

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JUNE 8, 2010

On June 8, 2010, the Kerrville City Council meeting was called to order by Mayor Wampler at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Reverend Mike Williams of Zion Lutheran Church, followed by the Pledge of Allegiance led by Jack Cremin, Military Officers Association of America.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochrane	Director of Information Technology
Kevin Coleman	Director of Development Services
Mindy Wendele	Director of Business Programs
Charlie Hastings	Director of Public Works
Mike Erwin	Director of Finance
Tara LaMontia	Assistant to the City Manager
John Young	Police Chief
Robert Ojeda	Fire Chief

VISITORS PRESENT: List on file in city secretary's office.

1. VISITORS/CITIZENS FORUM: The following persons spoke:

1A. Bryan Demaree noted the Jefferson Street Café building was for sale and he proposed that someone purchase the property and establish a daytime homeless shelter and provide meals to the homeless 8:00 to 5:00 and a restaurant in the evening.

1B. Kate Roos, 2401 Rock Creek Drive, representing the Hill Country Quakers Religious Society of Friends, spoke in support of the VA project for homeless veterans. She had reviewed the request for proposals from the VA and researched the project. City approval was not necessary according to the VA, but she requested council rescind its prior opposition and provide a statement of support in principle, or at least table the matter until more information was available. The city should not focus on this as a potential financial burden.

1C. Bill Cantrell, 428 Saddle Club Drive, stated he was a veteran with PTSD and that many homeless veterans were diagnosed with PTSD. He heard from Congressman Lamar Smith that the city was opposed to the VA homeless project.

1D. John Moorman, 216 Lakeway Drive, noted Congressman Smith had a list of questions and the city council passed a motion that the city was opposed to the veterans homeless project until information was received regarding the project. He understood the city council was not against the project, but council just wanted information; however, word around town was that the city council was opposed to the project. He believed that Congressman Smith had received answers to those questions; he asked if the city had received those answers, and if so, would that information be made available to the public. He requested council rescind its opposition and take the position to study and seek more information, for example, request VA representatives hold a town hall meeting in Kerrville and discuss the project publicly.

1E. James Myers, 360 Saddle Club Drive, read portions of Eric Vogel's ballad "And the Band Played Waltzing Matilda" written about the Australian and New Zealand Army and the casualties resulting from the war in 1915-1916. Our Country will have to care for countless veterans for many years. The city should have more public discussions and reconsider its involvement.

1F. Scott Gross noted all councilmembers supported our Nation's troops and veterans; however, the council was doing its fiduciary responsibility to the citizens of Kerrville, and acting on behalf of its veterans, by requesting information about the VA homeless veterans program. The city council simply had been unable to get information. There was absolutely no intent whatsoever to say anything negative about veterans.

2. CONSENT AGENDA:

Mr. Gross moved for approval of items 2A through 2E; Mr. Motheral seconded the motion and it passed 5-0:

2A. Approval of minutes of the special city council meetings at 10:00 a.m. and 11:15 a.m. on May 18, 2010.

2B. Resolution No. 015-2010 authorizing the submission of a grant application to the United States Department of Justice Office of Community Oriented Policing Services — COPS Hiring Recovery Program.

2C. Approval of a lease agreement with the Kerrville Independent School District for property that the city uses for parking purposes behind the fire station located at 407 Harper Road.

2D. Approval to enter into negotiations with Element Markets for brokerage services to market carbon credits for the harvesting and use of gas produced at the city of Kerrville landfill.

2E. Approval of a contract with Romco Equipment Company pursuant to a bid for the lease of a 14-ton asphalt paver at a unit price of \$11,900 per month.

END OF CONSENT AGENDA.

3. PUBLIC HEARINGS FOR VARIOUS AMENDMENTS TO ZONING CODE:

3A. Consider a request to amend Article 11-I-3, definitions and interpretation of words and phrases, of the zoning code of the city of Kerrville.

Mr. Coleman noted Article 11-I-3 added new definitions.

Mayor Wampler opened the public hearing at 6:21 p.m.; and the following person spoke:

- John Mosty, chairman of ZOIC, urged city council to approve the zoning ordinance amendments as presented by staff and noted those amendments were consistent with the recommendation of the committee.

No one else spoke and Mayor Wampler closed the public hearing at 6:23 p.m.

3B. Consider a request to amend Article 11-I-4(b), zoning districts-generally, of the city's zoning code, by adding language relating to the determination of vested rights and the continuance of development activity.

Mr. Coleman noted Article 11-I-4(b), added language to address vested rights and continuance of development activity in newly annexed areas and brought the zoning code into conformance with state law.

Mayor Wampler opened the public hearing at 6:23 p.m.; no one spoke; Mayor Wampler closed the public hearing at 6:24 p.m.

3C. Consider a request to amend Article 11-I-15, planned development districts, of the city's zoning code, by deleting the existing Article 11-I-15, planned development districts, and adding a new Article 11-I-15, planned development districts and development site plans to the zoning code.

Mr. Coleman noted Article 11-I-15, revised planned development district standards and approval process, and codified the development site plan requirements and approval process into the zoning ordinance instead of by resolution.

Mayor Wampler opened the public hearing at 6:24 p.m.; no one spoke; Mayor Wampler closed the public hearing at 6:25 p.m.

3D. Consider a request to amend Article 11-I-17, regulations regarding building heights, lot width and area and setbacks, of the city's zoning code, amending Article 11-I-17(b) by deleting the maximum height for buildings from land use categories 3-9 inclusive, by deleting Article 11-I-17(c) building height-central city and amending Article 11-I-17(d) special setback regulations as they apply to encroachments into setback requirements.

Mr. Coleman noted Article 11-I-17(b)(c)(d), would delete maximum height of buildings for non-residential uses and clarify existing setback exemptions.

Mayor Wampler opened the public hearing at 6:25 p.m.; no one spoke; Mayor Wampler closed the public hearing at 6:26 p.m.

3E. Consider a request to amend Article 11-I-17, regulations regarding building height, lot width and area and setbacks, of the city's zoning code, by deleting Article 11-I-17(d)(1), central fire district and adding a new Article 11-I-17(d)(1), central business district to the zoning code.

Mr. Coleman noted Article 11-I-17(d)(1), would eliminate the existing fire district and replace it with the central business district boundary.

Mayor Wampler opened the public hearing at 6:26 p.m.; no one spoke; Mayor Wampler closed the public hearing at 6:26 p.m.

3F. Consider a request to amend Article 11-I-22, planning and zoning commission and board of adjustment, of the city's zoning code, by deleting Article 11-I-22(a)(3) procedural rules and adding a new Article 11-I-22(a)(3) procedural rules and deleting Article 11-I-22(b)(10) meetings, procedures and adding a new Article 11-I-22(b)(10) meetings, procedures.

Mr. Coleman noted Article 11-I-22, required the PZC and the zoning board of adjustment to be in compliance with the Texas Open Meetings Act, and prohibited ex-parte communications (discussions with applicants or representatives) outside of formal meetings.

Mayor Wampler opened the public hearing at 6:27 p.m.; no one spoke; Mayor Wampler closed the public hearing at 6:28 p.m.

3G. Consider a request to amend Article 11-I-24, permits and certificate of occupancy, of the city's zoning code, by adding language to clarify and define the building permit and certificate of occupancy process.

Mr. Coleman noted Article 11-I-24, clarified the role of the planning division and city planner in issuing building permits and certificates of occupancy; and insured building conformance with the zoning code.

Mayor Wampler opened the public hearing at 6:28 p.m.; no one spoke; Mayor Wampler closed the public hearing at 6:29 p.m.

4. ORDINANCES, FIRST READING:

4A. An ordinance amending the city's "zoning code" by revising and adding definitions, adding a determination of vested rights, revising the review and approval process for the creation of planned development districts and development site plans, revising regulations regarding height, lot width, area, and setbacks for various uses and within various zoning districts, revising the procedural rules for the planning and zoning commission and the zoning board of adjustment, and clarifying the process for the issuance of certificates of occupancy and building permits; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for a violation of any provision hereof; ordering publication; providing an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the ordinance would codify changes presented in the public hearings.

Council discussed the following points:

- The ordinances made reference to and use of the development review committee, which was not a city committee; the planning and zoning commission was officially appointed and sanctioned by the city council and should be the final authority in all matters, not the DRC. The DRC and other city boards could assist in review of matters but PZC should be the final authority on appeals.
- Requested deletion of the requirement for fencing around accessory buildings. Mr. Coleman noted the requirement was removed for structures less than 150 sq. ft. but was a requirement where buildings were over 150 sq. ft. and encroached into the setback area. Mr. Mosty noted this was a requirement under the existing ordinance, and ZOIC had discussed subdivision restrictions and the requirement for fencing. The consensus of ZOIC was to require fencing where accessory buildings exceeded 150 sq. ft. and encroached into the setback area.
- Questioned the need to highlight areas that exceeded 5% grade or vertical height clearance of less than 13.5 feet. Mr. Coleman noted this requirement was to address fire truck issues and was targeted at fire lanes.

Mr. Motheral moved for approval of the ordinance on first reading, and revised to include the above revisions. Mr. Gross seconded the motion and it passed 5-0.

4B. An ordinance amending Chapter 26 "building and building regulations", Article II "building codes", of the Code of Ordinances of the City of Kerrville, Texas, by amending Section 26-31 to delete Chapter 34 "existing structures" from the 2006 Edition of the International Building Code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted with the adoption of Item 4C, Chapter 34 was no longer needed.

Ms. Keeble moved for approval of the ordinance on first reading; Mr. Allen seconded the motion and it passed 5-0.

4C. An ordinance amending Chapter 26 "building and building regulations," Article II "building codes" of the Code of Ordinances of the City of Kerrville, Texas, by adding a new Section 26-41 to adopt the 2006 Edition of the International Existing Building Code; adopting local amendments to said code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Gross moved for approval of the ordinance on first reading, as amended to remove references to the word "seismic"; Mr. Motheral seconded the motion and it passed 5-0.

4D. An ordinance amending Chapter 50 "fire prevention and protection" of the Code of Ordinances of the City of Kerrville, Texas, by deleting Section 50-1 "construction standards within fire limits"; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted with the adoption of the IEBC (4C), Section 50-1 was not needed.

Mr. Allen moved for approval of the ordinance on first reading; Ms. Keeble seconded the motion and it passed 5-0.

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Guadalupe River Trail Section 1. Pete Moore, representing Hunter Equity, proposed to divide the river trail phase I into sections A and B, with Phase 1A being the area from Guadalupe Park west to Knapp Road, and Phase 1B continuing west. He presented conceptual plans for a mixed use development at Guadalupe Street and SH 27 to include a variety of commercial uses. The development would also include a rivertrail, park, amphitheater with seating for about 300, and provide public parking for trail visitors. He requested council's support for Hunter Equity to set up a non profit organization to accept donations to fund the river trail system, security, maintenance, and restoration when flooded; and to work with city staff to develop plans and cost estimates for the river trail and develop a time line between the private and public parts of the development to present to the city council.

The council also discussed the following points:

- A river trail would be a great economic generator for the community.
- The river was the most underutilized asset Kerrville had, and believed the river trail would receive overwhelming community support.
- Harvey Brinkman had previously volunteered to work with the city to assist in acquiring easements and in fundraising. Mr. Brinkman was in attendance agreed to continue to work on the river trail plan.

Mr. Parton noted staff was supportive of working with Hunter Equity to develop a plan for public and private partnership to fund Phase 1A of the project, but also to continue to work on a holistic approach to the river trail project.

The consensus of council was to support staff working with Hunter Equity.

5B. Direction to city staff regarding presentations made to the city council and other boards and commissions of the city and the corresponding staff reports included in agenda packets for those items. (Councilmember Gross)

Mr. Gross requested staff vent presentations before presenting them to city council to better streamline council meetings.

5C. Creation of an ad hoc committee to create guidelines for routine communications with the general public. (Councilmember Gross)

Mr. Gross noted continued lack of information, incorrect information, and incomplete information being received by the public and suggested creating a committee of citizens to assist in exploring ways to increase accurate and complete communication between the city and citizens.

The council discussed that communications with the public was a responsibility of the council and city staff; improved communication could be addressed at the next council retreat. It was suggested to involve the League of Women Voters in disseminating information.

5D. Direction to city staff in their application and enforcement of the codes and ordinances of the city of Kerrville. (Councilmember Gross)

Mr. Gross requested that council let staff know that while they should follow the rules, it would also be permissible to take opportunities to use common sense when dealing with enforcement issues and be facilitators and offer solutions. The council discussed staff not stand in the way; but at the same time one person's version of common sense should not prevail over council adopted ordinances.

5E. Recommendation from the review panel regarding the proposals for the construction of a Multi-purpose Meeting Facility (MMF) for the city of Kerrville.

Mr. Parton noted the process began a year ago when the Convention and Visitors Bureau (CVB) presented an analysis of lost business based on the lack of adequate facilities to host events, and the potential economic benefit of a MMF. Council appointed the Blue Ribbon Committee (BRC) to evaluate whether a MMF would benefit the community, and, if so, how such a facility would be structured. The BRC recommendation was that Kerrville would have a good market and a MMF should focus on supporting downtown, providing sustained economic benefit, and be structured on a public/private partnership with a revenue stream sufficient to balance operations and maintenance so the facility would be tax neutral. The firm TXP Consultants was hired to prepare a market evaluation and determine potential economic impact. A request for proposals (rfp) was issued; four proposals were received; and a panel was established to review and evaluate proposals and make a recommendation. The evaluation panel included city staff, Warren Ferguson (member of EIC), and Sudie Burditt (executive director of the CVB).

Ms. Wendele discussed the process used to evaluate the four proposals received from: Kerrville Gateway, Hunter Equity, Brass Real Estate, and Journeyman Harren. She noted this process was used, as approved by council, in order to insulate the council from the process and allow the panel to evaluate each proposal. The evaluation was based on the scoring criteria established to identify the partner that best matched the city's needs focusing on two critical criteria: 1) location flexibility; and 2) financial flexibility with minimal city financial exposure and participation with optimum opportunity for business development. She provided a comparison of the four proposals and noted the panel developed seven project specific non-negotiable points:

1. Prefer location in historic downtown or walking distance of downtown with river access or view, but other locations should not be excluded.
2. City's maximum capital investment: annual EIC debt service payment of up to \$500,000; annual hotel occupancy tax (HOT) of up to \$150,000; consideration of other indirect commitments with possible reimbursement of sales tax, property tax; and possible building permit fee waivers. These specific dollar amounts were not part of the RFP or information provided to the proposers; however, were considered by the panel as possible funding levels that the city could afford.
3. Facility should have 26,000 sq. ft. single room with associated breakout rooms.
4. Commitment from proposer for anchor tenants, including flag hotel.
5. Architect experienced in MMF designs.
6. No second round rfp, no charette. Deadline for negotiations of 30 days resulting in a letter of understanding and subsequent funding agreement.
7. Should be an opportunity for local contractors.

The panel recommended council authorize staff to proceed to negotiate with the top proposer, Hunter Equity, to develop a memorandum of understanding that would identify the responsibilities and expectations of each party based on the seven non-negotiable points. Hunter Equity was selected based on evaluation criteria, site location, and flexibility in financial investment.

The following points were also discussed by the council:

- The TXP report placed the cost estimate at \$10-13.5 million for a 45,000 sq. ft. facility and none of the proposals came close to that amount.
- The TXP study cited problems with a lack of meeting space under one roof, and lack of shuttle service.
- If EIC funds were used then available funds would be limited for future projects.
- Hunter Equity was the only proposal with a totally private project; the city could provide tax incentives.
- Fredericksburg had a multifunctional facility.
- MMF was a tremendous opportunity; staff should determine the full package of available city resources before pursuing any proposal. If the project was not economically feasible, it should be dropped.
- Negotiations and discussions would provide information, but not obligate the city.

The following persons also spoke:

1. Gene Smith stated the future of Kerrville was a regional shopping center, medical center and retirement area; the city should focus on those areas. The Gateway proposal included a MMF along I-10 that combined shopping and restaurants, and hotels were already in that area. He believed that a MMF downtown would not help downtown businesses and would not make money; a MMF on I-10 would attract people to other areas including downtown.

2. Kyle Bond, chair of the BRC and chamber of commerce representative, read a statement of support from the COC endorsing the MMF concept as an economic

generator for the community and encouraging the city council to make it a reality regardless of location.

3. Dave Vinyard, noted the town of Solana, Texas offered the North Texas Toll Road Authority \$100 million in future ad valorem taxes to influence them to put a toll road through their community. Fredericksburg's MMF was privately owned, severely under capitalized, and poorly marketed. He asked council to consider the economic future of Kerrville, noting the current severe imbalance of 88% in residential property tax base and 22% commercial; without economic development, there would have to be a major increase in ad valorem taxes. Council should stop the retail leakage; listen to experts who had studied the potential economic impact of a facility and support and invest in a MMF. He represented the Gateway proposal and was very disappointed in the panel's recommendation; he stated such a facility would not work in downtown.

4. Robert Naman supported free market capitalism and opposed a MMF that required city funding. The Gateway proposal required significant city funding through 4B tax revenue. He noted that several prime commercial properties had not had any increase in appraisals in the past 10-15 years, some appraisals were even lowered. KCAD should review commercial appraisals to ensure that all were paying their fair share of taxes. If the proposed MMF did not generate sufficient income and sales tax revenue, would city taxes be increased to pay off any expenses or debt? He questioned CVB's estimates and projected revenue. Mr. Naman suggested staff contact Dr. Haywood Sanders, Professor at UTSA, who stated that consultants consistently underestimate the cost and overstate demand for MMFs. A MMF would burden existing city services and water supplies. He asked council to request a nonbiased independent review of several convention centers built 15 years ago, including the amount of tax dollars spent, and estimate how much the city taxpayers would have to pay to maintain the facility if projected sales tax fell short. The city should strive to recruit clean businesses with higher payrolls than service jobs.

5. Bill Rector stated he strongly supported the BRC's and chamber's recommendation for a MMF as it would make money and generate tax revenue, and he encouraged that it be placed downtown with a focus on the river.

6. Ed Hamilton noted he had eight acres in downtown with 900 ft. river access for sale at a price of more than \$250,000 below the appraised value. He was a member of the EIC, and EIC had \$1.7 million available; he felt such a project would receive favorable consideration by EIC. There was no better utilization for the eight acres or better use of EIC funding than a MMF. The downtown area lost 700 people, and associated traffic, per day when the hospital moved. He noted that five studies commissioned by the city over the past 20 years encouraged commercial development and public assembly in downtown; no other locations were cited in these studies.

7. Pete Moore, Hunter Equity, agreed that Kerrville needed to increase the commercial base in order to lower the residential tax base. Hunter Equity would consider several locations for a MMF.

