. Commissioner Garcia corrected his motion to move to Item 9D. Commissioner Howell seconded. Upon a called vote, the motion passed unanimously.

7. **Consent Agenda**
   a. **Approval of Minutes for Meeting(s) held September 2, 2025**
   b. **Second and Final Reading of Ordinance 2025-26 regarding the voluntary annexation of Salvador Roel Garcia and Jeffrey Adam Bryant**
   c. **Second and Final Reading of Ordinance 2025-27 to adopt the City of Mercedes Budget for FY 25-26**
   d. **Approval of the Non-Discrimination Policy as required by GLO**

Commissioner Garcia made a motion to approve and forego the reading of Items B and C. Mayor Pro-Tem Saldana seconded. Upon a called vote, the motion passed unanimously.

8. **Management Items**: Present, discuss, consider and possibly take action regarding:
   a. **Approval of Budget Amendment for Vehicle Maintenance**

Mayor Pro-Tem Saldana motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

b. Approval of Memorandum of Agreement between LEAD Regional Advisory Council (EMTF) and City of Mercedes - Mercedes Fire Department for Emergency Medical Task Force

Commissioner Howell motioned to approve. Commissioner Garcia seconded. Chief Campos informed the Commission that the agreement allows the Fire Department to respond to regional calls and that reimbursement will cover personnel, equipment, and fuel. Mayor Montoya expressed pride in the Fire Department for their EMS services, which enabled the EMTF to request assistance from the City of Mercedes. Upon a called vote, the motion passed unanimously.

c. Approval of MOU between the City of Mercedes Fire Department and South Texas College for fire-related continuing education and training equipment resources.

Mayor Pro-Tem Saldana motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

d. Approval of Facility Usage Agreement between the City of Mercedes Fire Department and South Texas College for access to the college's live fire burn training facility.

Commissioner Garcia motioned to approve. Mayor Pro-Tem Saldana seconded. Chief Campos stated that this agreement pertains to the use of a training facility for controlled burn exercises. He noted that while the facility charges per hour for training, there will be no charges for personnel. Upon a called vote, the motion passed unanimously.

e. Approval of the updated Procurement Policy

Commissioner Howell motioned to approve. Mayor Pro-Tem Saldana seconded. The Interim Finance Director Ms. Hernandez stated that the policy required updating, as the previous version was adopted in 2017. Upon a called vote, the motion passed unanimously.

9. Ordinances/Resolutions

a. Approval of First Reading of Ordinance 2025-28 to Rezone Lot 7 Block 41 Capisallo E Subdivision

Interim Planning Director Denisse Hernandez stated that this item pertains to the Warehouse Pallet. She noted that only three members were able to vote, resulting in a vote of two to one. The rezone request is from Newly Annexed to Business. Mayor Pro-Tem Saldana motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

b. PUBLIC HEARING on Proposed Tax Rate for 2025

Mayor Montoya opened the public hearing at 7:11 p.m. There were no comments from the public. Mayor Montoya closed the public hearing at 7:14 p.m.

1) Approval of first reading of Ordinance 2025-29 to adopt the Tax Rate for 2025

Mayor Pro-Tem Saldana motioned to approve and forego the reading. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

c. Approval of Ordinance 2025-30 updating the Water and Sewer Rates

Mr. Jason Gray addressed the Commission regarding utility rates. He reported that a recent water rate study indicates that utility rates increase on average by 5% annually, with construction costs rising faster than inflation. Mayor Montoya noted that cities only receive grants for necessary projects, not discretionary ones. It was further explained that cities not increasing rates typically have no ongoing utility construction projects.

Mr. Gray presented four scenarios and recommended updating the tier structure to the new rates for the coming year. The base charge is determined by meter size:

Scenario 1A: Funds clean water and drinking water revolving fund projects only, utilizing both forgivable loan elements and low-interest state loans. This is the lowest-cost alternative for immediate projects but does not fund future CIP projects. Base cost increase for average 5,000-gallon user: $3.96.

Scenario 1B: Funds current expenses plus contemplated CWSRF and DWSRF projects using market-rate bonds instead of state funding. Allows completion of immediate projects but requires considerably higher rate increases. Base cost increase: $10.91.

Scenario 2: Funds current expenses plus current CWSRF and DWSRF projects using state programs, with an additional $5M annual market-rate debt issuance. Capitalizes on state programs and supports meaningful CIP projects over the long term. Base cost increase: $6.30.

Scenario 3: Funds current expenses plus current CWSRF and DWSRF projects using state programs, with an additional $10M annual market-rate debt issuance. Supports completion of all known long-term CIP projects. Base cost increase: $8.74. Water rate would increase 7% and sewer rate 15%.

Commissioner Martinez arrived at 7:49 p.m.

Mr. Matt Lujan explained the timeline due to a pending grant. Mayor Pro-Tem Saldana motioned to approve and adopt Scenario 3. There was no second, and the motion died. Mr. Mike Hernandez of Melden & Hunt noted that equipment costs are rising, increasing project costs if the City delays. Mr. Perez expressed comfort with Scenario 2. Mayor Pro-Tem Saldana motioned to approve and adopt Scenario 2. Commissioner Garcia seconded. Upon a called vote, the motion passed with Commissioner Howell voting against.

d. Approval of Resolution 2025-20 authorizing the Resale of Foreclosed Real Estate Properties for failure to pay ad valorem taxes

Ms. Janelle Caso addressed the Commission regarding homes that have been struck off following the tax resale. She provided information on properties that did not sell during the tax resale and explained that the City can purchase and retain these properties by submitting a bid to the taxing entities. Property No. 2, located at 642 Iowa St., had an appraised value of over $70,000, with a requested purchase price of $27,000. Mr. Romeo Cantu clarified that the City can approve the resolution while still removing the property from the tax resale at a later time. The Commission moved to discuss this item in executive session.

