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CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
AUGUST 8, 2017

On August 8, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street. The invocation was offered by George Baroody, Mayor Pro Tem, followed by the Pledge of Allegiance led by Assistant Police Chief Thomason.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Mary Ellen Summerlin	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT: None

CITY STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Guillermo Garcia	Executive Director of Strategic Initiatives
Sandra Yarbrough	Director of Finance
Kim Meismier	Director of General Operations
Curtis Thomason	Assistant Police Chief
Dannie Smith	Fire Chief
Sabine Kuenzel	Executive Director of Development Services
Kyle Burow	Director of Engineering

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. ANNOUNCEMENTS OF COMMUNITY INTEREST: were given.

2. VISITORS/CITIZENS FORUM:

2A. Barbara Burton was pleased that the city was using LED street lights and leveled the light at her intersection. The contractor who put in the sewer line three years ago created a berm that did not allow storm water to drain; staff corrected the problem, but it should have been corrected by the contractor.

3. RECOGNITIONS:

3A. Acknowledgement of the City of Kerrville's contribution to the success of the 14th Annual River Clean Up.

Tara Bushnoe, Upper Guadalupe River Authority, noted 27 businesses and 550 participants participated in the July 22 river clean up. 12,025 pounds of trash and recyclables were collected. UGRA appreciated the City of Kerrville, including staff assistance and paying the disposal fee.

4. CONSENT AGENDA:

Mr. Baroody moved to approve consent agenda items 4A-4C; Ms. Summerlin seconded the motion, and the motion passed 5-0:

4A. Minutes of the regular meeting held July 11, 2017, special meeting with the Convention and Visitors Bureau held July 14, 2017, and budget workshops held July 19 and July 25, 2017.

4B. Execute a construction contract with Viking Construction, Inc. for the 2017 slurry seal project in the amount of \$367,725 and authorize the City Manager to execute additional change orders which will not exceed a total contract value of \$400,000.

4C. Amendment to the interlocal agreement for the continued existence of a Joint Airport Board to provide management of Kerrville/Kerr County Airport.

END OF CONSENT AGENDA

5. ORDINANCE, SECOND AND FINAL READING:

5A. Ordinance No. 2017-15 authorizing the City Manager to execute a commercial contract – unimproved property for an approximate 2.15 acre tract of land out of the Walter Fosgate Survey No. 120, Abstract No. 138, within the City of Kerrville, Kerr County, Texas, and more commonly known as the former city hall site located at 800 Junction Highway (SH27); authorizing the City Manager to execute a special warranty deed to convey this property and to take any other reasonable and necessary action to close on the sale of the property; repealing all conflicting ordinances; providing for severability, and declaring an effective date. Mayor White read the ordinance by title.

Mr. McDaniel noted no changes since first reading.

Mr. Ferguson moved to approve Ordinance No. 2017-15 on second and final reading. Ms. Summerlin seconded the motion and it passed 5-0.

6. ORDINANCE, FIRST READING:

6A. Ordinance No. 2017-16 annexing an approximate 11.341 acre tract out of the William Watt Survey No. 65, Abstract No. 364; said territory being adjacent to the corporate limits of the City of Kerrville, Texas, and generally located adjacent to property within the Comanche Trace residential subdivision, which is located along State Highway 173; describing the territory to be annexed; adopting a service plan for the territory annexed; and establishing the zoning for the area annexed. Mayor White read the ordinance by title.

Mayor White noted planning and zoning held a public hearing on June 1 and city council held public hearings on July 11 and 25.

Mr. Baroody moved to approved Ordinance No. 2017-16 on first reading. Mr. Voelkel seconded the motion and it passed 5-0.

7. CITY COUNCIL RECESS: The City Council recessed at 6:14 p.m. for a meeting of the Employee Benefits Trust (see separate minutes). The City Council returned to regular session at 6:21 p.m.

8. CONSIDERATIONS AND POSSIBLE ACTION:

8A. Resolution No. 28-2017, authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related group benefits for Fiscal Year 2018.

Ms. Meismer recommended approval of the resolution that would authorize the transfer of funds in an amount not to exceed \$6,500 per employee to the employee benefits trust to pay for employee benefits for 2018, and to authorize the use of funds from the employee benefit reserve fund as needed.

Ms. Summerlin moved for approval of Resolution No. 28-2017 and to authorize the use of funds from the Employee Benefit Trust Reserve; Mr. Baroody seconded the motion and it passed 5-0.

8B. Resolution No. 29-2017, setting forth the ad valorem (property) tax rate to be considered for adoption for the 2017 tax year; calling two public hearings prior to the adoption of said rate; and calling a public hearing prior to the adoption of the Fiscal Year 2018 budget as required by both the City's Charter and State Law.

Ms. Yarbrough noted the resolution would set two public hearings on the tax rate for August 22 and September 12; and one public hearing for the budget on August 22. The proposed rate was \$0.5625/\$100 valuation, which was 2.13% over the effective tax rate of \$0.5514%; the notice also provided a summary of the budget.