8. Warren Ferguson, member of the evaluation panel and EIC, felt now was the time to proceed with the MMF; it was extremely important to complete negotiations within 30 days and to push for an opening date of October 2012. There was nothing else on the city's horizon that could provide the economic benefits that a MMF offered. It was important that the hotel be a flag hotel to guarantee quality of the facility. The panel evaluated the proposals, and he stressed that the seven points were non-negotiable. A MMF would not be totally tax neutral; it would require some city financial investment and modest annual tax support for operations. EIC discussed the project and understood the city had very limited funds; however, EIC felt the MMF project would be workable without using all of EIC's funds. Before anything can be determined, the panel needed authorization to investigate and discuss a specific project.

9. Mike Lowe, representing Gulf Coast Commercial Group, suggested the city contact TxDOT to determine the impact a convention center downtown would have on traffic and the intersection at SH 16 and SH 27 and downtown parking. He projected a MMF would bring in \$42 million in retail sales and 683 jobs. The BRC had recommended the MMF be located downtown, but also stated another location would be acceptable. He stressed that the city needed a convention center that would bring in 2500 attendees and accommodate 1800 persons per seated event; he challenged how a facility of that size could be placed downtown.

10. Jimmie Spradling asked council to consider the national and local economy before proceeding; if the project was overspent or did not cover expenditures, the citizens would have to bail it out; find out first if the city can afford it.

Mr. Parton asked council to accept the recommendation of the review panel to enter discussions with Hunter Equity regarding using the seven non-negotiable points to structure a letter of understanding; specifically, the city's direct and indirect involvement; city funding amounts, resources, tax abatements, and incentives; prepare an initial budget that included the overall direct and indirect economic impact to the community and a market impact showing the additional revenue that would be generated for the city. This could be a major undertaking and investment for the city; however, the city had to be prudent in its obligations. The panel needed to discuss the non negotiables and set benchmarks before a recommendation could be made whether to move forward with negotiations, and if so, who to negotiate with. He proposed to update the council at the next meeting and bring forth a more solid recommendation in 30 days.

Mr. Allen moved to accept staff's recommendation to move forward to seek further information; the motion was seconded by Mr. Motheral and passed 5-0.

6. INFORMATION AND DISCUSSION:

6A. Kerrville budget/economic update. (Staff)

Mr. Erwin reported April 2010 economic figures compared to April 2009 and noted local sales tax was down 11%; hotel occupancy tax was 8% higher; and local unemployment was unchanged at 6.1%.

7. **ITEMS FOR FUTURE AGENDAS:** None

8. **ANNOUNCEMENTS OF COMMUNITY INTEREST:** None

9. **EXECUTIVE SESSION:** None

ADJOURNMENT. The meeting adjourned at 8:43 p.m.

APPROVED: _____

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JUNE 22, 2010

On June 22, 2010, the Kerrville City Council meeting was called to order by Mayor Wampler at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Reverend Stockton Williams of St. Peter's Episcopal Church, followed by the Pledge of Allegiance led by Mayor Wampler.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Heather Stebbins	Assistant City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochran	Director of Information Technology
Kevin Coleman	Director of Development Services
Mindy Wendele	Director of Business Programs
Charlie Hastings	Director of Public Works
Mike Erwin	Director of Finance
Tara LaMontia	Assistant to the City Manager
John Young	Police Chief
Robert Ojeda	Fire Chief
Kim Meisner	Director of General Operations
Antonio Martinez	Director of Library Services

VISITORS PRESENT: List on file in city secretary's office.

1. **VISITORS/CITIZENS FORUM:** The following persons spoke:

1A. William Cantrell encouraged council to support the Kerrville VA homeless project.

1B. James Meyers asked city council again to revisit its decision regarding the Kerrville VA homeless project. He understood the city council was not going to support the project pending news from the VA and stated that no additional information would be forthcoming from the VA for quite awhile. He felt the need for information versus the decision to support or not to support were not connected. Council should hold a public discussion and move forward to support veterans.

Mayor Wampler noted that he, the city manager, other local representatives, and the developer had spoken to federal and VA representatives, and for the most part the questions had been answered about what was planned, the process, how it would be built and managed, the kind of services to be provided, and the potential impact to the community. The city council was not against the project and not trying to block it, but just wanted information.

Mr. Parton stated he would provide a full update at the July 13 meeting and city staff would be working with the VA to schedule local town hall meetings to provide information to the public.

Mr. Motheral clarified that the VA was NOT funding the project; if it happened, it would be funded through HUD, and the VA was only making five acres of land available. He further noted that within the VA catchment area there were only six certified homeless veterans; the other 74 units would be occupied by others.

1C. Donna Snow Robinson invited the council to a League of Women Voters forum for candidates in state races to be held on July 5 at the Cailloux Theater.

1D William Cantrell noted at a town hall meeting on May 19 Congressman Lamar Smith stated he did not oppose the Kerrville VA homeless project, but the Kerrville City Council and the Hill Country Veterans Council did oppose it. The city council voted 5-0 on April 27 to oppose the project, but stated they did not oppose veterans. There were answers in the past but council had not been privy to those answers or perhaps had not been invited to meetings. He was a member of the HCVC and they did NOT oppose it and did not vote on it. He wondered if local veterans' organizations knew about it and where they stood on the issue. He questioned Mr. Motheral's comments and if he meant we only want to take care of Kerr County veterans, not those from other areas.

2. RECOGNITION AND COMMENDATIONS:

2A. Presentation of Officer of the Year Award: Officer Jonathan Cline – Police Commendation Award.

2B. Presentation of Awards: Certificate of Merit – Sergeant Mary Krebs and Officer Paul Gonzales.

2C. Presentation of Firefighter of the Year Award for 2010 to Firefighter/Paramedic Brandon J. Miller.

2D. Recognition of Lieutenants Mark Dunning and Brian Hammer by the National Fire Academy for the completion of courses at the National Emergency Training Center in Emmitsburg, Maryland.

3. CONSENT AGENDA:

Mr. Parton requested items 3D and 3E be removed from consent agenda for discussion. Mr. Gross moved for approval of items 3A, 3B, 3C, and 3F through 3N; Ms. Keeble seconded the motion and it passed 5-0:

3A. Approval of minutes of the regular city council meeting of May 25, 2010.

3B. Resolution No. 017-2010 supporting the National Park Service initiative to conduct a feasibility study for the designation of the Great Western Trail and the Chisholm Trail as National Historic Trails.

3C. Authorize an increase in the amount of the contract with Yantis Company for the construction of site improvements to the Salvation Army Kroc Recreational Center and a regional storm water detention facility at Paschal Street and Holdsworth Drive from \$1,119,735.75 to \$1,173,959.55 and authorize release of the remainder funds in the amount of \$44,317.46 to cover other potential change orders.

3F. Authorize execution of a contract with Southern Ionics Incorporated for the purchase of Alum at a unit price of \$0.871 per gallon.

3G. Authorize execution of a contract with Casey Ingredients for the purchase of sodium thiosulfate at a unit price of \$0.40 per pound.

3H. Authorize execution of a contract with Fort Bend Services for the purchase of cationic polymer FBS-7802 at a unit price of \$634.55 per 55 gallon drum.

3I. Authorize execution of a contract with Fort Bend Services for the purchase of cationic polymer FBS-C483 at a unit price of \$589.50 per 55 gallon drum.

3J. Authorize execution of a contract with Acetylene Oxygen Company for the purchase of chlorine gas at a unit price of \$560.00 per ton.

3K. Authorize execution of a funding agreement for disbursement of EIC funds to KEDF for operational expenses in the amount of \$25,000.

3L. Authorize execution of a funding agreement between the City of Kerrville, Texas Economic Improvement Corporation and the Hill Country Home Opportunity Council for the Pinto Trail housing development.

3M. Resolution No. 016-2010 opposing passage of federal legislation concerning mandatory collective bargaining applicable to local governments.

3N. Authorize execution of a settlement agreement between the City of Kerrville and the Texas Department of Agriculture for Mooney Airplane Co.-Texas Capital Fund.

END OF CONSENT AGENDA.

3E. Authorize execution of a construction contract with Nelson Lewis, Inc. for the construction of the Harper Road utility extension project in an amount not to exceed \$2,520,564.40.

Ms. Ondrias noted one easement was still outstanding but expected by the end of the week. The bids expired on July 12; therefore she recommended the council: 1) Award a contract for construction subject to voluntary easement acquisition or through condemnation; 2) Call a special meeting to award the bid after the easement was completed; or 3) Reject all bids and rebid the project. She noted, if condemnation became necessary, that process would take 30-90 days but the contractor could work around that property in the meantime.

The council noted this project would allow James Avery to receive city utilities in order to continue operation and expand at the current location and keep jobs in Kerrville.

Mr. Motheral moved to instruct staff to move forward with the contract for construction and get the easement whether voluntary or by condemnation. The motion was seconded by Mr. Allen and passed 5-0.

3D. Authorize execution of a professional engineering services agreement with Raba-Kistner Consultants, Inc. to serve as the geotechnical engineer and provide materials testing services for the Harper Road utility extension project in an amount not to exceed \$67,840.00.

Ms. Ondrias noted this contract was for engineer services related to the Harper Road utility project as discussed in Item 3E; staff recommended approval.

Mr. Motheral moved to approve the agreement as presented; Ms. Keeble seconded the motion and it passed 5-0.

4. PUBLIC HEARING:

4A. Public hearing for an annexation into the city limits and a recommendation for the zoning of a 3.12 acre tract located at 327 Peterson Farm Road.

Mr. Coleman noted the property owner, Barbara Buxton, requested annexation in order to receive city water. PZC held a public hearing and recommended annexation and zoning designation of single family residential, which was consistent with the land use plan and the current use of the property. In addition, staff recommended the annexation ordinance include the adjacent 260 ft. section of Peterson Farm Road right of way as properties on both sides would be in the city limits. The annexation should be complete July 27.

Mayor Wampler opened the public hearing at 6:41 p.m.; no one spoke and Mayor Wampler closed the public hearing at 6:41 p.m.

5. PUBLIC HEARING AND ORDINANCE, FIRST READING:

5A. An ordinance amending Ordinance No. 2005-17 which created a "planned development district" for personal services II (day care center only) for an approximate 2.06 acre tract of land out of the Samuel Wallace Survey Number 113, within the City of Kerrville, Kerr County, Texas, and more commonly known as 551 Meadowview Lane; said amendment to increase the authorized floor area of the buildings on the property and the maximum number of children to be accommodated. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the original 2005 PDD and site plan restricted the building square footage and limited the maximum number of children at 120. The applicant requested to amend the original PDD to allow for construction of a new gym for the day care center and to increase the number of children to 170. He noted the restrictions were placed on the original PDD based on increased traffic congestion; however, the applicant proposed a decelerated turn lane to assist in traffic and adequate parking to accommodate the facility. Public notification was given as required and no comments had been received.

Mayor Wampler opened the public hearing at 6:46 p.m.; no one spoke and Mayor Wampler closed the public hearing at 6:46 p.m.

Ms. Keeble moved to approve the ordinance on first reading to amend the PDD as stated; Mr. Motheral seconded the motion and it passed 5-0.

6. ORDINANCES, SECOND READING:

6A. Ordinance No. 2010-09 amending the city's "zoning code" by revising and adding definitions, adding a determination of vested rights, revising the review and approval process for the creation of planned development districts and development site plans, revising regulations regarding height, lot width, area, and setbacks for various uses and within various zoning districts, revising the procedural rules for the planning and zoning commission and the zoning board of adjustment, and clarifying the process for the issuance of certificates of occupancy and building permits; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for a violation of any provision hereof; ordering publication; providing an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Coleman reviewed the amendments to the ordinance on first reading as instructed by the council on June 8.

The council also discussed the following points:

- Eliminating the height restrictions now would result in inconsistencies.
- Past issues with building height; concern for obstruction view of the river and hills.
- Should send the ordinance back to ZOIC to solicit further citizen input.
- Numerous public hearings had been held and no one came; it was time to move forward.

The following person spoke:

1. John Mosty, ZOIC chairman, noted building height restrictions were a detriment to large scale commercial development; it was more efficient use of property to build up. He noted the city had to create a special hospital district to allow Peterson Hospital to build at its current site. The city was discussing the possibility of a convention center and hotel and the current height restriction of 40 ft. would be a detriment to such potential development. Parking and setback restrictions were in place that would restrict height to some extent based on the amount of land available for construction. He urged council to pass the ordinance now and noted that ZOIC had already held 4-5 public hearings and there were no objections about height restrictions.

Mr. Motheral moved for approval of Ordinance No. 2010-09 on second and final reading as presented; Mr. Gross seconded the motion and it passed 3-2 with Messrs. Motheral, Gross, and Allen voting in favor of the motion; and Ms. Keeble, and Mayor Wampler voting against the motion.

6B. An ordinance amending Chapter 26 "building and building regulations," Article II "building codes" of the Code of Ordinances of the City of Kerrville, Texas, by adding a new Section 26-41 to adopt the 2006 Edition of the International Existing Building Code; adopting local amendments to said code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Motheral requested items 6B and 6C be tabled and staff review the effect of repealing Chapter 34 of the IBC, for example, elimination of the requirement for structure analysis.

Council consensus was to table 6B and 6C to the July 13 meeting.

6C. An ordinance amending Chapter 26 "Building and building regulations", Article II "Building codes", of the Code of Ordinances of the City of Kerrville, Texas, by amending Section 26-31 to delete Chapter 34 "Existing structures" from the 2006 Edition of the International Building Code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Council consensus was to table 6B and 6C to the July 13 meeting.

6D. Ordinance No. 2010-10 amending Chapter 50 "fire prevention and protection" of the Code of Ordinances of the City of Kerrville, Texas, by deleting Section 50-1 "construction standards within fire limits"; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject. Mayor Wampler read the ordinance by title only.

Mr. Coleman noted the language was consistent with the building code and there was no change since first reading; staff recommended approval on second reading.

Mr. Motheral moved for approval of Ordinance 2010-10 on second and final reading; Ms. Keeble seconded the motion and it passed 5-0.

7. ORDINANCES, FIRST READING:

7A. An ordinance amending the budget for the fiscal year 2010 economic improvement corporation (EIC) to appropriate funding for approved projects concerning a commercial improvement program and the development of affordable housing. Mayor Wampler read the ordinance by title only.

Mr. Erwin noted EIC requested the EIC budget be amended to:

1. Move \$100,000 from contingency account to fund a new business development improvement program designed to reimburse expenses associated with improved commercial building façades, improved signage, or to raze structures; the program would be limited to commercial corridors under certain established guidelines.
2. Move \$150,000 from the public infrastructure category to fund engineering fees and infrastructure for a residential development on Pinto Trail for the Hill Country Home Opportunity Council.

Mr. Gross moved for approval of the ordinance on first reading as presented; Mr. Motheral seconded the motion and it passed 5-0.

8. INFORMATION AND DISCUSSION:

8A. Update from Jeana Lehmann Krause, Executive Director of the Mary Elizabeth Holdsworth Library Foundation, on the library renovation project.

Ms. Krause updated council on progress associated with the library renovation project:

- Developed a mission statement and vision statement.
- Board members were appointed and seeking additional members.
- Moved foundation offices to 433 Water Street, Unit D.
- Held open house event on June 17 at the foundation office; 67 people attended.
- Bacon/Lee fundraising consulting group will begin work with the foundation on July 1.
- Filed IRS Form 1023 and started capital campaign development.
- Web site development underway.
- Capital campaign organization will begin in July; will initiate campaign in September.
- Received additional operating funds from Charles Butt.

8B. Status of negotiations with Hunter Equity for the construction of a multi-purpose meeting facility (MMF).

Ms. Wendele reviewed the panel's recommendations and updated council on future scheduled meetings with Hunter Equity.

Mr. Parton noted staff would discuss negotiation points and financial information in executive session.

The following persons spoke:

1. Robert Naman questioned what resources the city had available for the project, where funding would come from, and requested full disclosure of information to the citizens. The Blue Ribbon Committee that studied the issue recommended any future MMF should be tax neutral; potential funding was anticipated to come from city sales tax and EIC funds. He noted only a few landowners downtown would benefit, and many local business owners would be forced to move due to higher rent and escalated ad valorem taxes. Mr. Naman again suggested the city contact Haywood Sanders, who stated that consultants consistently over promise and under deliver, and government did not perform well.

2. Brett Rhode, representing Journeyman Harren, noted they had submitted a proposal but were not selected; however, they had a continued interest in the project should negotiations with Hunter Equity fall through. Their original proposal had focused on only a downtown location, but they were flexible and could study multiple locations. They were ready to work with the city if the opportunity arose.

8C. Amendments to the purchasing policy for the city of Kerrville.

Mr. Erwin reviewed proposed amendments to the purchasing policy to be presented to the council for adoption at the July 13 meeting. He reviewed bid approval process and requirements at various expenditure levels. The most significant changes were:

1. The city manager's approval limit on items already approved by the council in the budget would be increased from \$25,000 to \$50,000.

2. The per diem rate for meals when traveling would be based on the IRS rate of \$54 per day.
3. Requires disclosure statements if any person or business has a relationship with the city.
4. Includes state law requirement that the city contact historically underutilized businesses when making expenditures between \$3,000-\$50,000.

He noted the proposed purchasing policy would reflect current state law.

8D. Kerrville budget/economic update.

Mr. Erwin reported May 2010 economic figures compared to May 2009 and noted this was the first time the sales tax revenue figures had not been negative when compared to the same month of the previous year.

9. BOARD APPOINTMENTS:

9A. Appointment to the zoning board of adjustment. Ms. Keeble moved to appoint Joe Rogers as an alternate member with term to expire September 30, 2012; Mr. Motheral seconded the motion and it passed 5-0.

10. ITEMS FOR FUTURE AGENDAS

10A. Mr. Parton noted the new economic development program would be presented to economic development partners in the next month, followed by presentation of specific funding requests to the participating entities.

11. EXECUTIVE SESSION:

Ms. Keeble moved for the city council to go into executive closed session under Sections 551.072 (deliberation regarding real property), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code of the State of Texas; the motion was seconded by Mr. Gross and passed 5-0 to discuss the following matters:

Sections 551.072 and 551.087:

- Negotiations with Hunter Equity for the construction of a multi-purpose meeting facility.

Sections 551.072:

- Discuss the purchase, exchange, lease, sale, or value of real property for use as recreational facilities, the public discussion of which would not be in the best interests of the city's bargaining position with third parties.

At 7:35 p.m., the regular meeting recessed and council went into executive closed session at 7:50 p.m. At 8:40 p.m., the executive closed session recessed and council returned to open session at 8:41 p.m. The mayor announced that no action had been taken in executive session.

12. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

ADJOURNMENT. The meeting adjourned at 8:15 p.m.

