

A meeting of the Groves City Council was held on April 13, 2026, in the Groves City Council Chamber at 5:00 p.m. with Mayor Chris Borne, Councilmember Mark McAdams, and Councilmember Charles Chelette in attendance. Councilmember Brandon Holmes and Mayor Pro Tem Rae Shauna Gay were absent. Mayor Borne called the meeting to order and welcomed the attendees. Mayor Borne then led the prayer and pledge of allegiance.

Mayor Borne then asked for reports, and City Manager Kevin Carruth informed the Council that the letters regarding the customer-side shut-off valves were sent out Thursday of last week and have already begun appearing in citizens' mailboxes. Mr. Carruth then stated that the deadline to opt in to the shut-off valves is May 29, 2026.

Mr. Carruth also stated that Building Official Don Pedraza and Librarian Lou Doucet have both announced their retirements, starting June 1, 2026. There were no further reports.

Mayor Borne asked for citizen comments, and there were none.

DELIBERATE AND ACT TO APPROVE THE MINUTES OF THE MARCH 23, 2026 CITY COUNCIL MEETING: Councilmember McAdams moved to deliberate and act to approve the minutes of the March 23, 2026 City Council Meeting, and Councilmember Chelette seconded. Mayor Borne asked for questions, and there were none. Motion passed unanimously.

RECEIVE THE MINUTES OF THE APRIL 6, 2026, PLANNING AND ZONING MEETING: Mayor Borne asked Council if everyone had received a copy of the April 6, 2026, minutes of the Planning and Zoning Meeting, and everyone stated they had.

DELIBERATE AND ACT ON THE APPROVAL OF A REPLAT AT 6394 32ND STREET, LEGAL DESCRIPTION TRACTS 10-A AND 9-A, 0.6393 ACRES OF LAND, REPLAT OF ALL OF LOT 10 AND PART OF LOT 9, BLK 1 VAL VERDE GARDENS, ALSO KNOWN AS JCAD PROPERTY ID 108660: Councilmember Chelette made a motion to deliberate and act of the approval of a replat at 6394 32nd Street, legal description TRACTS 10-A and 9-A, 0.6393 Acres of Land, Replat of all of Lot 10 and Part of Lot 9, BLK 1 Val Verde Gardens, also known as JCAD property ID 108660. Councilmember McAdams seconded. Mayor Borne asked for questions or comments. Councilmember Chelette stated that he attended the Planning & Zoning Meeting when this replat was discussed, and all requirements for this replat are met. Councilmember Chelette also stated that this replat would restore the plot back to its original lot design, and would be used to build two nice homes. Mayor

Borne asked whether Planning and Zoning had any issues with this replat, and Chairman Craig Plakhooy stated they had none. Motion passed unanimously.

HEAR AND DELIBERATE ON THE PRESENTATION OF THE FY2024-2025 AUDIT: This item does not require a motion. Finance Director Lamar Ozley introduced Mike Brooks, the Audit Partner at Brooks Watson. Mr. Ozley reminded the Council that the City Auditor reports directly to the City Council. Mr. Brooks stated that he has prepared a summary presentation covering the most important numbers. Mr. Brooks stated that the audit process is broken into three phases: planning, fieldwork, and conclusion & reporting. Next is what auditors consider to be the most important part of the audit report, which is the four possible outcomes: unmodified, modified, disclaimed, and adverse. The best being unmodified and the worst being adverse. Mr. Brooks then stated that he is happy to say they were able to issue a clean, unmodified auditor's opinion on these financials, which is the highest level of assurance they can provide that the financial statements are free of material misstatement and that all footnotes are disclosed.

Mr. Brooks then reviewed several financial highlights, including that end-of-year total assets exceeded total liabilities by \$40,177,478. City governmental funds reported combined ending fund balances of \$5,092,943, an increase of \$1,536,848. The unassigned fund balance in the general fund was \$4,096,606 as of year-end. The City had an overall increase in net position (full accrual) of \$4,509,567 for the year.

The total governmental revenues excluding utility funds were \$13,070,995, an increase of \$1,741,589. The following were the three largest. Total property taxes were \$7,680,647, an increase of \$516,373. The sales taxes were \$2,192,762, an increase of \$141,025. The total grants and contributions were \$974,066, an increase of \$969,462.

Next was a summary of the governmental activities and expenses. The total expenses for the year were \$12,106,897, an increase of \$591,216. Public safety expenses were \$6,489,137, an increase of \$476,136. Public Works expenses were \$2,919,390, an increase of \$192,915. General government expenses were \$1,660,267, a decrease of \$119,254.

Mr. Brooks then reviewed the summary of governmental funds and the changes in the fund balance. The unassigned fund balance in the general fund totals

\$4,096,606 of 33% of annual general fund expenditures, which is about 4 months' reserves. Mr. Brooks then reviewed the budget-to-actuals for the general fund. The City has a positive revenue variance of \$1,025,569, meaning it received about \$1 million more than estimated in the final budget. Mr. Brooks then stated that the largest overage was property taxes at about \$200,000, but generally every category was slightly over, and the accumulation added up to the \$1 million overestimate. The expenditure variance had a negative \$145,000, which is pretty minimal overall. The other financing sources (uses), primarily transfers, had a positive budget variance of \$398,973. The overall positive budget variance was \$1,279,093, attributable to the estimated increase in the final budget.

