

This meeting is recorded and can be viewed on the city's website at www.kerrvilletx.gov.

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
SEPTEMBER 12, 2017

On September 12, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor Pro Tem Baroody in the city hall council chambers at 701 Main Street. The invocation was offered by Councilmember Warren Ferguson, followed by the Pledge of Allegiance led by Dannie Smith.

COUNCILMEMBERS PRESENT:

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

COUNCILMEMBER ABSENT:

Bonnie White	Mayor
--------------	-------

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 Meisner	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Stuart Cunyus	Public Information Officer

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:**

1. Deborah Gaudier, representing Kerr County Historical Commission, invited council to two marker dedications at the Depot and Rails Event Hall on September 16 at 2 p.m.

3. **PRESENTATIONS:**

3A. Certificate of Recognition to Dale Meier, Garage Superintendent, for 40 years of city employment.

4. **CONSENT AGENDA:**

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

4A. Minutes of the regular meetings held August 8 and August 22, 2017; special meeting held August 15, 2017; workshop held August 15, 2017, and the joint meeting with the Economic Improvement Corporation held August 21, 2017.

4B. Resolution No. 35-2017 designating the official newspaper for the City of Kerrville, Texas; providing authority for the City Manager to act as may be appropriate; providing for an effective date; repealing Resolution No. 03-2017 and any other resolutions in conflict herewith.

4C. Purchase of one 3D S350 laser scanner system from FARO Technologies for the police department funded from the Office of the Governor, Criminal Justice Division, Edward Byrne Memorial Justice Assistance Grant Program in the amount of \$92,102.

4D. Professional Services Agreement with 6S Engineering, Inc. in the amount of \$77,736 for engineering services to reconstruct a portion of Singing Wind Drive.

END OF CONSENT AGENDA

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Fiscal Year 2018 budget for the City of Kerrville, Texas Economic Improvement Corporation (EIC).

Mr. Hoppe noted the EIC FY2018 budget was approved by EIC on August 21, 2017. Expenditures were budgeted at under \$4.8 million; the projected income was \$3.5 million; and \$1.3 million was proposed to be used from the unrestricted fund balance. The total unrestricted fund balance was estimated at \$2.2 million at year end. Debt service was distributed into each project category. Mr. Hoppe presented the allocations in each category; and noted the Legion lift station project qualified for EIC funding. Mr. Hoppe noted EIC approved \$140,000/up to \$180,000 for the Kerr Economic Development Corporation (KEDC). FY2018 was the third year of a three year contract with KEDC that allocated up to \$180,000 annually.

Ms. Summerlin moved to approve the EIC budget as presented; Mr. Ferguson seconded the motion.

The following persons spoke:

1. John Hepner asked that council give favorable consideration to the city's parking garage improvement plan; such improvements would enhance the appearance of the downtown area.

2. Bill Blackburn stated that KEDC was a vital organization and urged the council to continue to support KEDC. He worked with many low income people who were hampered by low wages and Kerrville needed good solid jobs that paid above a barely living wage. The partnership between the City and KEDC would serve the community well.

3. Jack Pratt noted that KEDC was set up to operate independently of the city and economic development (ED) should not be managed as a city department. KEDC and EIC consisted of business and professional people. ED requests filtered through KEDC, EIC, and then to the city and county for approval. Eliminating other taxing entities from being economic partners was not in the best interest of the city. Reserves

were essential to economic stability. Reserves should be used for unexpected events, and not for operations.

4. Don Barnett, KEDC board member, noted that KEDC's commitment was to jobs and finding companies to locate to Kerrville; it was a competitive market. KEDC was comprised of professional people who used ED strategies to the benefit of Kerrville. He supported the EIC budget presented.

5. Brian O'Connor, KEDC Executive Director, provided an activity report and highlighted accomplishments, return on investment, and the number of jobs created in the past two years. Confidentiality was paramount in ED due to the sensitive nature of the business. KEDC was developing a property/industrial space inventory, and a data base on grant opportunities. He was also working with technical and trade schools and local colleges to provide adequate workforce. Mr. O'Connor noted the original intent of the reserve was to work with a local developer and architect to create conceptual drawings for a flexible build to suit plan; such a plan was imperative to move projects to the next level; the reserve fund was critical for this project.