APPROVED: _____

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
SPECIAL BUDGET MEETING

KERRVILLE, TEXAS
JUNE 21, 2010

On June 21, 2010, the Kerrville City Council special budget meeting was called to order by Mayor Wampler at 9:00 a.m. in the city hall council chambers, 800 Junction Highway.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochrane	Director of Information Technology
Kevin Coleman	Director of Development Services
Mindy Wendele	Director of Business Programs
Charlie Hastings	Director of Public Works
Mike Erwin	Director of Finance
Tara LaMontia	Assistant to the City Manager
John Young	Police Chief
Robert Ojeda	Fire Chief
Sandra Yarbrough	Asst. Director of Finance
Antonio Martinez	Director of Library Services
Kim Meismer	Director of General Operations
Malcolm Matthews	Director of Parks and Recreation
Mike Wellborn	City Engineer
Mark Beavers	Asst. Fire Chief

VISITORS PRESENT: List on file in city secretary's office.

**DIRECTION TO CITY STAFF FOR PREPARATION OF THE CITY OF KERRVILLE
FY11 BUDGET:**

Mr. Parton discussed the economic challenges of the FY11 budget and the assumptions on which staff planned to prepare a budget. He noted that the Government Finance Officers Association recommended cities maintain a reserve fund equivalent to three months of operating expenditures or 25% of the total annual budget. The target set in the city's financial policy was 5%, which equated to \$1.5-1.7 million. The city had been depleting the reserve fund to balance the budget for several years, and the reserve fund currently had a balance sufficient to meet only 1.5 months.

Mr. Parton noted revenue projections were based on a flat tax roll; decrease in sales tax (\$4.5 million estimate); and a flat or decrease in franchise fees. A \$0.01 increase in ad valorem tax would only yield about \$120,000.

Mr. Parton reviewed staff's assumptions and proposed budget reductions in the general fund on which the FY11 budget would be prepared, including:

- Maintain the current tax rate of \$0.5625.
- No use of reserve funds.
- 14.78% reduction in expenditures, including 18 positions in the general fund.
- Modifications to retirement plan: cut \$460,000, resulting in no cost of living adjustment for retired employees and no updated service credits for current employees.
- Modifications to employees' medical plan: reduced the plan from \$8,950 to \$7,800 per employee resulting in a reduction of \$360,000.
- Reduced operations support: training, professional development, office supplies, food.
- Reduced capital expenditures to \$150,000.
- There would not be any allocations to other individual funds, i.e. airport, golf.
- No general fund debt issuance would be proposed by staff. The current debt payment was \$1.2 million annually.
- Did not propose to fund any merit, cola or step increases.
- Deferred capital replacement items.

Department directors presented their proposed budget reductions and the expected impact on services.

The following points and concerns were also discussed by the council:

- Reduction in police force could impact officer safety and call response time.
- Fire/EMS/Police staffing, training, equipment, and personnel safety should be priority.
- The city provided fire and EMS service on a county-wide basis for a 1,100 square mile area; 24% of the city fire/EMS calls were in the county; the city's FY10 budget was \$4 million; this equated to the city providing \$1 million outlay in exchange for only \$180,000 revenue from the county. By providing this service, the city subsidized the county at a cost that equated to \$0.10 on the city tax rate.
- Staff should use city vehicles and reduce the vehicle allowance for private vehicles in all departments.
- Did the city recover funds spent on abatement of unsafe structures? Mr. Coleman stated a lien was placed on a property and the city recovered the funds upon transfer of ownership.
- Staff should investigate more efficient street lighting. Mr. Hastings noted he was investigating potential grants to purchase and install LED lighting.
- Suggested contacting the Friends to volunteer to keep the library open on Sundays.
- The FY11 budget contained only \$150,000 for capital projects.
- Councilmembers could individually volunteer to decline their \$25 per meeting salary.
- Did a lower fund balance affect the city's bond rating? Mr. Parton noted it was part of

the city's overall credit worthiness, which also included: economic sustainability, maintaining a constant revenue stream, capital depreciation, and maintaining infrastructure. The debt service ratio was low with regard to the city's overall financial condition.

-No draw down on the reserve fund; replenishing the reserve fund was a priority.

Mr. Parton asked if the council approved staff's direction in the budget preparation as discussed, particularly with regard to the staff reductions. He noted that he advised employees whose positions had been targeted of the potential reduction in workforce. Some councilmembers stated the decision regarding staff reductions was the city manager's call. Mayor Wampler stated it was the city council's responsibility to adopt the budget and personnel was a large part of the budget; he supported the personnel cuts as recommended by the city manager. Cuts in the city budget such as capital projects, operating expenses, employee health insurance and retirement benefits were all made in order to save as many staff positions as possible.

Mr. Parton noted if economy did not improve, further cuts would have to be considered and gave the following possibilities:

-75% of the longevity line item was in the general fund. Statutorily, the city had to fund longevity for police and fire employees; it was a policy decision in the past to fund longevity to all city employees equally, but the city was not legally required to provide longevity to other city employees. Eliminating longevity to non-fire and non-police employees could result in a possible cost savings of \$40,000.

-Could begin mandatory employee furloughs; saving approximately \$75,000.

-Additional staff reductions.

Mr. Parton noted staff had compiled a list of core services to identify key basic operations and things necessary to operate the city; 92% of city service activity was core. The FY11 budget would be cutting into core services.

BUDGET WORKSHOP SCHEDULE:

The following schedule was set by council consensus: July 19 at 9:00 a.m.; July 27, 4:30 p.m., and 9:00 a.m. on August 9, 17, and 31 (if needed). The FY11 budget would be adopted on second reading on September 28.

ADJOURNMENT. The meeting adjourned at 12:09 p.m.

APPROVED: _____

David Wampler, Mayor

ATTEST:


Brenda G. Craig, City Secretary


**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Enter a contract with GovDeals

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 2, 2010

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton 
City Manager

EXHIBITS: Contract

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The city staff requests to enter into a contract with GovDeals, a Delaware corporation having its principal place of business at 5907 Carmichael Place, Montgomery, Alabama 36117. GovDeals provides a means for sellers to list items for sale and for potential buyers to bid upon these items via an internet-based auction system. GovDeals is not a party to the actual sale and has no control over the listed information or the ability of the buyer and seller to complete the transaction.

Fees: For any item that is sold as a result of posting it to the GovDeals web site, the following fees apply:

1. Where a single auction item does not yield greater than \$100,000 in a winning bid, Client agrees to pay GovDeals a fee of seven and one-half percent (7.5%) of the winning bid, but not less than \$5.00.
2. Where a single auction item yields greater than \$100,000, but does not yield greater than \$500,000 in a winning bid, Client agrees to pay GovDeals a fee of seven and one-half percent (7.5%) of the winning bid up to \$100,000 plus five and one-half percent (5.5%) of the winning bid that is in excess of \$100,000 up to \$500,000.
3. Where a single auction item yields greater than \$500,000 in a winning bid, Client agrees to pay GovDeals a fee of seven and one-half percent

(7.5%) of \$100,000 of the winning bid, plus a fee of five and one-half percent (5.5%) of \$400,000 of the winning bid, plus a fee of three and one-half percent (3.5%) of the amount in excess of \$500,000 of the winning bid.

4. On occasion, and apart from initial training, the Client may request GovDeals to supply on-site assistance to quickly move large amounts of items that have accumulated over a period of time. For this service GovDeals will charge an additional 7.5% fee or a total fee of 15%. For this additional fee GovDeals will go to the Client's site and record asset descriptions, take pictures, load assets to the auction site, and set auction dates. Assets must be arranged in such a manner as to allow GovDeals personnel access to the assets for recording descriptions and taking pictures. If assets are not arranged in the proper manner, the Client will provide personnel to assist the GovDeals representatives in arranging the assets for proper presentation. The additional 7.5% fee does not apply to assets used in the initial training and will not apply when the Client processes its own assets.

Client may elect to have GovDeals collect Auction Proceeds from the winning Bidder and may also elect for GovDeals to withhold the GovDeals Auction Fees from the Client's Auction Proceeds prior to remitting Auction Proceeds to the Client.

Term of Agreement: This Agreement shall commence on the date it is signed by the second party to do so and will continue for a period of twelve months unless otherwise terminated upon sixty days written notice by either party. This Agreement shall be automatically extended for additional one-year periods, unless either party notifies the other in writing of its intent not to renew at least sixty days prior to the anniversary date. Either party may request a re-negotiation of the terms hereof during a period sixty days prior to the anniversary date of this Agreement. Any charges owed either party prior to terminating the agreement will remain payable.

Non-Exclusive Engagement: This Agreement is not exclusive. The Client may utilize other disposal approaches, including traditional auctioneer services and sealed bids in addition to GovDeals services. However, it is understood and agreed that the Client will not simultaneously utilize other disposal approaches and GovDeals while an asset is listed on a GovDeals auction.

RECOMMENDED ACTION

Staff recommends Council approval for the City Manager to enter into a contract with GovDeals.

GovDeals

Sellers Agreement

This Agreement is between GovDeals, Inc. ("GovDeals"), a Delaware corporation having its principal place of business at 5907 Carmichael Place, Montgomery, Alabama, 36117 and the City of Kerrville ("Client"), having its principal place of business at 310 McFarland Drive -
Kerrville, Texas 78028. 800 JUNCTION HWY

- 1.0 **Description of Services:** GovDeals provides a means for sellers to list items for sale and for potential buyers to bid upon these items via an Internet-based auction system. Although GovDeals may provide software and applications to the Client to make the listing of items easier, GovDeals is not a party to the actual sale and has no control over the listed information or the ability of the buyer and seller to complete the transaction.
- 2.0 **GovDeals Responsibilities:** In addition to the operation of an Internet auction server, GovDeals will provide the Client with the following services during the term of the Agreement:
 - 2.1 Access to a web-based application ("GovDeals Auction Server") that will help the Client maintain information about assets and submit them to auction. The GovDeals Auction Server will:
 - 2.1.1 Accept descriptive information concerning an asset;
 - 2.1.2 Allow different auction phases based upon dates and times to be specified;
 - 2.1.3 Permit the assignment of certain buyer restrictions during each auction phase; and
 - 2.1.4 Facilitate requests for credits regarding transactions that were not completed.
 - 2.2 Training and support services to implement the GovDeals service, which will include:
 - 2.2.1 Familiarization with the nature and operation of the GovDeals Auction Server;
 - 2.2.2 Guidance in the initial entry of assets;
 - 2.2.3 Procedures for taking and posting pictures of assets; and
 - 2.2.4 Assistance in the development of an implementation plan and schedule.At GovDeals option, training and support services will be provided either on-site or via telephone and the Internet.
 - 2.3 A customer support desk available via telephone or e-mail between the hours of 8:00 a.m. and 6:00 p.m., Eastern Time, Monday through Friday, except announced holidays.
 - 2.4 Marketing of the on-line auction service to promote use of the site by potential buyers.
- 3.0 **Client Responsibilities:** To promote a successful operation and increase the benefits from using GovDeals auction capabilities, the Client agrees to:
 - 3.1 Provide on-site support and resources required to access the GovDeals Auction Server via the Internet;

- 3.2 Make sufficient personnel related to surplus property disposal available for training, implementation, and initial data entry;
 - 3.3 Cooperate with marketing campaigns, including providing a mailing list of prior auction customers, if available; and
 - 3.4 Utilize GovDeals Auction Server and on-line auction capabilities during the term of this Agreement by:
 - 3.4.1 Listing assets for sale on the GovDeals auction service;
 - 3.4.2 Completing sales transactions for assets sold via this service;
 - 3.4.3 Not selling through some other means any item for which it has received a winning bid via GovDeals for the specific purpose of avoiding the GovDeals fee; and
 - 3.4.4 Not engaging, directly or indirectly, in any activities intended to manipulate or interfere with the bidding process.
- 4.0 **Fees:** For any item that is sold as a result of posting it to the GovDeals web site, the following fees apply:
- 4.1 Where a single auction item does not yield greater than \$100,000 in a winning bid, Client agrees to pay GovDeals a fee of seven and one-half percent (7.5%) of the winning bid, but not less than \$5.00.
 - 4.2 Where a single auction item yields greater than \$100,000, but does not yield greater than \$500,000 in a winning bid, Client agrees to pay GovDeals a fee of seven and one-half percent (7.5%) of the winning bid up to \$100,000 plus five and one-half percent (5.5%) of the winning bid that is in excess of \$100,000 up to \$500,000.
 - 4.3 Where a single auction item yields greater than \$500,000 in a winning bid, Client agrees to pay GovDeals a fee of seven and one-half percent (7.5%) of \$100,000 of the winning bid, plus a fee of five and one-half percent (5.5%) of \$400,000 of the winning bid, plus a fee of three and one-half percent (3.5%) of the amount in excess of \$500,000 of the winning bid.
 - 4.4 On occasion, and apart from initial training, the Client may request GovDeals to supply on-site assistance to quickly move large amounts of items that have accumulated over a period of time. For this service GovDeals will charge an additional 7.5% fee or a total fee of 15%. For this additional fee GovDeals will go to the Client's site and record asset descriptions, take pictures, load assets to the auction site, and set auction dates. Assets must be arranged in such a manner as to allow GovDeals personnel access to the assets for recording descriptions and taking pictures. If assets are not arranged in the proper manner, the Client will provide personnel to assist the GovDeals representatives in arranging the assets for proper presentation. The additional 7.5% fee does not apply to assets used in the initial training and will not apply when the Client processes its own assets.
- 5.0 **Financial Settlement Services:**
- 5.1 Client may elect to have GovDeals collect Auction Proceeds from the winning Bidder and may also elect for GovDeals to withhold the GovDeals Auction Fees from the Client's Auction Proceeds prior to remitting Auction Proceeds to the Client.

- 5.2 By signing and approving the attached Addendum Number One (1) GovDeals will collect Client's Auction Proceeds from the winning Bidders and also withhold the GovDeals Auction Fees prior to remitting Auction Proceeds to the Client.

If the Client elects only for GovDeals to collect the Auction Proceeds but does not approve for GovDeals to deduct its Auction fees from the Auction Proceeds, the Client must also sign on the second signature line of Addendum Number One (1).

6.0 Payment:

- 6.1 GovDeals will invoice Client for fees on a periodic basis. Client agrees to remit payment to GovDeals within thirty (30) calendar days from date of invoice, unless an applicable prompt payment act or similar legislation specifies a different time period.
- 6.2 Client shall promptly, but not more than sixty (60) calendar days after the sale date, notify GovDeals of any transaction that was not consummated. The fees for said transaction shall be credited to the Client during the next invoice period.

- 7.0 **Term of Agreement:** This Agreement shall commence on the date it is signed by the second party to do so and will continue for a period of twelve months unless otherwise terminated upon sixty days written notice by either party. This Agreement shall be automatically extended for additional one-year periods, unless either party notifies the other in writing of its intent not to renew at least sixty days prior to the anniversary date. Either party may request a re-negotiation of the terms hereof during a period sixty days prior to the anniversary date of this Agreement. Any charges owed either party prior to terminating the agreement will remain payable.

- 8.0 **Right to Sell and Content:** Client will only post items to the GovDeals auction site that the Client has the legal right to sell or dispose of to qualified buyers. Any information posted will be accurate to the best of Client's ability and not contain anything of a pornographic or objectionable nature. Client agrees to only use links to digital pictures of associated assets as provided for in the GovDeals software, and will not create links to any other site, text or other information without the written consent of GovDeals.

- 9.0 **Online Sales - Terms and Conditions:** Attached hereto are model Online Sales - Terms and Conditions for use by client. At any time during the term of this Agreement, Client may modify the Terms and Conditions. Said substitution modification must be submitted to GovDeals in writing for posting to the GovDeals auction site. The Terms and Conditions posted to the GovDeals auction site shall not modify, amend or affect the provisions of this Agreement

10.0 Information and Security:

- 10.1 Client agrees that GovDeals is not responsible for the accuracy of information provided to it by seller(s) and/or buyer(s). GovDeals will use reasonable efforts to protect information that is on its web site from inappropriate use and loss.
- 10.2 Client grants GovDeals a non-exclusive, non-transferable, irrevocable, and royalty-free right to exercise any copyright or publicity rights Client may have in the

information it posts to the GovDeals server(s). GovDeals agrees to use this information only for its intended purpose in support of this Agreement.

11.0 Interference: Client will not use any programs, routines, or applications in connection with GovDeals that will interfere with the operation of the software or site. Specifically, the Client will only communicate with the GovDeals Auction Server by using software and applications that GovDeals provides or specifically approves in writing.

12.0 Proprietary Intellectual Property Exclusivity and Confidentiality: The proprietary Internet-based auction system, environment, and components (collectively, the "System") provided by GovDeals under this Agreement are, and will remain, the exclusive property of GovDeals. GovDeals retains and reserves all rights to the proprietary intellectual property, including, but not limited to, all copyrights and trademarks of and to the System. GovDeals is providing the Client hereunder with a license for said System solely for its own use.

Client may not subcontract, sell, lease, transfer, assign or otherwise share said System with any third party. Client acknowledges that the System constitutes the proprietary and confidential property of GovDeals and agrees not to directly or indirectly use, employ, divulge, disclose, transfer, or communicate to any person, firm, corporation or other entity, in any manner whatsoever, any of the System or documentation/information provided by GovDeals. In the event of termination of this Agreement, Client shall promptly return to GovDeals or at the option of GovDeals destroy, all documentation/information regarding the System.

13.0 Warranty Disclaimer: GovDeals does not warrant error-free or uninterrupted use of the GovDeals service. The GovDeals web sites, services, software and applications are provided without warranty, express or implied, including, but not limited to, any implied warranties for merchantability or fitness for a particular purpose. GovDeals, its directors, officers, employees, agents and/or affiliates shall not be liable for any loss of profit and/or any direct, indirect, special, incidental or consequential damages resulting from the services offered herein.

14.0 Governance: This Agreement will be governed, interpreted, construed and enforced in accordance with the laws of the State of Texas.

15.0 Counterparts: This Agreement may be executed in two or more counterparts, each of which after execution and delivery shall be deemed an original, but all of which shall constitute one and the same instrument.

16.0 Non-Exclusive Engagement: This Agreement is not exclusive. The Client may utilize other disposal approaches, including traditional auctioneer services and sealed bids in addition to GovDeals services. However, it is understood and agreed that the Client will not simultaneously utilize other disposal approaches and GovDeals while an asset is listed on a GovDeals auction.

- 17.0 **Entire Agreement:** This Agreement represents the entire understanding between the parties with respect to its subject matter.
- 18.0 **Promotional Reimbursement:** Client acknowledges that GovDeals will pay The Local Government Purchasing Cooperative (BuyBoard) a promotional reimbursement for each sale made through GovDeals when used in accordance with Cooperative Award - Auction Service #304-08.

THE ABOVE AGREEMENT IS ACCEPTED AND AGREED TO.