Next was the statement of revenues, expenditures, and changes in net position for the proprietary funds, which include water, sewer, and solid waste. These funds are different than your governmental funds; they are funded by rates and fees. These funds should have rates set at a level sufficient to fund operations, debt service, and any capital improvements. If these funds are losing money or have decreases in net position over time, it is typically an indication of a rate issue or operational issue that needs to be addressed. The water & sewer fund had an operating income of \$1,820,006 for the year, and the solid waste fund had an operating income of \$710,536. This is before any transfers or capital contributions. Mr. Brooks stated that this fiscal year was in good shape and did not see any indications of any issues.

Mr. Brooks then opened it up for Council questions. Mayor Borne asked about the unassigned portion of the general fund, noting that in 2017 the City had a negative fund balance and that we are now at just over \$4 million. Mayor Borne asked if Mr. Brooks sees any issues with the City continuing to strive for six months' worth of reserves, and Mr. Brooks stated that it is completely a City decision and that he only worries when it gets too low. Mr. Brooks then stated that a six-month reserve is not unusual for a coastal community. Mayor Borne asked Mr. Brooks to explain the statement for the utility funds again, and Mr. Brooks stated that the numbers he had pointed out earlier were the operating income figures. Those numbers are non-negotiable; if you aren't funding operations, there is a serious issue. Mr. Brooks then stated that if the City accumulates any excess, it can be used for certain other costs, including administrative costs and franchise fees, which are returned to the general fund. That is the non-operating portion of this statement. Mayor Borne then asked Finance Director Lamar Ozley, prior to the rate increases, whether the change in net position was significantly off in the water and sewer portion, and Mr. Ozley stated it is usually much worse than that. Mayor Borne then stated that it would be considered better at

this point, and Mr. Ozley stated that it is absolutely better than before the rate increases, when we were at an operating loss before we even got to transfers.

City Manager Kevin Carruth then asked Mr. Brooks about his letter, in which he discussed the purchasing policy and recommended that the City increase the threshold for going out to bid, which the State changed effective September 1st of last year from \$50,000 to \$100,000. Mr. Carruth also stated that the City must contact at least two historically underutilized businesses. In the past couple of years, the State has stopped maintaining its HUB list, and the Federal Government has also stopped maintaining its HUB list. Mr. Carruth asked Mr. Brooks for a recommendation on how to achieve that goal, and Mr. Brooks stated that the HUB list, generally posted and maintained by the State Comptroller, has been replaced by VET HUB, which aims to replace historically underutilized businesses with veteran-owned businesses. The issue is that the Local Government Code has not been updated to reflect those changes. Mr. Brooks then stated that, as far as how to comply, he thinks the approach is to make a good-faith effort to contact or identify historically underutilized businesses. Mr. Brooks stated that this is an unresolved issue until they update the code, and he believes the intention is to phase out HUB and replace it with VET HUB. So, you have a government resource telling you to do one thing and the Local Government Code telling you to do another. Mr. Brooks then stated that you want to do your best to comply with the Local Government Code until it is changed, which will be the most authoritative. Ultimately, make a good-faith effort and document what has been done to comply with the local government code.

Councilmember Chelette stated that he is new to the Council but would like to congratulate the prior Council for getting the City on the right track financially. Councilmember McAdams thanked Mr. Brooks for the simplicity of the report. City Manager Kevin Carruth agreed with Councilmember McAdams, stating this presentation is better than he has seen in a very long time. Councilmember Chelette also thanked City staff and administrators for helping move the City in the right direction with finances. There was no further discussion regarding the audit.

DELIBERATE AND ACT TO AMEND ORDINANCE 2026-05, BY ADDING SEC. 24(C), PRESCRIBING THAT ALL \$26,000,000 FROM THE SALE OF THE SERIES 2026 CERTIFICATES OF OBLIGATION BE DEPOSITED INTO AN ENCUMBERED FUND: Councilmember McAdams made a motion to deliberate and act to amend Ordinance 2026-05, and Councilmember Chelette seconded. City Manager Kevin Carruth stated that every certificate of obligation, bond issue, and tax note has to be reviewed and approved by the Attorney General's Office. The City received one

comment back, and it was to make this one very minor change: state that the proceeds from this CO are going into this particular encumbered fund line item. There were no further questions, and the motion passed unanimously.