Mr. Baroody opined that such a project should be an EIC project directly rather than funded out the reserve.

6. Walt Koenig, Chamber of Commerce President and CEO, stated the position and objectives of the chamber. He opined that the communication issues that existed around ED could be improved by the recently appointed KEDC/EIC subcommittee. The chamber requested full support and funding of KEDC.

7. Barbara Burton stated when the 4B sales tax was presented to the citizens it was presented as a means for infrastructure development; now it is ED and quality of life; infrastructure was needed.

8. Mike Sigerman asked how the reserve came about.

Mr. Baroody explained it was unspent funds from the prior year when the director position was vacant.

Mr. Baroody noted if the budget was approved as is, the council would be approving up to \$180,000 for KEDC, which included \$40,000 in the reserve fund. KEDC would be fully funded at \$140,000, and he preferred that KEDC use the \$40,000 reserve fund. KEDC's expense budget was \$255,000. KEDC was also funded by KPUB and Kerr County. He also noted that EIC funds could be used to fund projects outside the city. Mr. Baroody stated he was not proposing to cut any funds or under fund KEDC, rather, to discuss and evaluate the process.

Ms. Summerlin noted the EIC budget included funding for KEDC up to \$180,000 and was recommended and approved by EIC. ED was very costly and competitive, but if the city stopped competing for ED, the city would not receive benefit of any ED projects.

The motion failed 2 to 2 with Councilmembers Summerlin and Ferguson voting in favor of the motion and Councilmembers Baroody and Voelkel voting against the motion.

Mr. Baroody stated the budget would go back to EIC and then come back to Council.

6. PUBLIC HEARING:

6A. Public hearing on the ad valorem tax rate for tax year 2017/fiscal year 2018 for the City of Kerrville.

Ms. Yarbrough noted two public hearings were required since the proposed tax rate of \$0.5625 exceeded the effective tax rate of \$0.5514. The city had maintained the same tax rate of \$0.5625 for nine years. The maintenance and operations portion of the budget for the general operations was \$0.4890, and the interest and sinking portion (debt service) was \$.0735. The average homestead property value of \$193,902 would have an increase of \$21.52 at the proposed rate, and would increase tax revenue by about \$159,000 due to increased property appraisals.

Mr. Baroody declared the public hearing open at 7:06 p.m. and the following person spoke:

1. Bill Tyler stated the city should consider a tax increase, not a decrease. He cited infrastructure problems throughout the city and equipment and training needs and noted by keeping the same tax rate, the city would become stagnant. Deferred maintenance would become worse as the town grows and will cost more in the long run. The city did not have a strategic budget and program to address what the needs were.

No one else spoke, and Mr. Baroody closed the public hearing at 7:09 p.m.

The following statement was made by Mr. Baroody:

"The adoption of the proposed ad valorem tax rate will occur through separate reading of an ordinance, the first reading will occur on Tuesday, September 12, 2017, at 6:00 p.m.; followed by the second reading and adoption of the ordinance to occur on Tuesday, September 26, 2017. Both readings and considerations of the ordinance will occur at city hall, council chambers, 701 Main Street, Kerrville, Texas."

7. ORDINANCES, FIRST READING:

7A. Ordinance No. 2017-17, adopting the annual budget for the City of Kerrville, Texas, fiscal year 2018; providing appropriations for each city department and fund; containing a cumulative clause; and containing a savings and severability clause.

Mr. McDaniel noted council previously instructed him to bring forth options that would balance the budget if the tax rate was decreased to the effective rate of \$0.5514, which would reduce revenue by \$160,000. He noted the following additional adjustments also needed to be addressed: 1) Water expense at the sports complex (+\$60,000); 2) Waive library fee for county residents (+\$21,500) (this would be in exchange for enhanced animal services by the county); and 3) EMS-Lifepak savings from a grant (-\$34,000); leaving a net total of \$207,485. Mr. McDaniel presented five options and noted he was not recommending any of the options; his recommendation was to stay with the original budget and to include the three adjustments listed above.