GovDeals:

By: _____

Name: Robert L. DeBardelaben

Title: President

Date: _____

City of Kerrville:

By: _____

Name: Todd Parton

Title: City Manager

Date: _____

Sellers Agreement Mailing

Address and Contact :

Attention: Sales Support

5907 Carmichael Place

Montgomery, AL 36117

Fax Number: (334) 387-0519

salessupport@govdeals.com

Primary Contact Person:

Name: Mike Erwin

Title: Finance Director

Telephone Number: (830) 257-8018

Fax Number:

e-mail: mike.erwin@kerrvilletx.gov

Primary Contact Person:

(Contract development)

Name: James Oakley

Title: Sales Representative Texas Region

Telephone Number: (512) 560-6240

Fax Number: (334) 387-0519

e-mail: joakley@govdeals.com

Addendum Number One (1)
Financial Settlement Services Memo of Understanding

This Agreement is between GovDeals, Inc. ("GovDeals"), a Delaware corporation having its principal place of business at 5907 Carmichael Place, Montgomery, Alabama, 36117 and the City of Kerrville ("Client"), having its principal place of business at ~~310 McFarland Drive~~ *800 Junction Hwy.* Kerrville, Texas 78028.

It is understood the electronic funds transfer will be easily identified as being from GovDeals.

It is understood GovDeals and the Client presently operate/will operate under an approved Sellers Agreement allowing the Client to post and sell surplus equipment on the GovDeals Auction Site. Under this Agreement, the Client collects its own auction proceeds from the winning Bidder and pays GovDeals a fee based on a predefined fee schedule.

It is understood the Client would like GovDeals to collect all auction proceeds due the Client from the winning Bidder and remit the auction proceeds to the Client less the GovDeals fee. Also, the client may access their private GovDeals account (CAS) and pull up a detail listing of all items sold and paid for by GovDeals. A paper invoice will no longer be mailed, but will be sent electronically.

Optionally, Client may elect to not have GovDeals withhold the fee by signing the appropriate section on the signature page of this Addendum.

It is understood GovDeals will charge the winning Bidder a 5% "Buyer's Premium", therefore, Client is not allowed to charge the winning Bidder an additional "Buyer's Premium".

It is understood GovDeals will collect all auction proceeds from the winning Bidder, including the 5% "Buyer's Premium" through PayPal, Credit Card or Wire Transfer. This is the only means of payment by the bidder.

It is understood the Client will not release a piece of equipment to the winning Bidder until the Client has received verification from GovDeals that payment has been received from the winning Bidder.

It is understood GovDeals will remit all funds collected, less the 5% Buyer's Premium and less the GovDeals fee to the Client on a weekly basis for all items marked in CAS as Picked Up. However, if you choose to not have GovDeals withhold auction fees, GovDeals will remit all funds collected, less the 5% Buyer's Premium.

It is understood prior to an item being released to the winning Bidder, the Client will ensure the winning Bidder or his/her agent has signed the "Bill of Sale" with a notation that the item is sold "As Is, Where Is and without Warranty". The Bill of Sale must be printed from CAS. Any other Bill of Sale must be submitted for approval.

It is understood no auction proceeds will be remitted to the Client for any equipment released without verification of payment from GovDeals. Approved payment from the winning Bidder through PayPal, Credit Card or Wire Transfer will be noted in the CAS Account.

It is understood under no circumstance will the Client collect any funds directly from the winning Bidder and if requested to do so, the Client should refer the winning Bidder directly to GovDeals for payment instructions.

It is understood GovDeals will absorb all costs of Charge Backs by PayPal or a Credit Card Company if an item is released to the bidder after proper payment notification is received by the Client from GovDeals and a signed Bill of Sale is retained from the winning Bidder by the Client.

It is understood GovDeals will not absorb a Charge Back won by a bidder in those rare occasions where a bidder pays for an item but never picks up the item and subsequently convinces PayPal or the Credit Card Company to charge the amount paid back to GovDeals. Since the Client still has the asset and may resell it, the client agrees to refund the Charge Back amount to GovDeals or agrees to allow GovDeals to withhold the Charge Back amount from future payments owed the Client.

It is understood a GovDeals Client Services Representative or a GovDeals Help Desk Representative will train the Client on how to effectively use the Financial Settlement Services feature and provide ongoing support as needed by GovDeals. There are no additional costs to the Client for this training and support.

It is also understood GovDeals is covered by a Crime Insurance Policy with a limit of \$5,000,000.00 which will protect the Client against any loss of funds.

Approved for GovDeals:

Approved for Client:

President

Title

Date

Title

Date

Please indicate by signature below only if Client elects to not allow GovDeals to deduct the GovDeals auction fees from auction proceeds due the client.

Name and Title

Please complete payment instructions below:

This section must also be completed before submitting the document back to GovDeals if you wish to sign up for GovDeals Financial Settlement Services.

Accounting Contact:

(Person to receive checks and invoices)

Mike Erwin

Name and Title

E-Mail Address:

mike.erwin@kerrvilletx.gov

Phone Number:

830-792-8330

Make check Payable to:

City of Kerrville

Client's Legal Name

Mail Check to:

800 Junction Hwy

Street Address or P.O. Box Number

Kerrville, Texas 78028

City, State and Zip Code

GovDeals
Sellers Agreement
Online Sales – Terms and Conditions

City of Kerrville
Kerrville, Texas

Online Sales – Terms and Conditions

All bidders and other participants of this auction agree that they have read and fully understand these terms and agree to be bound thereby.

Guaranty Waiver. All property is offered for sale "AS IS, WHERE IS." The City of Kerrville (Seller) makes no warranty, guaranty or representation of any kind, expressed or implied, as to the merchantability or fitness for any purpose of the property offered for sale. The Buyer is not entitled to any payment for loss of profit or any other money damages – special, direct, indirect, or consequential.

Description Warranty. Seller warrants to the Buyer that the property offered for sale will conform to its description. Any claim for misdescription must be made prior to removal of the property. If Seller confirms that the property does not conform to the description, Seller will keep the property and refund any money paid. The liability of the City of Kerrville shall not exceed the actual purchase price of the property. Please note that upon removal of the property, all sales are final.

Personal and property risk. Persons attending during exhibition, sale or removal of goods assume all risks of damage of or loss to person and property and specifically release the seller and GovDeals from liability therefore.

Inspection. Most items offered for sale are used and may contain defects not immediately detectable. Bidders may inspect the property prior to bidding. Bidders must adhere to the inspection dates and times indicated in the item description. See special instructions on each auction page for inspection details.

Consideration of Bid. The City of Kerrville reserves the right to reject any and all bids and to withdraw from sale any of the items listed.

Buyer's Certificate. Successful bidders will receive a Buyer's Certificate by email from GovDeals.

Payment. Payment in full is due not later than **5 business days** from the time and date of the Buyer's Certificate. Acceptable forms of payment are:

- U. S. Currency
- Certified Cashiers Check
- Money Order

- Company Check (with Bank Letter guaranteeing funds – **mandatory**)

Checks shall be made payable to: **City of Kerrville**. Payments shall be made at the location listed in the Buyer's Certificate.

Escrow Payment. When the purchase price (of a single item or the aggregate purchase price of multiple items) totals \$5,000 or greater, the Seller may require a down payment from the winning Buyer. This non-refundable fee will be 20% of the total purchase price. When the Seller exercises this option, the Buyer will have 48-hours from the time of issuance of the Buyers Certificate, to comply with this requirement. If Buyer fails to comply with this requirement within the stated time frame, the Seller can declare Buyer in default, bar them from further bidding and have them removed from the GovDeals system. If Buyer is in default, Seller may negotiate with next closest bidder, re-list at another auction and/or pursue all legal proceedings. All monies collected in escrow, will be deducted from total monies due at time of final payment.

Removal. All items must be removed within **10 business days** from the time and date of issuance of the Buyer's Certificate. Purchases will be released only upon receipt of payment as specified. Successful bidders are responsible for loading and removal and any and all property awarded to them from the place where the property is located as indicated on the website and in the Buyer's Certificate. The Buyer will make all arrangements and perform all work necessary, including packing, loading and transportation of the property. Under no circumstances will the **City of Kerrville** assume responsibility for packing, loading or shipping. See special instructions on each auction page for removal details. A daily storage fee of \$10.00 may be charged for any item not removed within the 10 business days allowed and stated on the Buyer's Certificate.

Vehicle Titles. Seller will issue a title or certificate upon receipt of payment. Titles may be subject to any restrictions as indicated in the item description on the website. Open titles cannot be issued. The **City of Kerrville** will not issue replacement titles.

Default. Default shall include (1) failure to observe these terms and conditions; (2) failure to make good and timely payment; or (3) failure to remove all items within the specified time. Default may result in termination of the contract and suspension from participation in all future sales until the default has been cured. If the Buyer fails in the performance of their obligations, **Seller** may exercise such rights and may pursue such remedies as are provided by law. Seller reserves the right to reclaim and resell all items not removed by the specified removal date.

Acceptance of Terms and Conditions. By submitting a bid, the bidder agrees that they have read, fully understand and accept these Terms and Conditions of Online Sales, and agree to pay for and remove the property, if the bid is accepted, by the dates and times specified. These Terms and Conditions are displayed at the top of each page of each item listed on GovDeals. Special Instructions appearing on the asset page will override certain sections of the terms and conditions.

State/Local Sales and/or Use Tax. Buyers may be subject to payment of State and/or local sales and/or use tax. Buyers are responsible for contacting the appropriate tax office, completing any forms, and paying any taxes that may be imposed.

Sales to Employees. Employees of the **City of Kerrville** may bid on the property listed for auction, so long as they do NOT bid while on duty.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Interlocal agreement with PACE for cooperative purchasing

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** July 2, 2010

SUBMITTED BY: Mike Erwin *ME* **CLEARANCES:** Todd Parton *TP*
Director of Finance City Manager

EXHIBITS: Interlocal Agreement

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The city staff requests to enter into an interlocal agreement with PACE, a cooperative purchasing membership. PACE (Purchasing Association of Cooperative Entities) Purchasing Cooperative was created to give cooperative members awarded contract tools to assist their entities in meeting bidding requirements and to save valuable staff resources, finding vendors to assist members in meeting their operation goals, and to save funds when obtaining best value supplies.

This PACE Cooperative Purchasing Membership Agreement will allow a Member Agency to purchase commodities and/or services, from any and all PACE vendors, under the same terms, conditions and price as stated in each awarded contract.

RECOMMENDED ACTION

Staff recommends Council authorize the City Manager to enter into an interlocal agreement with PACE.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2010**

**A RESOLUTION APPROVING INTERLOCAL AGREEMENT FOR THE CITY'S
PARTICIPATION IN THE PACE PURCHASING COOPERATIVE**

WHEREAS, the City of Kerrville, Texas (the "City"), pursuant to the authority granted by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, as amended, desires to participate in the PACE (Purchasing Association of Cooperative Entities) Purchasing Cooperative ("Cooperative");

WHEREAS, the Cooperative was created and is administered by Education Service Center, Region 13 in Austin, Texas and Education Service Center, Region 20 and the 2013 Purchasing Cooperative in San Antonio, Texas; and

WHEREAS, the Cooperative is designed to give its cooperative members additional contract tools to assist their entities in meeting bidding requirements and to save staff resources, find vendors to assist members in meeting their operation goals, and to save funds when obtaining best value supplies; and

WHEREAS, the Cooperative provides government agencies opportunities for greater efficiency and economy in acquiring goods and services and uses competitive price solicitation and bulk purchasing that yield economic benefits unobtainable by individual entities; and

WHEREAS, City staff believes that the City's participation in the Cooperative's purchasing program will benefit the City through the efficiencies and potential savings that the program offers; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to participate in the Cooperative's purchasing program by executing a Interlocal Participation Agreement relating to same and appointing a City representative to serve as the liaison to the Cooperative;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The Mayor and City Secretary are authorized to execute and attest, respectively, on behalf of the City of Kerrville, Texas, the Interlocal Agreement for the PACE (Purchasing Association of Cooperative Entities) Purchasing Cooperative, which agreement shall be substantially set forth in Exhibit A.

SECTION TWO. The City Council directs and designates the City Manager or his designee as the City's liaison with respect to the agreement with the Cooperative.

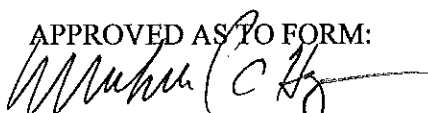
PASSED AND APPROVED ON this the ____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

PACE PURCHASING COOPERATIVE

INTERLOCAL AGREEMENT

Member Name: _____ County District Number: _____

Education Service Center, Region 13 & 20 (Coop) and the above named agency (member) enter into the following cooperative service arrangement.

This agreement is effective _____ (date) and shall automatically renew unless either party gives ninety (90) days prior notice of non-renewal. This agreement may be terminated with or without cause by either party upon thirty (30) days written notice.

The Coop will:

- Handle bidding procedures
- Abide by all bid laws in the State of Texas
- Enter proposals for tabulation and evaluation
- Arrange for an Award Committee to test, evaluate and award proposals
- Develop award information forms for member use
- Send award information to vendors
- Develop system for gathering evaluation information from members on vendor performance and product quality
- Provide comparison information with previous awards to evaluate effectiveness of proposals

The Member will:

Ensure an approved resolution (if required in member State) to participate in Cooperative is on file

Coop

- Designate a member employee to serve as a liaison with Coop
- Provide release time for meetings, proposal openings, and testing assistance as needed
- Identify delivery location within Member on purchase orders
- Prepare purchase orders for items awarded on proposals
- Ensure timely payments to vendors who receive proposal awards
- Provide Coop with evaluation forms regarding vendor and product concerns

Authorization:

Education Service Center, Region 13 & 20 and the PACE Purchasing Cooperative executed a contract to provide cooperative purchasing services to government entities.

PACE PURCHASING COOPERATIVE

INTERLOCAL AGREEMENT

Member Name: _____ County District Number: _____

Please send a signed Interlocal Agreement to (or fax to 210-370-5776):

Education Service Center, Region 20
Attn: PACE Coop
1314 Hines Ave
San Antonio, TX 78208.

Public Entity	Education Service Center, Region 20
BY: _____	BY: _____
Authorized Signature	Authorized Signature
_____	Purchasing Coordinator
Title	Title
_____	_____
Date	Date
_____	Jim Metzger
Contact Person	Contact Person
_____	Purchasing Coordinator
Title of Contact Person	Title of Contact Person
_____	210-370-5204
Street Address	Phone Number
_____	210-370-5776
City, State, Zip	Fax Number
_____	jim.metzger@esc20.net
Phone/Fax Number	E-mail Address
_____	_____
E-mail Address	_____

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Approval of a resolution updating the investment policy of the City of Kerrville

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** July 2, 2010

SUBMITTED BY: Mike Erwin  **CLEARANCES:** Todd Parton
Director of Finance City Manager 

EXHIBITS: City's Investment Policy
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The City is required to review and update the City's investment policy and investment strategy on annual basis. This year's review took the City's existing policy and updated it to reflect the current state law. The changes are outlined below:

1. One change is the inclusion of insured credit unions as an investment tool. The current city policy does not include credit unions.
2. Another change is that the weighted average maturity of the overall portfolio shall not exceed 185 days instead of six months.
3. Other changes were made to comply with the wording of the Public Funds Investment Act.
 - a. These changes include the addition of the italicized wording in the statement "Authority and designation as Investment Officer is effective until rescinded by the City, *expiration of the officer's term*, or until termination of employment."
 - b. The additional wording under 6. Standard of Care to address personal business relationships with a business organization offering to engage in an investment transaction with the City and the requirement to file a statement disclosing that personal business interest.

- c. The third change is to 8. c. regarding Investment Advisors. The wording "authority granting the entity to invest City funds will be effective until rescinded by the City" has been changed to "A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the City Council by order, ordinance, or resolution." Another change was the addition of the phrase *from date of issuance* regarding the maturity of Commercial Paper in section 9. c.
- d. The final change was the addition of the sentence *Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods* under the Competitive Bidding section of 9. Attached is a copy of the Investment Policy identifying those changes.

The city staff's investment broker recommendations include the removal of Connie Niehaus of Citigroup and Dave Shapiro of Mizuho who have not placed a bid for investments during the last fiscal year. Staff recommends the addition of Chris Rotan of Comerica Wealth & Institutional Management and Christian Colon of MBS Securities. Attached is the recommended Broker List for June 2010.

The city's investment strategy was last approved by Council in October 2009 and staff recommends approval of this updated investment strategy which is attached.

RECOMMENDED ACTION

Staff requests approval of this resolution.

City of Kerrville, Texas
Investment Policy

1. General Policy

It is the policy of the City of Kerrville (the "City") to administer its funds and the investment of those funds, as its highest public trust. The funds shall be invested in a manner, which provides for maximum safety of principal through risk management and diversification while meeting the City's daily cash needs. The investment of the City's funds should provide a reasonable investment return. The earnings from investment will be used in a manner that best serves the interests of the City.

The City shall administer its investment activities in conformance with the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"), the Public Collateral Act (Texas Government Code, Chapter 2257) and in conformance with any applicable state and federal regulations, applicable bond resolution requirements, and this Investment Policy.

2. Scope

This Investment Policy governs the investment of all financial assets of the City as accounted for in the City's Comprehensive Annual Financial Report. This includes the financial assets of the following funds:

- a. general fund,
- b. special revenue fund,
- c. capital project fund,
- d. enterprise fund,
- e. reserve fund,
- f. trust and agency funds, to the extent not required by law or existing contract to be kept segregated and managed separately,
- g. debt service fund, including reserve and sinking funds, to the extent not required by law or existing contract to be kept segregated and managed separately, and
- h. any new fund created by the City, unless specifically exempted from this Policy by the City Council or by law.

3. Goals and Objectives

Investment of the City funds shall be governed by the following investment objectives, in their order of priority:

a. Safety

Safety of principal is the foremost objective of the investment program of the City. Investment shall be undertaken in a manner that seeks to ensure the preservation of

capital and avoids security defaults or erosion of market values. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonable anticipated. Ongoing cash flow analysis will be used to identify changing liquidity needs. Demand deposits or other liquid investments should be maintained in an amount greater than or equal to one sixth (1/6) of the City's total annual operating budget in order to avoid the need to liquidate securities prior to maturity,

To the extent possible, the City will attempt to match its investment maturities with anticipated liabilities and cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in any securities maturing more than two (2) years from the date of purchase. Such specific cash flow requirements would include operating funds, construction funds, and debt service funds.

To reflect the cash flow requirements and risk tolerance levels of the City, the weighted average maturity of the overall portfolio shall not exceed 185 days.

