

**MERCEDES CITY COMMISSION
REGULAR MEETING
SEPTEMBER 2, 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 (Virtual)
Meredith Hernandez, Interim Finance Director
Francisco Sanchez, Police Chief
Juan Vasquez, I.T Specialist
Tom Villagomez, Public Works Director
Marisol Vidales, Library Director

OTHERS PRESENT:

- 1. Call Meeting to Order**
Mayor Montoya welcomed everyone and called the meeting to order at 6:30 p.m.
- 2. Establish Quorum**
Three members of the Commission were present, which constituted a quorum.
Commissioner Garcia was absent. Commissioner Martinez arrived later during the meeting.
- 3. Invocation by Commissioner Martinez**
Mayor Pro-Tem Saldana led the invocation.
- 4. Pledge of Allegiance by Commissioner Garcia**
Commissioner Howell led the Pledge of Allegiance.
- 5. Open Forum**
There were no public comments.
- 6. Consent Agenda**
 - a. Approval of Minutes for Meeting(s) held August 19, 2025

- b. Second and Final Reading of Ordinance 2025-24 amending Building Related Fees Ordinance
 - c. Second and Final Reading of Ordinance 2025-22 approving the Reimbursement Agreement for Olivarez Organization as it relates to TIRZ No. 2
 - d. Second and Final Reading of Ordinance 2025-25 and Consider rescinding Development Agreement approved for San Jacinto Enterprises, LLC on August 5, 2025; Consider approval of the Development Reimbursement Agreement with San Jacinto Enterprises, LLC for capital investments made in TIRZ #2, City of Mercedes as amended.
 - e. Approval of items for surplus to be sent for Auction
- Mayor Pro-Tem Saldana moved to approve all items on the Consent Agenda and forego the readings. Commissioner Howell seconded the motion. Upon a called vote, the motion carried unanimously.

7. Management Items: Present, discuss, consider and possibly take action regarding:

- a. Discussion regarding the Development Corporation of Mercedes Budget for FY 25-26
Ms. Melissa Ramirez addressed the EDC budget, noting that it had been approved by the board. She reviewed the outlet mall payments and explained which payments will be coming to an end. Commissioner Howell moved to approve the budget. Mayor Pro-Tem Saldana seconded the motion. In response to a question, Mr. Perez stated that there were no comments from the City. Upon a called vote, the motion carried unanimously.
- b. Discussion and Action for vote on Proposed Tax Rate and to schedule a Public Hearing for September 16, 2025
Ms. Meredith Hernandez informed the Commission that the Tax Office proposed keeping the tax rate the same as last year, noting a 99% payment rate. Commissioner Howell moved to approve. Mayor Pro-Tem Saldana seconded the motion. Ms. Hernandez further stated that, if collected at the same rate, the City could receive an additional \$400,000 in revenues due to increased property valuations. Upon a called vote, the motion carried unanimously.
- c. Approval of Interlocal Cooperation Agreement between the County of Hidalgo, Texas and the City of Mercedes, Texas as a mutual agreement for the development of projects
Mr. Alberto Perez explained that this contract is a renewal, which is completed every four years. Mayor Pro-Tem Saldana moved to approve. Commissioner Howell seconded the motion. Commissioner Martinez arrived at this time. Upon a called vote, the motion carried unanimously.

8. Ordinances/Resolutions

- a. Second and Final Public Hearing for the Voluntary Annexation of Salvador Roel Garcia and Jeffrey Adam Bryant
Mayor Montoya opened the Public Hearing at 6:41 p.m. No public comments were received. The Public Hearing was closed by Mayor Montoya at 6:43 p.m.

1) Approval of First Reading of Ordinance 2025-26 regarding the voluntary annexation of Salvador Roel Garcia and Jeffrey Adam Bryant
Commissioner Martinez moved to approve and forego the reading. Mayor Pro-Tem Saldana seconded the motion. Upon a called vote, the motion carried unanimously.

b. PUBLIC HEARING regarding the proposed budget for FY 2025-2026
Mayor Montoya opened the Public Hearing at 6:44 p.m. No public comments were received. The Public Hearing was closed by Mayor Montoya at 6:47 p.m.