Mr. McDaniel noted he was also asked to provide information about how decreasing the tax rate to the effective rate and adopting the options would affect future budgets. He noted that three of the options would have the city in the red by FY2019.

Council also discussed the following:

- Moving Playhouse funding to the hotel occupancy tax fund.

- Would the options affect the water rate?

Mr. McDaniel stated the city avoided a water increase in FY18; however, additional projects and expenses were anticipated in FY19, and staff would probably propose a 6% increase in water and 2% increase in sewer rates in FY19. The options could impact those increases.

- In the past, the city has had a surplus every year.

Mr. McDaniel noted the city had unexpected expenditures this year and some money was spent out of the contingency fund.

- City policy targeted a reserve of 25%; the city's reserve was projected in the FY18 budget to be above the 25%.

Mr. McDaniel noted the figures were only projections; funds above the 25% could be spent on non-recurring, one-time expenditures that would not have to be built into future budgets. He suggested waiting until the exact amount could be confirmed in the audit.

- The options presented lowered the city's reserve fund balance, which could affect the purchase of a fire truck (\$750,000).

- All options presented were risky and based on predictions. A savings of \$21.50 per average household, which created a future risk and slowed down progress, was of very little benefit.

- The city manager proposed a budget that was balanced, conservative and indicated that the city's economy was growing.

Mr. Baroody stated he was suggesting a status quo tax, not a tax cut. A property owner would pay the exact same amount as last year by the city keeping the effective tax rate, and no city services would be cut.

Ms. Summerlin motioned to approve Ordinance No. 2017-17 to adopt the city's budget for fiscal year 2018 on first reading. Mr. Ferguson seconded the motion.

The following persons spoke:

1. Jack Pratt stated a roll back in the tax rate would negatively affect the city's financial well-being and bond rating, which could increase the city's cost of doing business. A roll back tax rate would not be sustainable and the city will have to raise the tax rate in the future. The tax rate had not increased in nine years, allowing the city to invest in things needed. He requested more funds be budgeted for public safety to address the drug problem in the community.

2. Mike Sigerman noted the city manager presented five options, as requested to do by the city council, but the city manager did not recommend any of the options. The city manager recommended the budget be adopted as he presented it, and recommended

adopting the same tax rate, not the effective tax rate. If the council had confidence in the city manager, they should approve the budget and the same tax rate.

3. Kenneth Early questioned since the council did not approve the EIC budget, and the EIC budget was part of the city budget, can the city's budget be approved? The council had problems with both proposed budgets and did not listen to persons who were appointed to city boards.

Mr. McDaniel noted the EIC budget had been pulled from the city's budget and was now a separate item of consideration, not part of the city budget.

The motion failed 2-2, on the following roll call vote:

Mayor White	<u>Absent</u>
Mayor Pro Tem Baroody	<u>No</u>
Councilmember Voelkel	<u>No</u>
Councilmember Summerlin	<u>Yes</u>
Councilmember Ferguson	<u>Yes</u>

4. Jack Pratt questioned if the motion failed on first reading, could there be a second reading? Mr. Baroody responded yes.

Ms. Summerlin moved to adopt the budget that will require raising more revenue from property taxes than the previous fiscal year. Mr. Ferguson seconded the motion and the motion failed 2-2, on the following roll call vote:

Mayor White	<u>Absent</u>
Mayor Pro Tem Baroody	<u>No</u>
Councilmember Voelkel	<u>No</u>
Councilmember Summerlin	<u>Yes</u>
Councilmember Ferguson	<u>Yes</u>

7B. Ordinance No. 2017-18, levying an ad valorem tax for the use and the support of the municipal government for the City of Kerrville, Texas, for the fiscal year 2018; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid.

Ms. Summerlin motioned that Ordinance No. 2017-18 be adopted and that the property tax rate be increased by the adoption of a tax rate of \$0.5625, which is effectively a 2.013% percent increase in the tax rate. Mr. Ferguson seconded the motion and the motion failed 2-2, on the following roll call vote:

Mayor White	<u>Absent</u>
Mayor Pro Tem Baroody	<u>No</u>
Councilmember Voelkel	<u>No</u>
Councilmember Summerlin	<u>Yes</u>
Councilmember Ferguson	<u>Yes</u>

8. CONSIDERATION AND POSSIBLE ACTION:

8A. Termination of the disaster declaration as previously issued by the Mayor and extended by City Council.