Deleted: six (6) months

c. Diversification

In order to minimize investment and market risk, the City will diversify its investments by market sector (security type) and maturity. The portfolio will be designed to avoid unreasonable risks within one market sector or from an individual financial institution.

d. Yield

The City's investment portfolio shall be designed with the objective of attaining a reasonable rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. The portfolio(s) risk shall be measured quarterly against a benchmark based on cash flow analysis and the authorized portfolio structure. The overall portfolio shall have a maximum weighted average maturity of six (6) months. To measure the overall risk of the portfolio, a benchmark of the six-month Treasury Bill shall be reported.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a cash management program, which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

4. Investment Strategy

In compliance with the Act and as an integral part of the administration of the City's investment activities, the City Council shall adopt a separate written Investment Strategy for each of the funds or group of funds under its control. The Investment Strategy shall describe the investment objectives for the particular fund using the following priorities in order of importance:

a. understanding of the suitability of each investment to the financial requirements of the City;

Deleted: a. understanding

b. preservation and safety of principal;

Deleted: b. preservation

c. liquidity;

Deleted: c. liquidity

d. marketability of each investment if the need arises to liquidate the investment prior to maturity;

Deleted: d. marketability

e. diversification of the investment portfolio; and

Deleted: e. diversification

f. yield.

Deleted: f. yield

5. Investment Officers

The City's Director of Finance is authorized to administer the investment activities of the City and, is designated as Investment Officer for the purposes of this Policy. Upon recommendation of the City Manger, the City Council may designate one or more additional qualified employees or an SEC Registered Investment Advisor, as Investment Officer(s). The designation of additional Investment Officers shall be by resolution, or award of contract. Authority and designation as Investment Officer is effective until rescinded by the City, expiration of the officer's term, or until termination of employment.

All Investment Officer(s) shall be familiar with this Policy and its underlying procedures. No Investment Officer may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.

A trading resolution is established by adoption of this Investment Policy authorizing the Investment Officer(s) to engage in investment transaction on behalf of the City. The persons so authorized to transact business are also authorized to approve wire transfers used in the process of investing.

Training

All Investment Officer(s) shall attend ten (10) hours of training in accordance with the Act within twelve (12) months of assuming responsibilities and attend (10) hours of training each successive two-year period. Training shall be provided or endorsed by the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, and the Texas Municipal League. Training should include topics

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such as investment controls, security risk, market risks, diversification of the investment portfolio and compliance with State laws.

6. Standard of Care

The standard of care to be used by the City's Investment Officer(s) shall be the "prudent person standard" and shall be applied in the context of managing the overall portfolio, rather than a consideration as to the prudence of a single investment; and whether the investment decision was consistent with this investment policy. The standard states:

Investment shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of the capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity,
- (3) diversification; and
- (4) yield.

Investment Officer(s) acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal liability for an individual security's credit risk or market price change, provided that deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

An investment officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. For the purpose of this paragraph, an investment officer has a personal business relationship with a business organization if:

1. the investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization.
2. funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the previous year; or
3. the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

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7. Standard of Ethics

Investment Officer(s) shall act as custodians of the public trust and shall refrain from any transaction that might involve a conflict of interest or the appearance of a conflict of interest, or any activity that might otherwise discourage public confidence. Investment Office(s) shall refrain from personal business activity that could conflict with proper

execution of the investment program or that could impair their ability to make impartial investment decisions.

An Investment Officer who has a personal or business relationship with an individual or organization seeking to sell an investment to the City shall file a disclosure statement with the Texas Ethics Commission and the City Council in accordance with the Act.

8. Investment Advisors, Investment Pools, and Broker/Dealers

The City recognizes that all investment decisions regarding the City's portfolio are ultimately the responsibility of the City Council and its Investment Officers. However, all investment advisors and broker/dealers conducting business with the City shall make every reasonable effort to adhere to the spirit, philosophy, and specific terms of this Investment Policy. All investment advisors and broker/dealers shall avoid recommending or suggesting transaction outside the spirit, philosophy, and specific terms of this Investment Policy.

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a. Broker/Dealers

A list of not less than five authorized broker/dealers shall be maintained to assure a competitive process. Investment Officers will establish the criteria, monitor the service, and evaluate the broker/dealers based on their:

1. adherence to the City's policies and strategies,
2. transaction pricing,
3. responsiveness to the City's requests for service and information
4. the quality of communications, and
5. understanding of the inherent fiduciary responsibility of public funds.

Financial Institutions and broker/dealers who desire to transact business with the City must supply the following documents to the Investment Officer or Investment Advisor (as applicable):

- Current year audited financial statements
- Financial Institutions Regulatory Agency (FINRA) certification and FINRA's Central Depository Registration (CRD) number.
- Proof of Texas State Securities registration.

Broker/dealers shall also provide timely trade documentation and confirmations.

Certification

Before transacting any business with the City, the Director of Finance shall present each broker/dealer with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing to the City, certify substantially to the effect that:

1. the broker/dealer has received and reviewed the City's Investment Policy, and

2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with a broker/dealer prior to receiving the certification.

If material changes are made to the Investment Policy, an updated copy shall be provided to the authorized broker/dealer for re-certification.

b. Investment Pools

Investment pools shall be required to furnish to the investment officer an information statement that contains, at a minimum, the following information:

1. the types of investments in which money is allowed to be invested,
2. the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool,
3. the maximum stated maturity date of any investment security within the portfolio has,
4. the objectives of the pool,
5. the size of the pool,
6. the names of the members of the advisory board of the pool and the dates their terms expire,
7. the custodian bank that will safekeep the pool's assets,
8. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuations,
9. whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment,
10. the name and address of the independent auditor of the pool,
11. the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool, and
12. the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

The investment pool shall furnish the City the following information:

1. investment transaction confirmations; and
2. a monthly report that contains, at a minimum, the following information:
 - a. the types and percentage breakdown of securities in which the pool is invested,

- b. the current average dollar-weighted maturity, based on the stated maturity date, of the pool,
- c. the current percentage of the pool's portfolio in investments that have stated maturities of more than one year,
- d. the book value versus the market value of the pool's portfolio, using amortized cost valuation,
- e. the size of the pool,
- f. the number of participants in the pool,
- g. the custodian bank that is safekeeping the assets of the pool,
- h. a listing of daily transaction activity of the entity participating in the pool,
- i. the yield and expense ratio of the pool,
- j. the portfolio managers of the pool, and
- k. any changes or addenda to the offering circular.

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Investment pools must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

c. Investment Advisor

The City may contract with another investing entity registered under the 15 U.S.C. Section 80b-1 et seq. to invest its funds. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the City Council by order, ordinance, or resolution. The investing entity will be held to the same standards of this Policy as the Investment Officer.

Deleted: Authority granting the entity to invest City funds will be effective until rescinded by the City

Investment advisors shall be required to be registered with the U.S. Security and Exchange Commission and shall provide their SEC ADV Form to the City on an annual basis.

The Director of Finance shall present investment advisors with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing, certify substantially to the effect that:

1. the applicable advisors have received and reviewed the City's Investment Policy, and
2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with an investment advisor prior to receiving the certification.

9. Authorized Investments

Authorized investments under this Policy shall be limited to the instruments listed below as further described by the Act.

- a. Obligations of the United States Government, its agencies and instrumentalities, excluding mortgage backed securities, with a stated final maturity not to exceed two (2) years.
- b. Fully collateralized or insured certificates of deposit from banks doing business in Texas with a final stated maturity not to exceed twelve (12) months. Certificates of deposit shall be:
 - 1. guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or
 - 2. secured by obligations as defined by this Policy, and
 - 3. governed by a written Depository Agreement that complies with federal and state regulations for properly securing a pledged security interest.
- c. Commercial paper rated A1/P1 or its equivalent by two (2) nationally recognized rating agencies and with a final stated maturity not to exceed one hundred eighty five (185) days from the date of issuance.
- d. An AAA-rated SEC registered money market mutual funds, striving to maintain a \$1 net asset value, continuously rated not less than AAA or equivalent by at least one nationally recognized rating firm. An AAA-rated money market mutual fund must have a dollar-weighted average stated maturity of 60 days or fewer.
- e. Constant-dollar, AAA-rated or AAA-in rated Texas Local Government Investment Pools, approved by resolution of the City Council and conforming in every respect to the Act.

The City shall not invest, in the aggregate, more than 90 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in approved investment pools.

The City investment in any investment pool shall not exceed 5 percent of the total assets of the pool.

- f. Fully collateralized repurchase agreements transacted with a primary securities dealer as defined by the Federal Reserve, under a written Master Repurchase Agreement, with a defined termination date, secured by obligations as defined by this Policy held by an independent third party custodian approved by the City, and with a stated final maturity not to exceed ninety (90) days.

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This authorization includes flexible repurchase agreements ("flex repos") to be utilized only in the investment of bond proceeds with a stated final maturity not to exceed the expenditure plan on the bond proceeds.

- g. Fully collateralized or insured demand deposit accounts at authorized City depositories, under the provisions of a written collateral/depository agreement.

Unauthorized Securities

The City is not authorized to invest in the following securities:

1. Interest-Only mortgaged backed securities (IO) whose payment represents only the coupon payments on outstanding principal balances of underlying mortgage.
2. Principal-Only mortgage backed securities (PO) whose payment represents only the principal stream from underlying mortgages.
3. Collateralized mortgage obligations (CMO) with a stated final maturity date of greater than ten (10) years.
4. Collateralized mortgage obligations the interest rate which is determined by an index that adjusts opposite to the change in a market index.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the City until this policy has been amended and the amended version adopted by the City Council.

Delivery versus Payment

All security transactions shall be transacted on a delivery versus payment (DVP) basis in order to ensure that the City has total control of its investments and its funds at all times.

Competitive Bidding

All investment transactions, including certificates of deposit, will be made on a competitive basis to assure that the City is receiving fair market prices. Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

10. Collateralization

Consistent with the requirements of the Act and the Public Funds Collateral Act, the City shall require collateral on all repurchase agreements and all time and demand deposits above the limits of federal insurance.

Time and Demand Deposits- Pledged Collateral

Financial institutions serving as City depositories will be required to execute a Depository Agreement with the City outlining, among other conditions, collateral

conditions and limitations. The Agreement shall define the City's rights to the collateral in case of default, bankruptcy or closing,

Collateral authorized by the City will be limited to the following

1. Obligations of the US Government, its agencies and instrumentalities, including mortgage backed securities, which pass the bank test.
2. Obligations of any US state, their agencies and instrumentalities, and municipalities rated A or better by two nationally recognized rating agencies.

Collateral pledged to the City must be maintained with a margin of 102% of the time or demand amounts being collateralized. The banking institution shall be held contractually liable for monitoring and maintaining the required margins at all time. All collateral shall be held by an independent third party banking institution outside the holding company of the pledging bank. A clearly marked evidence of ownership (safekeeping receipt) must be provided to the City for all securities pledged and must clearly state that the security is pledged to the City. Substitution of collateral shall only be made after prior written approval by the City.

The pledging institution shall be responsible for providing a monthly report, preferably from the custodian, on pledged collateral listing at a minimum, the security description, cusip, par value, maturity, and current market value.

Repurchase Agreement- Owned Collateral

Collateral under a master repurchase agreement is owned by the City under a buy-sell transaction. It will be held by an independent third party safekeeping agent approved by the City under an executed SIMFA Master Repurchase Agreement. Collateral with a market value totaling 102% of the principal and accrued interest is required and the counter-party is responsible for the monitoring and maintaining of collateral and margins at all times.

11. Safekeeping and Custody of City Owned Securities

The laws of the State, this Policy, and prudent treasury management require that all securities be settled on a delivery versus payment basis and be held in safekeeping by an independent third party financial institution approved by the City. The City shall contract with its banking services depository or another financial institution(s) as Custodian for the safekeeping of any securities owned by the City. The designated Custodian will be responsible for the clearing and safekeeping of all security trades and will provide a monthly report of holdings. All securities held by the Custodian on behalf of the City shall be evidenced by a safekeeping receipt.

12. Diversification

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Diversification by security types shall be established by the following maximum percentages of investment type to the total City investment portfolio:

Obligations of the US Government	90%
Obligations of US Agencies/Instrumentalities	90%
Certificates of Deposit	90%
Limitation by banking institution	15%
Commercial Paper	20%
Limitation by Issuer	10%
Money Market Mutual Funds	70%
Limitation by ownership in fund	5%
Constant Dollar Texas Investment Pools	90%
Limitation by ownership in fund	5%

Maximum percentages listed above are to be based on amortized book value.

13. Internal Control

The Director of Finance shall maintain a system of internal controls over the investment activities of the City and his/her subordinate employees. The control shall be designed to address fraud, employee error, misrepresentation by third parties, unanticipated market changes, and imprudent actions. Controls deemed most important would include: control of collusion, separation of duties, custody and safekeeping, delegation of authority, securities losses and remedial actions, and documentation on all transactions.

The City's internal controls over investment activities, and quarterly investment reports, shall be reviewed annually by the City's independent auditor as part of the annual audit process. Any irregularities or suggestions for improvement shall be reported to the City Council.

Cash Flow Forecasting

Cash flow forecasting is a control designed to protect and sustain cash flow requirements of the City. The Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions of investment purposes.

14. Reporting

Not less than quarterly, the Director of Finance shall report to the City Council regarding the City's investment activities for the quarter in compliance with the Act. The reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program. At a minimum the report shall include:

- description of each investment and depository position.
- book and market values at the beginning and end of the reporting period

- additions, and changes to the market value during the period
- book value and market value of each separately invested asset at the beginning and end of the reporting period market sector and fund
- maturity date of each separately invested asset
- account, fund, or pooled group fund for which each investment was acquired
- earnings for the period
- overall yield for the portfolio(s) in comparison to its benchmark yield for the period

Market prices for market value calculations shall be obtained from independent sources. The quarterly report shall be signed by the Investment Officer and Investment Advisor as applicable.

15. Depositories

The City will design one banking institution through a competitive process as its central banking services provider at least every five (5) years. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization of each financial institution shall be considered. This institution will be used for normal banking services including disbursement, deposits, and safekeeping of securities.

Depository agreements, executed in accordance with FIRREA (Financial Institutions Resource and Recovery Enforcement Act), will be established before funds are transferred.

Other banking institutions from which the City may purchase certificates of deposit will also be designated as depositories and must execute a written depository (collateral) contract in accordance with the provisions of this Policy.

16. Policies and Strategy Review

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The City Council shall review and adopt the City Investment Policy and incorporated Investment Strategy not less than annually. The City Council shall adopt a written instrument by resolution stating that it has reviewed the Policy and Strategy and the adopting resolution shall record any changes made.

The City's investment activities shall be reviewed annually by the City's independent auditors as part of the annual audit process. The objective of the review shall be to ascertain compliance of the City's investment activities with the Investment Policy, Investment Strategy, and the Act. Any irregularities shall be reported to the City Council through a report as prescribed by the audit engagement agreement.

City of Kerrville, Texas
Investment Strategy
Adopted by Resolution Number _____
June 22, 2010

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1. Scope

While the Investment Strategy is an integral part of the administration of the investment activities of the City of Kerrville, it is subordinate to the City's Investment Policy. As such, no portion of this strategy or any future adopted strategy shall override or circumvent the spirit, philosophy, or specific terms of the City's Investment Policy.

The purpose of the Investment Strategy is to guide the day-to-day administration of the investment activities of the City in meeting the investment objectives of the Investment Policy.

2. Investment Pool

The City maintains a cash and investment pool that is available for use by all funds under the management of the City. Each fund's portion of the Pool is reported as "equity in investment pool." Earnings from the pooled investments are allocated monthly based on each fund's average monthly balance. Funds that incur a negative equity balance are not allocated nor charged any interest.

The pooling method is an efficient means for managing City funds. For that reason, all City funds will be included in the pool unless otherwise required by the City Council, state or federal regulations, or applicable bond resolution requirements.

Deleted: The City does not allocate investment income to internal service funds or debt service funds in the investment pool.¶

3. Suitable Investments

The following are currently considered suitable investments by the City of Kerrville.

a. United States Government Obligations

Beside U.S. Treasury Bills and Notes, the City shall limit investments in government obligations to the following federal agencies:

1. Federal Home Loan Bank Notes (FHLB)
2. Federal National Mortgage Association Notes (FNMA, Fannie Mae's)
3. Federal Home Loan Mortgage Corporation Notes (FHLMC, Freddie Macs)
4. Federal Farm Credit Bank Notes (FFCB)

- b.** Fully collateralized or insured Certificates of Deposit
c. Commercial Paper rated A1/P1

- d. Money Market Mutual Funds with AAA-rating
- e. Constant Dollar AAA or AAA-m rated Investment Pools
- f. Fully collateralized Repurchase Agreements (Repos)
- g. Fully collateralized or insured demand deposit accounts

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4. Strategy

It is the investment strategy of the City to closely monitor and anticipate the cash flow needs of the organization in order to keep as much of the City's available funds invested in highly credit worthy, highly liquid, short-term investments.

a. Cash flow

Investment Officers shall monitor and project the City's cash flow needs on a daily basis. Funds that can be reasonably identified as available for investment, should be invested as soon as possible in order that the City receives the highest daily rate of return possible given the constraints of the Investment Policy and this Investment Strategy.

While it is important that all available funds be invested, a reasonable amount of demand deposits should be maintained in the City's depository bank so as to avoid the need to liquidate securities prior to their maturity.

b. Diversification by Security Type

In order to avoid a high concentration of City funds in any single investment type, Investment Officers shall diversify the City's investment portfolio based on the guidelines stated in the Investment Policy. As a result, Investment Officers may have to invest funds in a lower-yielding security type to achieve diversification requirements.

c. Maturities

It is the intent of the City that investment activities achieve a short-term market rate of return. Investing in long-term maturities increases the market risk for the City. Therefore, Investment Officers shall maintain a weighted average maturity of not more than 6 months, based on the City's total portfolio value. In no case shall Investment Officers purchase a single investment with a stated maturity greater than 2 years. Except for those instances described in the Investment Policy, Investment Officers shall invest based on the following table:

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Security Type	Maximum Maturity From Date of Purchase
United States Government Obligation	<u>2 years</u>
Certificates of Deposit	<u>12 months</u>
Commercial Paper	<u>6 months</u>

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5. Purchasing Procedures

Investment Officers shall maintain at least five qualified broker/dealers with which to transact investment purchases. Where possible, Investment Officers shall attempt to obtain competitive yield quotes by specific security type and maturity. When the situation arises where competitive quotes can not be reasonably obtained, the Investment Officers will purchase the security most closely matching what he or she believes to offer the best yield-to-maturity based on current overall short-term market performance.

In any case, to avoid any conflict of interest or any appearance of a conflict of interest, the Investment Officers shall make every reasonable attempt to gather competitive quotes on similar security types and maturities for all investment purchases.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2010**

**A RESOLUTION ADOPTING AMENDMENTS TO THE CITY
OF KERRVILLE INVESTMENT POLICY REGARDING THE
INVESTMENT OF CITY FUNDS IN ACCORDANCE WITH
THE PUBLIC FUNDS INVESTMENT ACT**

WHEREAS, the Public Funds Investment Act (Chapter 2256 of the Texas Government Code) requires a city to annually review its investment policy with respect to the investment of public funds collected and held by the city pending the need to spend said funds; and

WHEREAS, City staff has reviewed the City's current investment policy and recommends amendments to said policy, including the investment strategy contained therein; and

WHEREAS, the City Council of the City of Kerrville, Texas, having reviewed said policy, concurs in the City staffs' recommendation and finds that it is in the public interest to extend said policy and readopt same with amendments;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS:**

That the City of Kerrville, Texas, investment policy, as adopted by Resolution 063-2006, and which includes the investment strategy, is amended as indicated in **Exhibit A**.