1) Approval of First Reading of Ordinance 2025-27 to adopt the City of Mercedes Budget for FY 25-26
Commissioner Martinez moved to approve the budget and forego the reading. Commissioner Howell seconded the motion.

Ms. Meredith Hernandez reported that the proposed budget is balanced and reflects an overall increase of \$2.3 million. She noted \$2.7 million allocated for Outlet Mall payments, the inclusion of the Mile 1E project, new equipment for Public Works, Police, and Fire Departments, as well as building improvements to the Library and Recreation Center.

Mayor Montoya clarified that Outlet Mall payments will conclude in 2027, after which revenues can be redirected to other projects. In response to questions, Ms. Hernandez stated that City Hall improvements were not included due to prioritizing Recreation Center repairs, specifically its roof. She also noted that utilities remain obligated to cover electric company payments.

Ms. Hernandez further explained the increase in Parks salaries, which now includes the Parks Director position. She clarified line item differences between “Taxes – General Sales” and “Taxes – Gen Sales,” and reviewed revenue sources including Current Ad Valorem Property Tax (\$5.1 million), Solid Waste Collection Fees, and Ambulance Services (now moved to Fund 46). She added that the Library now provides notary services, generating new revenues. Additionally, staff is working with IT and Incode to implement resident alerts for water breaks and high consumption.

Discussion followed regarding utility fund payments to the General Fund, with approximately 10 payments of \$300,000 each still pending.

Mayor Montoya emphasized that this is a strong budget with a healthy fund balance, allowing the City to operate efficiently. He commended staff for their work and noted that, once outstanding payments are fulfilled, the City will be in a position to consider raises next year.

Upon a called vote, the motion carried unanimously.

c. Consideration and Approval of a Resolution 2025-19 requesting Financial Assistance from the Texas Water Development Board Drinking Water State Revolving Fund for

Constructing various public improvements to the City's Utility System; Authorizing the City's Financial Advisors, Bond Counsel, and Engineers to Coordinate the submission of the Application to the Texas Water Development Board; and other matters in connection therewith

Commissioner Martinez moved to approve the resolution. Mayor Pro-Tem Saldana seconded the motion. Upon a called vote, the motion carried unanimously.

9. 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 Martinez moved to enter Executive Session. Commissioner Howell seconded the motion. Upon a called vote, the motion carried unanimously. The Commission entered Executive Session at 7:26 p.m.

- a. Discussion with City Manager regarding personnel matters - Section 551.074
- b. Consultation with Attorney regarding update on litigation - Section 551.071
- c. Consultation with Attorney regarding Project Anchor - Section 551.087
- d. Discussion regarding Conveyance of Real Estate to Development Corporation of Mercedes: Bixby S735.5' -W862.43' IRR TR -S of HWY 83 Lot 5 & An IRR TR E202.58' -S665.51' Lot 6 17.338 AC GR 17.118 AC Net - Section 551.072

10. Open Session

Mayor Montoya reconvened the meeting at 8:27 p.m. Commissioner Garcia arrived during executive session.

- a. Possible Action pertaining to executive session item A
No action was taken on this item discussed in executive session.
- b. Possible Action pertaining to executive session item B
Commissioner Martinez moved to approve the item as discussed in Executive Session. Mayor Pro-Tem Saldana seconded the motion. Upon a called vote, the motion carried unanimously.
- c. Possible Action pertaining to executive session item C
No action was taken on this item discussed in executive session.
- d. Possible Action pertaining to executive session item D
No action was taken on this item discussed in executive session.

11. Adjournment

Commissioner Martinez moved to adjourn. Commissioner Garcia seconded the motion. Upon a called vote, the motion carried unanimously. The meeting was adjourned at 8:28 p.m. It was noted that Commissioner Howell did not return from Executive Session.