DELIBERATE AND ACT ON A CONTRACT WITH SOUTEX SURVEYORS AND ENGINEERS FOR PROJECT NO. 25-0067, A.K.A. 25TH STREET SEWER BOTTLENECK: Councilmember Chelette made a motion to deliberate and act on a contract with Soutex Surveyors and Engineers for Project No. 25-0067, a.k.a. 25th Street Sewer Bottleneck, and Councilmember McAdams seconded. City Manager Kevin Carruth reminded the Council that we have already completed the preliminary engineering on this, and that this is to perform the final engineering and instruction management. Mr. Carruth then stated that he had discussed the cost with Soutex last week, and this morning they sent a revised fee of \$185,800. Councilmember Chelette asked if Soutex would be the general contractor for this project, and Mr. Carruth stated that they would just be the engineers managing the project. There were no further questions, and the motion passed unanimously.

DELIBERATE AND ACT ON CONSTRUCTION OF A DISC GOLF COURSE AT JOHN SPIKES AND WEST GROVES PARKS, AND ACCEPTING SPONSORSHIP FROM GROVES EQUIPMENT RENTAL COMPANY: Councilmember McAdams made a motion to deliberate and act on construction of a disc golf course at John Spikes and West Groves Parks, and accepting sponsorship from Groves Equipment Rental Company of up to \$10,000. Councilmember Chelette seconded. City Manager Kevin Carruth complimented Public Works Director Troy Foxworth and Chamber Director Letha Knaus for spearheading this project. Mr. Foxworth stated that we now have the funding for this project, totaling \$9,475. The City will provide the labor, which would be normal labor hours. Mayor Borne asked about the printing of the draft material, and Mr. Foxworth stated that it is included. Mayor Borne stated we need to make sure we have a grand opening. There were no further questions, and the motion passed unanimously.

DELIBERATE AND ACT ON ORDINANCE 2026-07, SUSPENDING THE RATES PROPOSED BY TEXAS GAS SERVICE COMPANY'S MARCH 10, 2026, GAS RELIABILITY INFRASTRUCTURE PROGRAM FILING: Councilmember Chelette made a motion to deliberate and act on Ordinance 2026-07, suspending the rates proposed by Texas Gas Service Company's March 10, 2026, Gas Reliability Infrastructure Program Filing, and Councilmember McAdams seconded. City Manager Kevin Carruth stated that this is the same song and dance that we do every year. It will come back with a lower rate in the end, and Texas Gas will pay the

attorney's costs, so there is no expense to the City. There were no further questions, and the motion passed unanimously.

DELIBERATE AND ACT ON THE APRIL 13, 2026, INVOICE LIST: Councilmember McAdams made a motion to deliberate and act on the April 13, 2026, Invoice List in the amount of \$187,023.97. Councilmember Chelette seconded.

INVOICES: City Manager Kevin Carruth presented invoices for payment totaling \$187,023.97 as follows:

1. Axon Enterprise Inc	Bundle taser certification.	\$20,705.16
2. Brenntag Southwest, Inc.	Sodium Hydroxide.	\$9,597.83
3. City of Port Arthur	Sludge disposal for February 2026 and landfill fees for 1/26/26 - 2/25/26.	\$26,575.00
4. Delta Industrial	Bunker gear.	\$14,939.00
5. HEAT Safety	Air pack.	\$7,128.76
6. Lloyd Gosselink Attorneys at Law	Professional services and disbursements rendered through February 28, 2026.	\$62,600.50
7. PVS, DX	Chlorine for Water Plant.	\$6,861.60
8. PVS, DX	CL2 & SO2 for Wastewater Plant.	\$10,036.20
9. Republic Services	Container service for February 2026.	\$10,180.16
10. Wex Bank	Fuel for all vehicle's March 2026.	\$18,399.76

Mayor Borne asked for questions, and Councilmember Charles Chelette asked Chief Billeaud if that is for just one air pack, and Chief Billeaud stated that it is correct. There were no further questions, and the motion passed unanimously.

DELIBERATE ON PRESENTATION AND ON-SITE VIEWING OF ACADIAN AMBULANCE SERVICE'S AMBUS MULTI-PATIENT VEHICLE IN THE DRIVEWAY BETWEEN THE ACTIVITY BUILDING AND CITY HALL, WITH THE MEETING RECONVENING IN THE COUNCIL CHAMBER FOLLOWING THE SITE VISIT: The Council Members left the Chambers at 5:44 p.m. to take a tour of the AMBUS in the driveway between the Activity Building and City Hall. The Council then reconvened in the Council Chamber at 6:00 p.m. Mayor Borne thanked Acadian Ambulance for the tour of the AMBUS.

There was an Executive Session item on the agenda, but the City Council did not enter Executive Session due to attendance.

Mayor Borne asked for Councilmember comments. Councilmember Chelette thanked the Public Works Director for his work on bringing the disc golf to our City. Councilmember Chelette asked that our next budget include restroom upgrades and playground equipment for the children. City Manager Kevin Carruth stated that the playground equipment that was in West Groves Park was removed due to age and being unsafe. The City did salvage playground equipment from Van Buren Elementary and is in storage for installation. Mayor Borne congratulated Building Official Don Pedraza and Librarian Lou Doucet for their years of service and wished them the best of luck in retirement.

There was no further business, and the meeting was adjourned at 6:04 p.m.



Mayor

ATTEST:



City Clerk