PASSED AND APPROVED ON this the ____ day of _____, A.D., 2010.

ATTEST:

David Wampler, Mayor

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

City of Kerrville, Texas
Investment Policy

1. General Policy

It is the policy of the City of Kerrville (the "City") to administer its funds and the investment of those funds, as its highest public trust. The funds shall be invested in a manner, which provides for maximum safety of principal through risk management and diversification while meeting the City's daily cash needs. The investment of the City's funds should provide a reasonable investment return. The earnings from investment will be used in a manner that best serves the interests of the City.

The City shall administer its investment activities in conformance with the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"), the Public Collateral Act (Texas Government Code, Chapter 2257) and in conformance with any applicable state and federal regulations, applicable bond resolution requirements, and this Investment Policy.

2. Scope

This Investment Policy governs the investment of all financial assets of the City as accounted for in the City's Comprehensive Annual Financial Report. This includes the financial assets of the following funds:

- a. general fund,
- b. special revenue fund,
- c. capital project fund,
- d. enterprise fund,
- e. reserve fund,
- f. trust and agency funds, to the extent not required by law or existing contract to be kept segregated and managed separately,
- g. debt service fund, including reserve and sinking funds, to the extent not required by law or existing contract to be kept segregated and managed separately, and
- h. any new fund created by the City, unless specifically exempted from this Policy by the City Council or by law.

3. Goals and Objectives

Investment of the City funds shall be governed by the following investment objectives, in their order of priority:

a. Safety

Safety of principal is the foremost objective of the investment program of the City. Investment shall be undertaken in a manner that seeks to ensure the preservation of

capital and avoids security defaults or erosion of market values. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonable anticipated. Ongoing cash flow analysis will be used to identify changing liquidity needs. Demand deposits or other liquid investments should be maintained in an amount greater than or equal to one sixth (1/6) of the City's total annual operating budget in order to avoid the need to liquidate securities prior to maturity,

To the extent possible, the City will attempt to match its investment maturities with anticipated liabilities and cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in any securities maturing more than two (2) years from the date of purchase. Such specific cash flow requirements would include operating funds, construction funds, and debt service funds.

To reflect the cash flow requirements and risk tolerance levels of the City, the weighted average maturity of the overall portfolio shall not exceed 185 days.

c. Diversification

In order to minimize investment and market risk, the City will diversify its investments by market sector (security type) and maturity. The portfolio will be designed to avoid unreasonable risks within one market sector or from an individual financial institution.

d. Yield

The City's investment portfolio shall be designed with the objective of attaining a reasonable rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. The portfolio(s) risk shall be measured quarterly against a benchmark based on cash flow analysis and the authorized portfolio structure. The overall portfolio shall have a maximum weighted average maturity of six (6) months. To measure the overall risk of the portfolio, a benchmark of the six-month Treasury Bill shall be reported.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a cash management program, which includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms and the management of banking services.

4. Investment Strategy

In compliance with the Act and as an integral part of the administration of the City's investment activities, the City Council shall adopt a separate written Investment Strategy for each of the funds or group of funds under its control. The Investment Strategy shall describe the investment objectives for the particular fund using the following priorities in order of importance:

- a. understanding of the suitability of each investment to the financial requirements of the City;
- b. preservation and safety of principal;
- c. liquidity;
- d. marketability of each investment if the need arises to liquidate the investment prior to maturity;
- e. diversification of the investment portfolio; and
- f. yield.

5. Investment Officers

The City's Director of Finance is authorized to administer the investment activities of the City and, is designated as Investment Officer for the purposes of this Policy. Upon recommendation of the City Manager, the City Council may designate one or more additional qualified employees or an SEC Registered Investment Advisor, as Investment Officer(s). The designation of additional Investment Officers shall be by resolution, or award of contract. Authority and designation as Investment Officer is effective until rescinded by the City, expiration of the officer's term, or until termination of employment.

All Investment Officer(s) shall be familiar with this Policy and its underlying procedures. No Investment Officer may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance.

A trading resolution is established by adoption of this Investment Policy authorizing the Investment Officer(s) to engage in investment transaction on behalf of the City. The persons so authorized to transact business are also authorized to approve wire transfers used in the process of investing.

Training

All Investment Officer(s) shall attend ten (10) hours of training in accordance with the Act within twelve (12) months of assuming responsibilities and attend (10) hours of training each successive two-year period. Training shall be provided or endorsed by the Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, and the Texas Municipal League. Training should include topics

such as investment controls, security risk, market risks, diversification of the investment portfolio and compliance with State laws.

6. Standard of Care

The standard of care to be used by the City's Investment Officer(s) shall be the "prudent person standard" and shall be applied in the context of managing the overall portfolio, rather than a consideration as to the prudence of a single investment; and whether the investment decision was consistent with this investment policy. The standard states:

Investment shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of the capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity,
- (3) diversification; and
- (4) yield.

Investment Officer(s) acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal liability for an individual security's credit risk or market price change, provided that deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

An investment officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. For the purpose of this paragraph, an investment officer has a personal business relationship with a business organization if:

1. the investment officer owns 10% or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization.
2. funds received by the investment officer from the business organization exceed 10% of the investment officer's gross income for the previous year; or
3. the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

7. Standard of Ethics

Investment Officer(s) shall act as custodians of the public trust and shall refrain from any transaction that might involve a conflict of interest or the appearance of a conflict of interest, or any activity that might otherwise discourage public confidence. Investment Office(s) shall refrain from personal business activity that could conflict with proper

execution of the investment program or that could impair their ability to make impartial investment decisions.

An Investment Officer who has a personal or business relationship with an individual or organization seeking to sell an investment to the City shall file a disclosure statement with the Texas Ethics Commission and the City Council in accordance with the Act.

8. Investment Advisors, Investment Pools, and Broker/Dealers

The City recognizes that all investment decisions regarding the City's portfolio are ultimately the responsibility of the City Council and its Investment Officers. However, all investment advisors and broker/dealers conducting business with the City shall make every reasonable effort to adhere to the spirit, philosophy, and specific terms of this Investment Policy. All investment advisors and broker/dealers shall avoid recommending or suggesting transaction outside the spirit, philosophy, and specific terms of this Investment Policy.

a. Broker/Dealers

A list of not less than five authorized broker/dealers shall be maintained to assure a competitive process. Investment Officers will establish the criteria, monitor the service, and evaluate the broker/dealers based on their:

1. adherence to the City's policies and strategies,
2. transaction pricing,
3. responsiveness to the City's requests for service and information
4. the quality of communications, and
5. understanding of the inherent fiduciary responsibility of public funds.

Financial Institutions and broker/dealers who desire to transact business with the City must supply the following documents to the Investment Officer or Investment Advisor (as applicable):

- Current year audited financial statements
- Financial Institutions Regulatory Agency (FINRA) certification and FINRA's Central Depository Registration (CRD) number.
- Proof of Texas State Securities registration.

Broker/dealers shall also provide timely trade documentation and confirmations.

Certification

Before transacting any business with the City, the Director of Finance shall present each broker/dealer with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing to the City, certify substantially to the effect that:

1. the broker/dealer has received and reviewed the City's Investment Policy, and

2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with a broker/dealer prior to receiving the certification.

If material changes are made to the Investment Policy, an updated copy shall be provided to the authorized broker/dealer for re-certification.

b. Investment Pools

Investment pools shall be required to furnish to the investment officer an information statement that contains, at a minimum, the following information:

1. the types of investments in which money is allowed to be invested,
2. the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool,
3. the maximum stated maturity date of any investment security within the portfolio has,
4. the objectives of the pool,
5. the size of the pool,
6. the names of the members of the advisory board of the pool and the dates their terms expire,
7. the custodian bank that will safekeep the pool's assets,
8. whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuations,
9. whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment,
10. the name and address of the independent auditor of the pool,
11. the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool, and
12. the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

The investment pool shall furnish the City the following information:

1. investment transaction confirmations; and
2. a monthly report that contains, at a minimum, the following information:
 - a. the types and percentage breakdown of securities in which the pool is invested,

- b. the current average dollar-weighted maturity, based on the stated maturity date, of the pool,
- c. the current percentage of the pool's portfolio in investments that have stated maturities of more than one year,
- d. the book value versus the market value of the pool's portfolio, using amortized cost valuation,
- e. the size of the pool,
- f. the number of participants in the pool,
- g. the custodian bank that is safekeeping the assets of the pool,
- h. a listing of daily transaction activity of the entity participating in the pool,
- i. the yield and expense ratio of the pool,
- j. the portfolio managers of the pool, and
- k. any changes or addenda to the offering circular.

Investment pools must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

c. Investment Advisor

The City may contract with another investing entity registered under the 15 U.S.C. Section 80b-1 et seq. to invest its funds. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the City Council by order, ordinance, or resolution.. The investing entity will be held to the same standards of this Policy as the Investment Officer.

Investment advisors shall be required to be registered with the U.S. Security and Exchange Commission and shall provide their SEC ADV Form to the City on an annual basis.

The Director of Finance shall present investment advisors with a current copy of the City's Investment Policy and an authorized representative of the firm shall, in writing, certify substantially to the effect that:

1. the applicable advisors have received and reviewed the City's Investment Policy, and
2. the firm has implemented reasonable procedures and controls to preclude investments with the City not authorized by the Policy.

The City shall not enter into any investment transaction with an investment advisor prior to receiving the certification.

9. Authorized Investments

Authorized investments under this Policy shall be limited to the instruments listed below as further described by the Act.

- a. Obligations of the United States Government, its agencies and instrumentalities, excluding mortgage backed securities, with a stated final maturity not to exceed two (2) years.
- b. Fully collateralized or insured certificates of deposit from banks doing business in Texas with a final stated maturity not to exceed twelve (12) months. Certificates of deposit shall be:
 1. guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or
 2. secured by obligations as defined by this Policy, and
 3. governed by a written Depository Agreement that complies with federal and state regulations for properly securing a pledged security interest.
- c. Commercial paper rated A1/P1 or its equivalent by two (2) nationally recognized rating agencies and with a final stated maturity not to exceed one hundred eighty five (185) days from the date of issuance.
- d. An AAA-rated SEC registered money market mutual funds, striving to maintain a \$1 net asset value, continuously rated not less than AAA or equivalent by at least one nationally recognized rating firm. An AAA-rated money market mutual fund must have a dollar-weighted average stated maturity of 60 days or fewer.
- e. Constant-dollar, AAA-rated or AAA-m rated Texas Local Government Investment Pools, approved by resolution of the City Council and conforming in every respect to the Act.

The City shall not invest, in the aggregate, more than 90 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in approved investment pools.

The City investment in any investment pool shall not exceed 5 percent of the total assets of the pool.

- f. Fully collateralized repurchase agreements transacted with a primary securities dealer as defined by the Federal Reserve, under a written Master Repurchase Agreement, with a defined termination date, secured by obligations as defined by this Policy held by an independent third party custodian approved by the City, and with a stated final maturity not to exceed ninety (90) days.

This authorization includes flexible repurchase agreements ("flex repos") to be utilized only in the investment of bond proceeds with a stated final maturity not to exceed the expenditure plan on the bond proceeds.

- g. Fully collateralized or insured demand deposit accounts at authorized City depositories, under the provisions of a written collateral/depository agreement.

Unauthorized Securities

The City is not authorized to invest in the following securities:

1. Interest-Only mortgaged backed securities (IO) whose payment represents only the coupon payments on outstanding principal balances of underlying mortgage.
2. Principal-Only mortgage backed securities (PO) whose payment represents only the principal stream from underlying mortgages.
3. Collateralized mortgage obligations (CMO) with a stated final maturity date of greater than ten (10) years.
4. Collateralized mortgage obligations the interest rate which is determined by an index that adjusts opposite to the change in a market index.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the City until this policy has been amended and the amended version adopted by the City Council.

Delivery versus Payment

All security transactions shall be transacted on a delivery versus payment (DVP) basis in order to ensure that the City has total control of its investments and its funds at all times.

Competitive Bidding

All investment transactions, including certificates of deposit, will be made on a competitive basis to assure that the City is receiving fair market prices. Bids for certificates of deposit may be solicited orally, in writing, electronically, or in any combination of those methods.

10. Collateralization

Consistent with the requirements of the Act and the Public Funds Collateral Act, the City shall require collateral on all repurchase agreements and all time and demand deposits above the limits of federal insurance.

Time and Demand Deposits- Pledged Collateral

Financial institutions serving as City depositories will be required to execute a Depository Agreement with the City outlining, among other conditions, collateral

conditions and limitations. The Agreement shall define the City's rights to the collateral in case of default, bankruptcy or closing,

Collateral authorized by the City will be limited to the following

1. Obligations of the US Government, its agencies and instrumentalities, including mortgage backed securities, which pass the bank test.
2. Obligations of any US state, their agencies and instrumentalities, and municipalities rated A or better by two nationally recognized rating agencies.

Collateral pledged to the City must be maintained with a margin of 102% of the time or demand amounts being collateralized. The banking institution shall be held contractually liable for monitoring and maintaining the required margins at all time. All collateral shall be held by an independent third party banking institution outside the holding company of the pledging bank. A clearly marked evidence of ownership (safekeeping receipt) must be provided to the City for all securities pledged and must clearly state that the security is pledged to the City. Substitution of collateral shall only be made after prior written approval by the City.

The pledging institution shall be responsible for providing a monthly report, preferably from the custodian, on pledged collateral listing at a minimum, the security description, cusip, par value, maturity, and current market value.

Repurchase Agreement- Owned Collateral

Collateral under a master repurchase agreement is owned by the City under a buy-sell transaction. It will be held by an independent third party safekeeping agent approved by the City under an executed SIMFA Master Repurchase Agreement. Collateral with a market value totaling 102% of the principal and accrued interest is required and the counter-party is responsible for the monitoring and maintaining of collateral and margins at all times.

11. Safekeeping and Custody of City Owned Securities

The laws of the State, this Policy, and prudent treasury management require that all securities be settled on a delivery versus payment basis and be held in safekeeping by an independent third party financial institution approved by the City. The City shall contract with its banking services depository or another financial institution(s) as Custodian for the safekeeping of any securities owned by the City. The designated Custodian will be responsible for the clearing and safekeeping of all security trades and will provide a monthly report of holdings. All securities held by the Custodian on behalf of the City shall be evidenced by a safekeeping receipt.

12. Diversification

Diversification by security types shall be established by the following maximum percentages of investment type to the total City investment portfolio:

Obligations of the US Government	90%
Obligations of US Agencies/Instrumentalities	90%
Certificates of Deposit	90%
Limitation by banking institution	15%
Commercial Paper	20%
Limitation by Issuer	10%
Money Market Mutual Funds	70%
Limitation by ownership in fund	5%
Constant Dollar Texas Investment Pools	90%
Limitation by ownership in fund	5%

Maximum percentages listed above are to be based on amortized book value.

13. Internal Control

The Director of Finance shall maintain a system of internal controls over the investment activities of the City and his/her subordinate employees. The control shall be designed to address fraud, employee error, misrepresentation by third parties, unanticipated market changes, and imprudent actions. Controls deemed most important would include: control of collusion, separation of duties, custody and safekeeping, delegation of authority, securities losses and remedial actions, and documentation on all transactions.

The City's internal controls over investment activities, and quarterly investment reports, shall be reviewed annually by the City's independent auditor as part of the annual audit process. Any irregularities or suggestions for improvement shall be reported to the City Council.

Cash Flow Forecasting

Cash flow forecasting is a control designed to protect and sustain cash flow requirements of the City. The Investment Officer will maintain a cash flow forecasting process designed to monitor and forecast cash positions of investment purposes.

14. Reporting

Not less than quarterly, the Director of Finance shall report to the City Council regarding the City's investment activities for the quarter in compliance with the Act. The reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program. At a minimum the report shall include:

- description of each investment and depository position.
- book and market values at the beginning and end of the reporting period

- additions, and changes to the market value during the period
- book value and market value of each separately invested asset at the beginning and end of the reporting period market sector and fund
- maturity date of each separately invested asset
- account, fund, or pooled group fund for which each investment was acquired
- earnings for the period
- overall yield for the portfolio(s) in comparison to its benchmark yield for the period

Market prices for market value calculations shall be obtained from independent sources. The quarterly report shall be signed by the Investment Officer and Investment Advisor as applicable.

15. Depositories

The City will design one banking institution through a competitive process as its central banking services provider at least every five (5) years. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization of each financial institution shall be considered. This institution will be used for normal banking services including disbursement, deposits, and safekeeping of securities.

Depository agreements, executed in accordance with FIRREA (Financial Institutions Resource and Recovery Enforcement Act), will be established before funds are transferred.

Other banking institutions from which the City may purchase certificates of deposit will also be designated as depositories and must execute a written depository (collateral) contract in accordance with the provisions of this Policy.

16. Policies and Strategy Review

The City Council shall review and adopt the City Investment Policy and incorporated Investment Strategy not less than annually. The City Council shall adopt a written instrument by resolution stating that it has reviewed the Policy and Strategy and the adopting resolution shall record any changes made.

The City's investment activities shall be reviewed annually by the City's independent auditors as part of the annual audit process. The objective of the review shall be to ascertain compliance of the City's investment activities with the Investment Policy, Investment Strategy, and the Act. Any irregularities shall be reported to the City Council through a report as prescribed by the audit engagement agreement.

Approved Broker/Dealer List
June 2010

Stephen F. Capoferi
Duncan – Williams, Inc.
11458 W. Travelers Way Circle
Houston, TX 77065
Phone: 866-394-0236
steve@duncanw.com

Mark Edelman
Cantella & Co., Inc.
12000 Westheimer, Suite 225
Houston, TX 77077
Phone: 866-521-6900
medelman@cantella.com

Robert Fairchild
Morgan Stanley
1304 Junction Hwy, Suite 300
Kerrville, TX 78028
Phone: 830-792-2100
Robert.Fairchild@morganstanley.com

Andy Lamanna
Vining Sparks IBG, L.P.
775 Ridge Lake Boulevard
Memphis, TN 38120
Phone: 800-829-0321
ALamanna@ViningSparks.com

Chris J. Rotan
Vice President
Institutional Sales
Comerica Wealth & Institutional
Management
Comerica Bank Tower
1717 Main Street, 3rd Floor
Dallas, TX 75201
Office: 214-890-4616
Fax: 214-462-6720
CRotan@comerica.com

Christian Colon
Account Executive
MBS Securities
24280 Woodward Avenue
Pleasant Ridge, MI 48069
Office: 1-800-967-9129
Fax: 1-248-291-1101
Main: 1-800-967-9045
ccolon@mbssecurities.com

City of Kerrville, Texas
Investment Strategy
Adopted by Resolution Number _____
July 13, 2010

1. Scope

While the Investment Strategy is an integral part of the administration of the investment activities of the City of Kerrville, it is subordinate to the City's Investment Policy. As such, no portion of this strategy or any future adopted strategy shall override or circumvent the spirit, philosophy, or specific terms of the City's Investment Policy.