Mayor White issued a disaster declaration due to Hurricane Harvey on August 25 and City Council authorized extension on August 30. Staff recommended the disaster declaration be terminated.

Mr. Ferguson moved to terminate the Declaration of Disaster; Ms. Summerlin seconded the motion and it passed 4-0.

8B. Professional Services Agreement with Kimley-Horn and Associates, Inc. for development of the new Comprehensive Plan in the amount of \$369,715.

Mr. McDaniel noted a contract had been negotiate with Kimley-Horn for professional services to help develop a comprehensive plan, in the amount of \$369,715. He introduced Mark Bowers, a representative of Kimley-Horn.

Ms. Summerlin moved to authorize the execution of the agreement. Mr. Voelkel seconded the motion and it passed 4-0.

8C. Revisions to applications for boards and commissions.

Councilmembers Summerlin and Ferguson proposed revisions to the board application. Applicants would submit one generic form and one specific application related to the specific board for which they were applying. If both applications were not filled out completely, they would not be considered. A person would have to complete the specific board application for each board for which they were applying. Statements on the previous form were changed for clarity and redundant statements were removed.

Mr. Ferguson moved to adopt the forms as presented. Ms. Summerlin seconded the motion. The motion passed 4-0.

8D. Nonexclusive License Agreement between City of Kerrville and Hill Country Youth Soccer Association for use of the Kerrville Sports Complex.

Mr. Hoppe noted the agreements in 8D and 8E were identical except for the schedule dates. The agreements were modeled after the existing agreements for facilities at landfill road. The city was charging only for the time used and at half rate.

Ms. Summerlin moved to approve the agreement; Mr. Voelkel seconded the motion and it passed 4-0.

8E. Nonexclusive License Agreement between City of Kerrville and Hill Country Crush Soccer Academy, Inc. for use of the Kerrville Sports Complex.

Mr. Ferguson moved to approve the agreement; Mr. Voelkel seconded the motion and it passed 4-0.

8F. Direction to City staff regarding a request for the City of Kerrville to abandon and/or convey a portion of Spring Street E right-of-way generally located south of and within the 900 block of Water Street.

This item was withdrawn by the applicant.

9. CITY MANAGER'S REPORT

Mr. McDaniel introduced Stuart Cunyus, the city's public information officer and presented the monthly capital projects report:

-Legion lift station and force main engineering would be completed in spring 2018; an application for funding will be submitted to EIC.

-Reuse distribution main project was on target to be operational in January 2018; and the reuse pond and pump station should be operational in spring 2018.

10. APPOINTMENTS TO CITY BOARDS AND COMMISSIONS:

10A. Building Board of Adjustment and Appeals.

Mr. Voelkel moved to appoint the following persons to the specific positions on the Building Board of Adjustment and Appeals, with terms to expire August 31, 2019:

Architect: Michael Walker; Professional Engineer: Bruce Motheral; and Active

Construction Industry: Art Lenard. Mr. Baroody seconded the motion and it passed 4-0.

10B. Recovery Community Coalition.

Ms. Summerlin moved to appoint the following persons to the specific positions on the Recovery Community Coalition, with terms to expire as stated:

(Position 1) Owner of a male boarding home facility with a valid permit issued by the city, December 31, 2018: Cody Leicht.

(Position 5) Representative of mental health support organizations such as Kerrville State Hospital, December 31, 2019: Dana Cardwell.

(Position 8) Representative from a residential addiction treatment facility located within Kerr County, December 31, 2019: Carol McCarrick.

Mr. Voelkel seconded the motion and it passed 4-0.

11. ITEMS FOR FUTURE AGENDAS: None.

12. EXECUTIVE SESSION: None.

13. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY. None.

ADJOURNMENT. The meeting adjourned at 8:05 p.m.

APPROVED: October 24, 2017

ATTEST:

George Baroody, Mayor Pro Tem

Brenda Craig City Secretary