Mayor White stated the motion to approve of Resolution No. 29-2017 setting the proposed ad valorem tax rate to be considered for adoption for the 2017 tax year at \$0.5625 per \$100 valuation and calling two public hearings of the proposed ad valorem tax rate as required by state law, also the publication of a general summary of the proposed budget and a public hearing of the proposed FY2018 budget as required by both the City Charter and State Law prior to the adoption of the fiscal year 2018 budget. Mr. Ferguson moved the motion as stated; the motion was seconded by Mr. Voelkel and passed 5-0.

8C. Resolution No. 30-2017 approving/disapproving Kerr Central Appraisal District's (KCAD) fiscal year 2018 budget.

Sharon Constantinides, KCAD Chief Appraiser, presented KCAD's FY2018 budget. She noted payments for the construction loan for the new building started in May 2017; the FY2018 budget included a full year of loan payments

(\$51,000), which made up 4.76% of the total budget increase of 5.5% over FY2017. The loan was at 4.25% for 22 years.

Mr. Ferguson moved for approval of Resolution No. 30-2017 approving the KCAD FY18 budget; Ms. Summerlin seconded the motion and it passed 5-0.

8D. Resolution No. 32-2017 providing for the city's approval or disapproval of an amendment to the Kerr Central Appraisal District's 2016 fiscal year budget.

Sharon Constantinides, KCAD Chief Appraiser, noted the audit had been completed and reported a budget surplus of \$76,510.57, of which the city's portion was \$10,426. The surplus was due mainly to salary savings and lower fuel cost. She reviewed past years' budget surpluses and noted prior surpluses had been designated to the KCAD building fund. She requested that the FY2016 surplus be budgeted toward KCAD's new building project.

Mr. Baroody opined that budget surplus should be returned to the taxing entities, particularly to school districts, instead of leaving it with KCAD for building construction.

Ms. Summerlin moved for approval of Resolution No. 32-2017; Mayor White seconded the motion and the motion passed 4 to 1 with Councilmembers Summerlin, White, Voelkel, and Ferguson voting in favor of the motion; and Councilmember Baroody voting against the motion.

8E. Resolution No. 31-2017 creating the Comprehensive Plan Steering Committee; establishing its purpose, membership size, term, procedures and related matters.

Mr. McDaniel noted the resolution would appoint 42 persons (6 by each councilmember, the 5 councilmembers, and 7 planning and zoning commission members). Chairman of the committee would be Planning and Zoning Commission Chairman Bob Waller. A special meeting was scheduled for August 15 for council to interview professional services consultants.

Ms. Summerlin moved for approval of Resolution No. 31-2017; Mr. Ferguson seconded the motion and it passed 5-0.

9. INFORMATION AND DISCUSSION:

9A. Official presentation of the proposed fiscal year 2017-2018 budget.

Mr. McDaniel noted the proposed budget was filed in the city secretary's office on July 31 and was available on the city's website. He presented the FY2018 budget and discussed the following:

- Balanced budget with \$26.8M in revenues and expenditures.
- Reserve fund balance of 27% (goal is 25%).
- Proposed budget will raise \$164,461 more (2%) in property tax due to growth and increase in property values.

- No increase in tax rate; current tax rate of \$0.5625/\$100, same for nine years; effective tax rate of \$0.5514/\$100; amount of reduction at effective tax rate would be \$145,000.
- 2.8% increase in emergency medical service based on consumer price index.
- Solid waste/garbage services increase 1.8% to Republic Services based on consumer price index as per contract.
- Increase in expenditures from FY2017 to FY2018: \$1,176,017 including: increase in personnel related expenses (average 3% merit increase for general employees and 2% cost of living for police and fire), street maintenance, full year of operations at the sports complex, and increase in abatement (code) funds.
- No increase in water/sewer fund rate; 1% growth in sales; 28% fund balance at fiscal year end.
- Transfer to water/sewer debt service at 32.4%.
- Increase in expenditures in water/sewer fund from FY2017 to FY2018 \$105,200.
- Golf Fund: rate increase would generate \$25,000; decrease of \$92,109 in expenditures; general fund subsidy of \$80,000.

Mr. Voelkel questioned if the city lowered the employee merit increase, could the city adopt the effective tax rate. Mr. McDaniel noted the effective tax rate would net \$145,000 in the general fund, which would equate to a 1% reduction in merit. If council proposed to go to the effective tax rate, he would present several options for consideration. Mr. Voelkel requested merit reduction be one of the options.

10. CITY MANAGER'S REPORT

Mr. McDaniel reported on the following: provided the monthly capital projects report; planning a future workshop on transportation, will include TxDOT; and council to interview consultants to assist with the comprehensive plan on August 15 at 1:00.

11. ITEMS FOR FUTURE AGENDAS: None

12. EXECUTIVE SESSION: None.

13. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: None.

ADJOURNMENT. The meeting adjourned at 7:21 p.m.

APPROVED: 09/12/2017

ATTEST:

Bonnie White, Mayor

Brenda Craig City Secretary