The purpose of the Investment Strategy is to guide the day-to-day administration of the investment activities of the City in meeting the investment objectives of the Investment Policy.

2. Investment Pool

The City maintains a cash and investment pool that is available for use by all funds under the management of the City. Each fund's portion of the Pool is reported as "equity in investment pool." Earnings from the pooled investments are allocated monthly based on each fund's average monthly balance. Funds that incur a negative equity balance are not allocated nor charged any interest.

The pooling method is an efficient means for managing City funds. For that reason, all City funds will be included in the pool unless otherwise required by the City Council, state or federal regulations, or applicable bond resolution requirements.

3. Suitable Investments

The following are currently considered suitable investments by the City of Kerrville.

a. United States Government Obligations

Beside U.S. Treasury Bills and Notes, the City shall limit investments in government obligations to the following federal agencies:

1. Federal Home Loan Bank Notes (FHLB)
2. Federal National Mortgage Association Notes (FNMA, Fannie Mae's)
3. Federal Home Loan Mortgage Corporation Notes (FHLMC, Freddie Macs)
4. Federal Farm Credit Bank Notes (FFCB)

b. Fully collateralized or insured Certificates of Deposit

c. Commercial Paper rated A1/P1

- d. Money Market Mutual Funds with AAA-rating
- e. Constant Dollar AAA or AAA-m rated Investment Pools
- f. Fully collateralized Repurchase Agreements (Repos)
- g. Fully collateralized or insured demand deposit accounts

4. Strategy

It is the investment strategy of the City to closely monitor and anticipate the cash flow needs of the organization in order to keep as much of the City's available funds invested in highly credit worthy, highly liquid, short-term investments.

a. Cash flow

Investment Officers shall monitor and project the City's cash flow needs on a daily basis. Funds that can be reasonably identified as available for investment, should be invested as soon as possible in order that the City receives the highest daily rate of return possible given the constraints of the Investment Policy and this Investment Strategy.

While it is important that all available funds be invested, a reasonable amount of demand deposits should be maintained in the City's depository bank so as to avoid the need to liquidate securities prior to their maturity.

b. Diversification by Security Type

In order to avoid a high concentration of City funds in any single investment type, Investment Officers shall diversify the City's investment portfolio based on the guidelines stated in the Investment Policy. As a result, Investment Officers may have to invest funds in a lower-yielding security type to achieve diversification requirements.

c. Maturities

It is the intent of the City that investment activities achieve a short-term market rate of return. Investing in long-term maturities increases the market risk for the City. Therefore, Investment Officers shall maintain a weighted average maturity of not more than 6 months based on the City's total portfolio value. In no case shall Investment Officers purchase a single investment with a stated maturity greater than 2 years. Except for those instances described in the Investment Policy, Investment Officers shall invest based on the following table:

<u>Security Type</u>	<u>Maximum Maturity From Date of Purchase</u>
United States Government Obligation	2 years
Certificates of Deposit	12 months
Commercial Paper	6 months

5. Purchasing Procedures

Investment Officers shall maintain at least five qualified broker/dealers with which to transact investment purchases. Where possible, Investment Officers shall attempt to obtain competitive yield quotes by specific security type and maturity. When the situation arises where competitive quotes can not be reasonably obtained, the Investment Officers will purchase the security most closely matching what he or she believes to offer the best yield-to-maturity based on current overall short-term market performance.

In any case, to avoid any conflict of interest or any appearance of a conflict of interest, the Investment Officers shall make every reasonable attempt to gather competitive quotes on similar security types and maturities for all investment purchases.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Public Hearing: Annexation and Zoning Request – Consider a proposed annexation into the Kerrville City Limits and a recommendation for the zoning of a 3.12 acre tract located at 327 Peterson Farm Road, adjacent to the corporate limits of the City of Kerrville.

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 2, 2010

SUBMITTED BY: Gordon Browning *lb*

CLEARANCES: Kevin Coleman *KC* *JD*

EXHIBITS: Location Map, Applicant's request, Resolution No. 012-2010, Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *P*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF FINANCE:

SUMMARY STATEMENT

Annexation-Zoning Timeline:

- March 29, 2010 – Annexation petition accepted for consideration.
- April 27, 2010 – City Council considers and accepts annexation petition for the subject tract by resolution.
- May 5, 2010 – Notice of the required public hearings published in The Kerrville Daily Times.
- May 20, 2010 – Planning and Zoning Commission public hearing on proposed annexation and a recommendation of zoning designation to City Council.
- June 22, 2010 – City Council conducts the first required public hearing on the proposed annexation.
- July 13, 2010 – City Council conducts the second required public hearing on the proposed annexation and considers an ordinance on first reading annexing and zoning the subject tract.

- July 27, 2010 – City Council considers an ordinance on second and final reading annexing and zoning the subject tract.

Background:

Ms. Buxton first approached the City in the summer of 2009 requesting services, i.e. water service. Staff explained that, at that time, the City had placed a moratorium on water connections due to the drought. Staff further explained that once the moratorium was lifted city policy requires that she petition for annexation before water service could be provided since her property is outside the city limits. Ms. Buxton's petition was based on that policy.

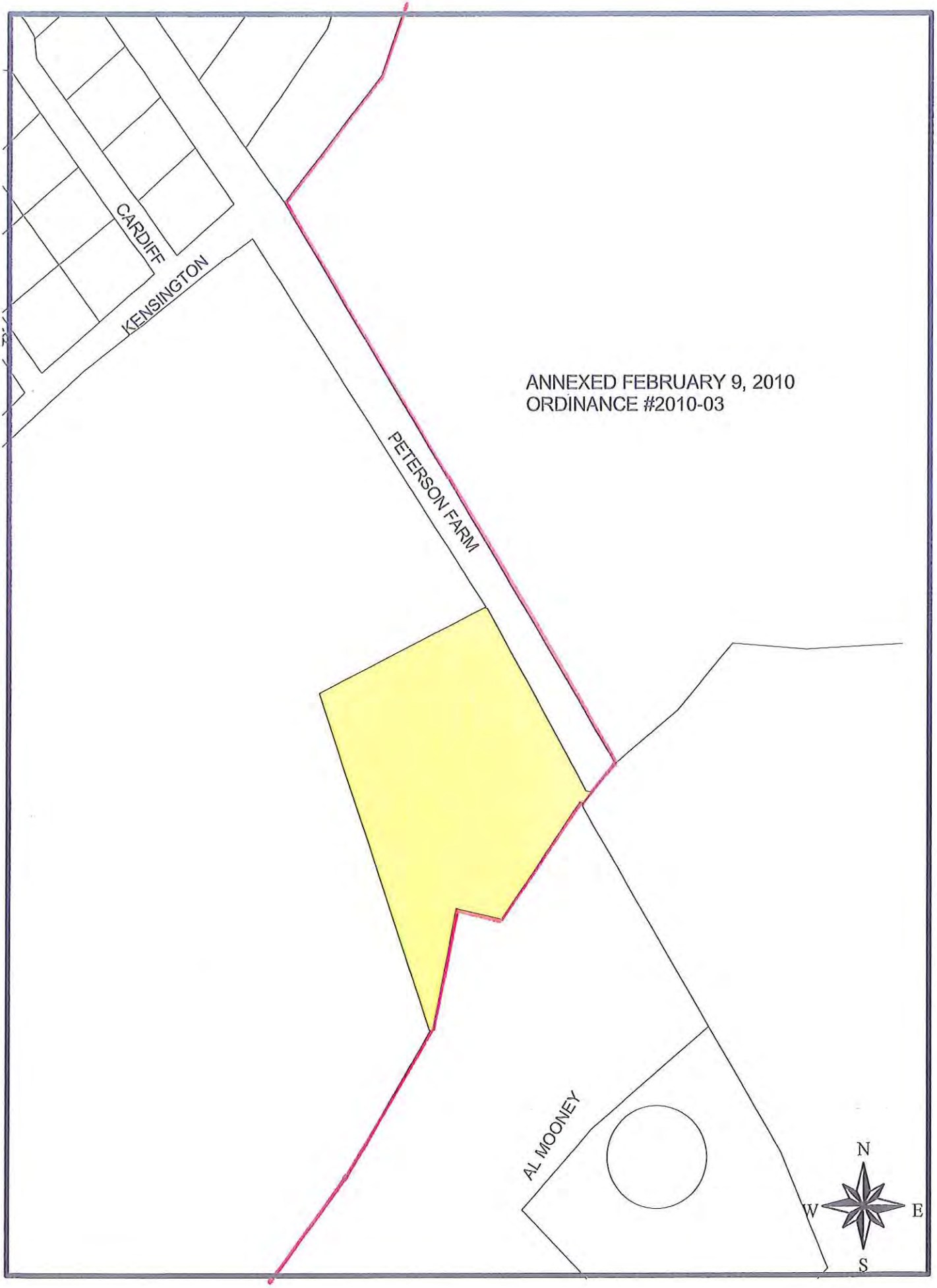
The 3.12 acre tract under consideration is adjacent to the City's corporate limits, i.e. the Mooney facility property, has approximately 360-feet of frontage along Peterson Farm Road and is across Peterson Farm Road from the 86 acre tract annexed in February 2010 as the future USDA-ARS site. The water well on site was plugged last summer, a plugging report will be required prior to connection to city services. Domestic water is currently being hauled to the property.

Summary:

- City Council adopts Resolution No. 012-2010, granting the petition for annexation of the subject 3.12 acre tract.
- Staff recommends a zoning designation of R-1 (Single Family Residential) for the property. This designation will accommodate the current residential use of the property.
- Staff is also recommending that the approximately 360-feet of Peterson Farm Road between this proposed annexation and the previously annexed USDA tract be annexed at this time.
- The Planning and Zoning Commission at their May 20, 2010 meeting, following a public hearing, recommended annexing the subject tract with a zoning designation of R-1. No one from the public appeared at the public hearing.

RECOMMENDED ACTION

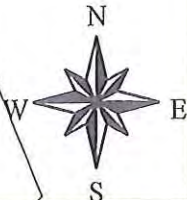
1. Open the public hearing and receive comments regarding the proposed annexation and zoning, and
2. Approve ordinance on first reading.



ANNEXED FEBRUARY 9, 2010
ORDINANCE #2010-03

PETERSON FARM

AL MOONEY



**CITY OF KERRVILLE DEVELOPMENT SERVICES DEPARTMENT
MASTER APPLICATION ***

PROPERTY INFORMATION: (Please PRINT or TYPE for all permits)

Plat Address 327 Peterson Farm Rd Nearest Intersection _____

Minor Plat/Subdivision _____ Lot _____ Block _____

Zoning Districts _____ Comprehensive Plan Designation _____

OWNER/APPLICANT INFORMATION: (Please PRINT or TYPE: For all permits)

Applicant/Authorized Agent BARBARA BUXTON Phone 830-257-6026 FAX _____

Email Address: NONE

Mailing Address 327 Peterson Farm Rd City KERRVILLE State TEXAS Zip 78028

Property Owner BARBARA BUXTON Phone 830-257-6026 FAX _____

Email Address: NONE

Mailing Address 327 Peterson Farm Rd City KERRVILLE State TEXAS Zip 78028

Transaction Code: 840.01-6236

Attach completed checklists for all projects

☒ Annexation (2 copies /2 petitions) No Fee

☐ Preliminary Plat (15 copies)
\$300 + \$20/lot or \$10/acre (which ever is greater) _____

☐ Administrative Appeal \$150

☐ Final Plat (15 copies)
\$150 + \$10/lot _____

☐ Preliminary Site Plan (15 copies) No Fee

☐ Preliminary Minor Plat (15 copies)
\$150 + 10/lot _____

☐ Final Site Plan (15 copies) No Fee

☐ Final Minor Plat (15 copies)
\$150 + 10/lot _____

☐ Concept Plan (15 copies) \$500

☐ Replat (15 copies)
\$150 + 10/lot _____

For plats in the ETJ:
(Payment due at the time of final plat, \$200.00 per lot)

☐ Parkland Fee (East) _____
08-6242

☐ Parkland Fee (West) _____
08-6243

Owner's Affidavit Required for: (Must attach to this Master Application Form)

☐ Conditional Use Permit (CUP) Request _____
840. 01-6236 \$300

☐ Zoning Change Request _____
840. 01-6236 \$300

☐ Variance Request _____
840. 01-6236 \$150

☐ Comp. Plan Amendment Request _____
840. 01-6236 \$300

☐ Planned Development District Request _____
840 .01-6236 \$300

☐ Specific Use Permit (SUP) Request _____
840. 01-6236 \$300

Please provide a basic description of the proposed project: Hook Up to City WATER

I hereby certify that I am the owner or duly authorized agent of the owner for the purposes of this application. I further certify that I have read and examined this application and know the same to be true and correct. If any of the information provided on this application is incorrect the permit or approval may be revoked.

Owners Signature: Barbara Buxton Date: 10/23/09

APPLICATION ACCEPTED AS COMPLETE:
3/29/10

REQUIREMENTS FOR VOLUNTARY ANNEXATION

- 1) State law and ordinance requires that a public hearing be held.
- 2) The property being annexed is required to request zoning at the time of application.
- 3) Current owner's deeds, two copies of a petition, and two copies of a boundary survey, sealed by a professional surveyor registered in the State of Texas.
- 4) The Planning & Zoning Commission will consider the land use and zoning in a public hearing.
- 5) The City Council will consider the petition to accept it after the Commission recommends the land use and zoning.
- 6) City of Kerrville Fire, Police, Solid Waste, Code Enforcement and Zoning powers will prepare a service plan for provision of service.

Complete

Two signed sealed boundary surveys.

The current owner's deed, and recording information

Two copies of the annexation petition. (See Development Services for a copy).

I have read and understand in its entirety and understand that the requirements of annexation are subject to the terms and conditions therein. This annexation checklist is used to insure compliance with local ordinances and in some instances the City may require additional information for approval. An endorsement of this application checklist by the applicant shall be acknowledgment that all of the items on the above list have been reviewed and.

Project: BUXTON ANNEXATION Date: 1/5/2010

Owner or Engineer/Surveyor with address: 327 PETERSO D FARM RD.
KERRVILLE, TEXAS 78028

Signature: Barbara Buxton

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 012-2010

A RESOLUTION GRANTING A PETITION REQUESTING THE ANNEXATION OF AN APPROXIMATELY 3.12 ACRE TRACT OUT OF THE W.T. CROOK SURVEY NO. 71, ABSTRACT NO. 114, WITHIN KERR COUNTY, TEXAS, AND CONSISTING OF THE PROPERTY ADDRESSED AS 327 PETERSON FARM ROAD NORTH; AND ORDERING THE PREPARATION OF AN ANNEXATION ORDINANCE

WHEREAS, on January 5, 2010, the owner of an approximately 3.12 acre tract out of the W.T. Crook Survey No. 71, Abstract No. 114, within Kerr County, Texas, and more commonly known as 327 Peterson Farm Road, filed a petition with the City pursuant to Texas Local Government Code Section 43.028 and requested the annexation of the property; and

WHEREAS, having considered the petition and hearing the recommendation from City staff, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to grant said petition and to initiate the annexation process, which includes the preparation of an ordinance annexing the subject property;

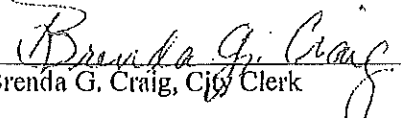
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

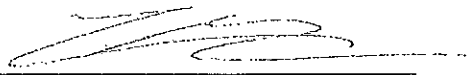
SECTION ONE. The petition requesting annexation of an approximately 3.12 acre tract out of the W.T. Crook Survey No. 71, Abstract No. 114, within Kerr County, Texas, and consisting of the property addressed as 327 Peterson Farm Road North, and more fully described in said petition, a copy of which is attached as Exhibit A, is granted.

SECTION TWO. City staff is directed to initiate the annexation process and to prepare an ordinance annexing the subject property described in the above-referenced petition.

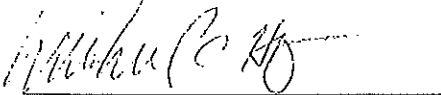
PASSED AND APPROVED ON this the 27th day of April, A.D., 2010.

ATTEST:


Brenda G. Craig, City Clerk


Todd A. Bock, Mayor

APPROVED AS TO FORM:


Michael C. Hayes, City Attorney

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-_____

AN ORDINANCE ANNEXING AN APPROXIMATE 3.12 ACRE TRACT AND AN APPROXIMATE 0.49 PUBLIC RIGHT-OF-WAY, WHICH INCLUDES A PORTION OF A PAVED ROADWAY, BOTH THE TRACT AND THE RIGHT-OF-WAY ARE OUT OF THE W.T. CROOK SURVEY NO. 71, ABSTRACT NO. 114, KERR COUNTY; SAID AREA BEING APPROXIMATELY 3.61 ACRES AND LOCATED ADJACENT TO THE CORPORATE LIMITS OF THE CITY OF KERRVILLE, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS 327 PETERSON FARM ROAD AND THE ADJACENT PUBLIC RIGHT-OF-WAY; DESCRIBING THE AREA TO BE ANNEXED; ADOPTING A SERVICE PLAN FOR THE AREA ANNEXED; AND ESTABLISHING THE ZONING FOR THE AREA ANNEXED

WHEREAS, pursuant to Texas Local Government Code Sections 43.028 and 43.052(h)(2), the owner of the property described in Section One, below, has petitioned the City to annex said property into the corporate limits of the City of Kerrville, Texas; and

WHEREAS, City staff, based upon generally accepted municipal planning principles and practices, recommends annexing the paved public roadway which lies adjacent to the property which is the subject of the annexation petition, to include the annexation of the entire width of the roadway and the adjacent right-of-way in accordance with Section 43.106 of the Texas Local Government Code; and

WHEREAS, having provided all required public notices, held all required public hearings at which people with an interest in the matter were provided an opportunity to be heard, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to approve an ordinance annexing the subject property and public right-of-way, adopt a service plan as required by state law, and establish zoning regulations for the area;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The property which is the subject of the petition for annexation, as more specifically described in **Exhibit A** and depicted in **Exhibit B**; as well as the public right-of-way, as more specifically described in **Exhibit C** and depicted in **Exhibit D**, is hereby annexed and incorporated into the corporate limits of the City of Kerrville, Texas, for all legal purposes.