The Commission proceeded with the agenda as written. Move back to item 7.

Following Executive Session, Commissioner Martinez motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

e. Approval of Resolution 2025-21 regarding establishing a Utility Fund Bank account

Finance Director Meredith Hernandez addressed the Commission, stating that staff recommends separating the General Fund from the Utility Fund in the bank to facilitate audits. Commissioner Howell motioned to approve. Mayor Pro-Tem Saldana seconded. Upon a called vote, the motion passed unanimously.

f. Consideration and Approval of a Resolution 2025-22 relating to establishing the City's Intention to reimburse itself for the prior lawful expenditure of funds relating to constructing various city improvements from the proceeds of tax-exempt obligations to be issued by the city for authorized purposes; authorizing other matters incident and related thereto; and providing an effective date

Mr. Matt Lujan requested that Items F and G be considered together. Mr. Lujan, with Estrada Hinojosa, addressed the Commission regarding financing on the Interest & Sinking (I&S) side for a Fire Engine, building maintenance, Public Works, and Utilities projects. Bond counsel for the financing is Norton Rose Fulbright. He explained that a notice will need to be posted for 45 days before financial institutions can submit bids.

Commissioner Martinez motioned to approve item 9F and 9G. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

g. Consideration and Approval of a Resolution 2025-23 by the City Commission of the City of Mercedes, Texas Authorizing and approving publication of Notice of Intention to issue certificates of obligation; complying with the requirements contained in securities and exchange commission rule 15c2-12; and providing an effective date

10. Bids/Contracts

a. Approval to select a contractor for the 2019 GLO Floods Mercedes Drainage Improvement Project

Commissioner Howell initially motioned to approve, but rescinded his motion following input from Ms. Dalinda Ramos with SWG. Ms. Ramos stated that the environmental review was approved in June and that bids were received on August 15, 2025. The lowest bidder was G8 Utilities, with a bid of $1,002,412.00. The project includes a $1,000,000 grant and involves drainage improvements near the dome, connecting to the existing gate structure currently being processed with the drainage district.

Commissioner Martinez motioned to approve the recommendation. Commissioner Howell seconded. Upon a called vote, the motion passed unanimously.

b. Approval of Televon (Civic Tech) Contract Amendment FY 25-26 Renewal

I.T. Director Michael Rocha addressed the Commission regarding amending the current contract to reflect the city's goals and needs. Televon will continue its operations of backup and disaster recovery of critical infrastructure as well as Tier 2 and 3 non-emergency support. The pricing will reduce from $5,000 per month to $2,800 per month equating to $33,600 annually down from $54,000. Commissioner Martinez motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

c. Approval of Agreement for Animal Control Services with the City of Weslaco

Mr. Perez stated that this item is a renewal. Commissioner Martinez motioned to approve. Commissioner Garcia seconded. Mr. Perez noted that staff is exploring other options. Chief Sanchez stated that the department is organizing an event for spay and neuter, as well as tagging and registration of pets. Mayor Montoya requested that this item be placed on the next agenda to advance the event. Upon a called vote, the motion passed, with Commissioner Howell voting against and recommended reaching out to non-profit organizations to assist.

d. Consideration and possible approval of entering into a Water CCN Buyout agreement with North Alamo Water Supply Corporation (NAWSC), subject to the criteria outlined

Mr. Mike Hernandez with North Alamo Water Supply addressed the Commission regarding an agreement for the buyout of water to allow the City to provide service to the designated area. He stated that the associated fees would be paid by the developer. The agreement designates an area on FM 491 from Mile 8 N to Mile 10 N, enabling developers within this area to receive City water service.

Commissioner Martinez motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

e. Approval to renew the Administrator of Records contract for EMS

Chief Campos stated that this item is a renewal for the requirement of the state application and that the agreement covers a two-year period. Mayor Pro-Tem Saldana motioned to approve. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously.

11. Monthly Departmental Reports

a. Recreation Center, I.T, Planning, Public Works, Library, City Sec/HR, Police Dept, Fire Dept, Finance

Mayor Pro-Tem Saldana complimented the Police and Fire Departments for the workshop they conducted on emergency management.

12. Executive Session: Chapter 551, Texas Government Code, Section 551.071 (Consultation with Attorney), Section 551.072 (Deliberation regarding Real Property), Section 551.074 (Personnel Matters) and Section 551.087 (Economic Development)

Commissioner Howell motioned to go into executive session. Mayor Pro-Tem Saldana seconded. Upon a called vote, the motion passed unanimously. The meeting went into executive session at 9:07 p.m.

a. Discussion with City Manager regarding personnel matters - Section 551.074

b. Consultation with legal counsel pursuant to Texas Government Code 551.071 (1)(a) regarding pending litigation

c. Consultation with Attorney regarding Project Anchor - Section 551.087

13. Open Session

Mayor Montoya reconvened the meeting at 11:25 p. m.

a. Possible Action pertaining to executive session item A

No action was taken on item A in executive session.

b. Possible Action pertaining to executive session item B

No action was taken on item B in executive session.

c. Possible Action pertaining to executive session item C

No action was taken on item C in executive session.

14. Adjournment

Commissioner Martinez motioned to adjourn. Commissioner Garcia seconded. Upon a called vote, the motion passed unanimously. The meeting adjourned at 11:26 p.m.