SECTION TWO. The petition for annexation concerning the property described in Section One, above, is attached as **Exhibit E** and incorporated herein by reference.

SECTION THREE. The service plan regarding the provision of public services is attached as **Exhibit F** and incorporated herein by reference, is hereby adopted for the property described in Section One, above, as required by Texas Local Government Code §43.056.

SECTION FOUR. Upon the adoption of this Ordinance, the property as described in Section One, above, shall be subject to a zoning designation of "R-1", Single Family Residential District.

SECTION FIVE. The provisions of this Ordinance are to be cumulative of all Ordinances or parts of Ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent of any such inconsistency or conflict.

SECTION SIX. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION SEVEN. The penalty for violation of this Ordinance shall be in accordance with the general penalty provisions contained in Article 1-1-9 of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS (\$2,000.00).

SECTION EIGHT. In accordance with Section 3.07 of the City Charter and Texas Local Government Code §52.013(a), the City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication.

SECTION NINE. In accordance with Section 43.028(d) of the Texas Local Government Code, the City Secretary is directed to file a certified copy of this Ordinance together with a copy of the petition requesting annexation with the Kerr County Clerk.

PASSED AND APPROVED ON FIRST READING, this the _____ day of _____, A.D., 2010

PASSED AND APPROVED ON SECOND READING, this the _____ day of _____, A.D., 2010.


(signatures begin on next page)

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Clerk

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

FIELD NOTES DESCRIPTION FOR 3.12 ACRES OF LAND OUT OF
THE C.L. BUXTON LAND ALONG PETERSON FARM ROAD IN
KERR COUNTY, TEXAS

Being all of a certain tract or parcel of land containing 3.12 acres, more or less, out of W.T. Crook Survey No. 71, Abstract No. 114 in Kerr County, Texas; that same land conveyed as 3.1 acres from Georgie O. Martin to C.L. Buxton, et al by a Warranty Deed with Vendor's Lien executed the 12th day of February, 1970 and recorded in Volume 142 at Page 515 of the Deed Records of Kerr County, Texas; and being more particularly described by metes and bounds as follows:

BEGINNING at a ½" iron stake set in the southwest right-of-way line of Peterson Farm Road, a sixty (60) ft. wide public road for the north corner of the herein described tract and said 3.1 acre tract, and the northerly east corner of a certain 56.83 acre tract conveyed from Hexagon Honeycomb Corporation Profit Sharing Plan and Trust to L. DeJuan Abel by a Special Warranty Deed executed the 24th day of September, 1993 and recorded in Volume 714 at Page 772 of the Real Property Records of Kerr County, Texas; which point bears, approximately, 3724 ft. N45°E and 1185 ft. S33°26'E from the west corner of Survey No. 71;

THENCE, with the said southwest right-of-way line of Peterson Farm Road and northeast line of said 3.1 acre tract S31°37'36"E, crossing Silver Creek 359.19 ft. to a ½" iron stake set for the east corner of the herein described tract and 3.1 acre tract, and the north corner of a certain 22.32 acre tract conveyed from Kerr County Industrial Foundation to Kerr Country Industrial and Development Foundation, Inc. by a Special Warranty Deed executed the 24th day of January, 1973 and recorded in Volume 161 at Page 51 of the Deed Records of Kerr County, Texas;

THENCE, with the common line between said 3.1 and 22.32 acre tracts: S26°48'40"W, 217.12 ft. to a fencepost; N72°41'20"W, crossing Silver Creek 64.91 ft. to a found ½" iron stake; S16°09'56"W, 97.93 ft. to a found ½" iron stake; and S25°46'11"W, 93.61 ft. to a fence anglepost in the east line of said 56.83 acre tract for the south corner of the herein described tract and 3.1 acre tract;

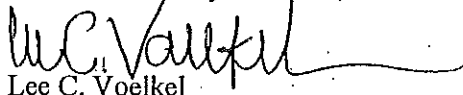
THENCE, with the common line between said 3.1 and 56.83 acre tracts: N15°01'52"W, along a fence 53.15 ft. to a fencepost near the end of a concrete wall; N19°02'18"W, along or near said concrete wall 505.54 ft. to a ½" iron stake set for the west corner of the herein described tract and 3.1 acre tract, and a reentrant corner of 56.83 acre tract; and N59°19'17"E, continuing along or near said concrete wall 253.72 ft. to the PLACE OF BEGINNING.

I hereby certify that these field notes and accompanying plat are accurate representations of the property shown and described hereon as determined by a survey made on the ground under my direction and supervision, except no survey was made to reestablish Patent Survey lines or corners; and that all property corners are as shown.

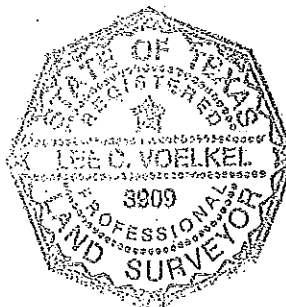
(Bearing basis = True to north based on GPS observations)

Date Surveyed: February 2, 2010
March 9, 2010

Dated this 9th day of March, 2010.


Lee C. Voelkel

Registered Professional Land Surveyor No. 3909
County Surveyor for Kerr County, Texas



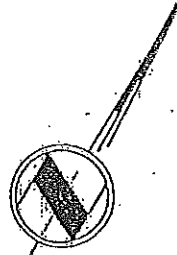
VOELKEL

LAND SURVEYING, PLLC ♦ PHONE: 830-257-3313 ♦ 212 CLAY STREET, KERRVILLE, TEXAS 78028.

SURVEY PLAT FOR 3.12 ACRES OF LAND, MORE OR LESS, OUT OF W.T. CROOK SURVEY NO. 71, ABSTRACT NO. 114 IN KERR COUNTY, TEXAS; THAT SAME LAND CONVEYED AS 3.1 ACRES FROM GEORGIE O. MARTIN TO C.L. BUXTON, ET AL BY A WARRANTY DEED WITH VENDOR'S LIEN EXECUTED THE 12TH DAY OF FEBRUARY, 1970 AND RECORDED IN VOLUME 142 AT PAGE 515 OF THE DEED RECORDS OF KERR COUNTY, TEXAS

56.83 ACRES
Hexagon Honeycomb to Abel
Vol. 714 Pg 772 (Real Property Records)
09/24/93

BEGINNING POINT bears,
approximately, 3724 ft. N 45° E
and 1185 ft. S 33° 26' E from the
west corner of Survey No. 71



SCALE: 1" = 60'

LEGEND

- found 1/2" iron stake
- ⊙ set 1/2" iron stake
- fencepost
- fence

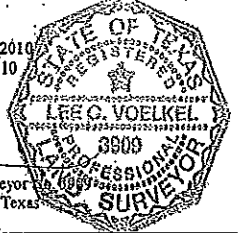
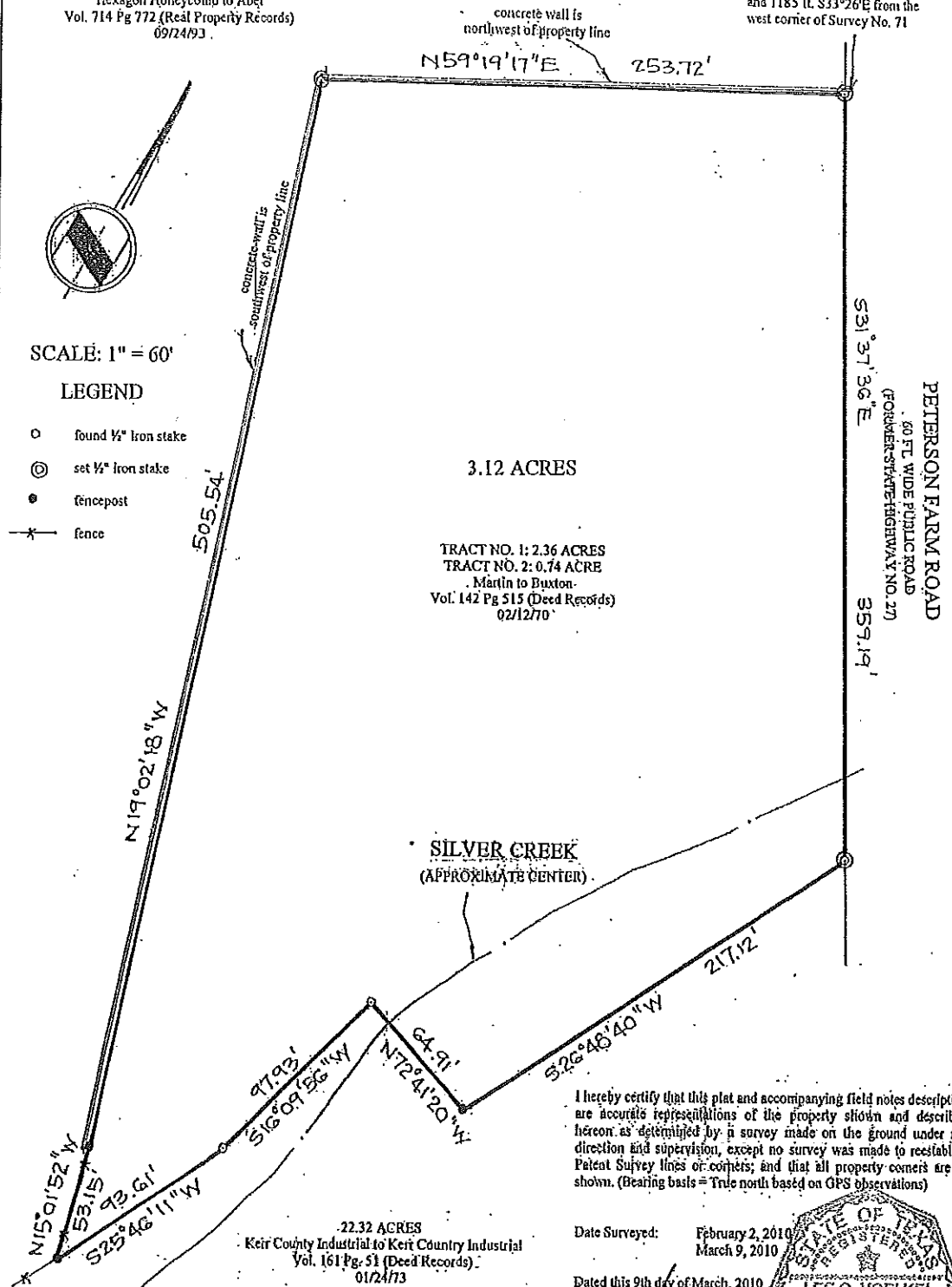


EXHIBIT B

PETITION REQUESTING ANNEXATION TO THE CORPORATE LIMITS OF THE CITY
OF KERRVILLE, TEXAS, OF TEXAS ACRES OUT OF THE CROOK
Survey, Abstract Number 0114, KERR COUNTY TEXAS

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF KERRVILLE,
TEXAS:

x BARBARA BUXTON Is the sole owner of an approximately 3.3 acre tract of
land located adjacent to the incorporated limits of the City of Kerrville which is out of the
Survey No. 71 Abstract No. 0114 Kerr County, Texas, and is more particularly
described as follows:

SEE EXHIBIT "A".

In accordance with Texas Local Government Code §43.028,
y BARBARA BUXTON hereby respectfully requests and petitions that the above-
described property be annexed into the incorporated limits of the City of Kerrville, Texas.
SUBMITTED THIS 5 day of JAN, 2010

x By: Barbara Buxton
Legally authorized signature

ACKNOWLEDGEMENT

THE STATE OF TEXAS

§
§
§

COUNTY OF KERR

This instrument was acknowledged before me on the 5 day of January, 2010
by BARBARA BUXTON for and on behalf of
BARBARA BUXTON

Jena Chacon
NOTARY PUBLIC, STATE OF TEXAS

Printed Name: Jena Chacon

My Commission Expires: JAN 15, 2010

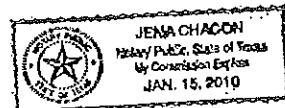


EXHIBIT F

ANNEXATION SERVICE PLAN

SERVICE	DETAILS OF SERVICE PROVIDED	TIMETABLE
Animal Control	The provisions of animal control services shall be in effect following annexation of the property. At present, Kerr County provides such services within the City.	Immediately following annexation
Code Enforcement	The provisions of Code Enforcement services, including the application and enforcement of building, electrical, plumbing, and other related codes adopted by the City shall be made immediately to the area upon annexation. The preparation of a zoning plan shall serve as a basis for the zoning of land following annexation. The adoption of the zoning plan shall be in accordance with the procedures of the City's Zoning Ordinance.	Immediately following annexation, zoning to be concurrent with annexation
Fire Protection and Suppression	Fire protection and suppression personnel and equipment from the Fire Department will be provided to the area as needed.	Immediately following annexation
Fire Prevention	The services of the Fire Marshall shall be provided to the area as needed.	Immediately following annexation.
Library	Residents of the area will continue to be entitled to utilize the City's Library.	Immediately following annexation.
Parks and Recreation	Parks and Recreation services will continue to be available to area residents.	Immediately following annexation
Police Protection	Police Department personnel and equipment shall be provided to the area immediately upon annexation. Police enforcement and protection services shall be provided through regular patrol activities.	Immediately following annexation



SERVICE	DETAILS OF SERVICE PROVIDED	TIMETABLE
Public Services - Street Department	Public streets not maintained by the Texas Department of Transportation within the annexed area shall be maintained by the City.	Immediately following annexation
Sanitation (Refuse Collection)	Refuse collection shall be available to residents of the annexed area at the same costs and procedures as required of City residents and businesses.	Immediately following annexation
Traffic Engineering	Traffic control devices and street markers shall be installed where deemed necessary by the City, except as provided by the Texas Department of Transportation.	Immediately following annexation
Utilities (Water Distribution and Wastewater Collection)	Extension of utilities to or within the property shall be in accordance with City policy and regulations.	As the property develops

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Ordinance, Second Reading

An ordinance amending Chapter 26 "Building and Building Regulations", Article II "Building Codes", of the Code of Ordinances of the City of Kerrville, Texas, by amending Section 26-31 to delete Chapter 34 "Existing Structures" from the 2006 edition of the International Building Code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; and providing other matters related to the subject

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** June 30, 2010

SUBMITTED BY: Kevin Coleman  **CLEARANCES:** Kristine Ondrias 

EXHIBITS: Proposed Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The attached ordinance removes International Building Code, Chapter 34, Existing Buildings, and all amendments to that chapter.

With the pending adoption of the International Existing Building Code, IBC Chapter 34 becomes redundant and is no longer needed.

RECOMMENDED ACTION

Approve ordinance on second and final reading.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-_____

AN ORDINANCE AMENDING CHAPTER 26 "BUILDING AND BUILDING REGULATIONS", ARTICLE II "BUILDING CODES", OF THE CODE OF ORDINANCES OF THE CITY OF KERRVILLE, TEXAS, BY AMENDING SECTION 26-31 TO DELETE CHAPTER 34 "EXISTING STRUCTURES" FROM THE 2006 EDITION OF THE INTERNATIONAL BUILDING CODE; CONTAINING A CUMULATIVE CLAUSE; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY FOR VIOLATION OF ANY PROVISION HEREOF; ORDERING PUBLICATION; PROVIDING FOR AN EFFECTIVE DATE; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT

WHEREAS, the City Council has previously adopted the 2006 Edition of the *International Building Code* ("IBC"), with local amendments, as the regulations governing the conduct of construction work applicable to commercial buildings within the City; and

WHEREAS, the City Council is in the process of adopting the 2006 Edition of the *International Existing Building Code*, with local amendments, and thus, Chapter 34 within the IBC will no longer be required; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to amend the Code of Ordinances of the City of Kerrville, Texas, to reflect its adoption of the 2006 edition of the International Existing Building Code, as well as to make other appropriate amendments to various sections of Chapter 26 "Buildings and Building Regulations" of the City's Code of Ordinances;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. Chapter 26 "Building and Building Regulations", Article II "Building Codes", of the Code of Ordinances of the City of Kerrville, Texas, is amended by amending Sections 26-31(b)(1) by adding the language that is underlined (added) and deleting the language that is bracketed and stricken (~~deleted~~) as follows:

"Sec. 26-31. 2006 International Building Code.

:
:
:
:
:

(b) *Amendments.* The 2006 International Building Code is amended as follows:

:
:
:
:
:

~~(9) Section 304.1 is amended to add the following business occupancies:-~~
Small retail and wholesale (less than 5,000 square feet); the following is prohibited for this occupancy: 1) the stacking of products higher than eleven feet (11') from the floor; 2) the storage of hazardous materials; and 3) no "covered malls"; in addition, the occupancy loading for such occupancies shall remain subject to Class "B".

Small sales room (less than 5,000 square feet); the following is prohibited for this occupancy: 1) the stacking of products higher than eleven feet (11') from the floor; 2) the storage of hazardous materials; and 3) no "covered malls"; in addition, the occupancy loading for such occupancies shall remain subject to Class "B".

(14) Chapter 34 is deleted.

~~Section 3402.1 is amended by adding the following definition:--~~

~~Minor addition. The addition of floor coverings, painting, ceilings, and the interior non-structural walls, not including demising or fire walls between tenant spaces that do not require the addition of plumbing, mechanical equipment, fuel gas, or electrical components nor shall this reduce accessibility below what is required by state and federal law.~~

(15) ~~Section 3406 is amended to add the following new sections:--~~

~~3406.5 Change of occupancy. Changes in occupancy within the same occupancy group shall not require upgrading the existing structure to current code. Additionally, where change in occupancy to another group does not increase the hazard level based on life and fire risk and the structure was constructed to the then current codes, there shall be no requirement to upgrade the existing structure to newer or more stringent codes unless there is an existing health or safety hazard present.~~

~~3406.5.1 Minor additions. Where a change in occupancy requires a minor addition to the existing structure, no permit is required.--~~

~~3406.6 Public water systems. Public water system connections shall not require backflow prevention assemblies except where specifically required by the Texas Commission on Environmental Quality [see Rules and Regulations for Public Water Systems, 30 Texas Administrative Code §290.47(i)]. Double check valve assemblies, atmospheric vacuum breakers, or pressure vacuum breakers may be used in irrigation systems where no chemicals are applied by pump(s) in or through the irrigation system. The owner shall have all double check valve assemblies, atmospheric vacuum breakers, or pressure vacuum breakers inspected once every year by a qualified inspector and shall provide to the City a copy of a written report prepared in compliance with 30 TAC §290.47(f).--~~

(16) ~~Section 3409.3 is amended by adding the following:--~~

~~3409.3 Extent of application. Nor shall a minor alteration to an existing structure or space require the upgrading of the remainder of the existing structure or space to meet newer or current codes. All work shall be confined to~~

~~that specifically required for the minor alteration to an existing structure. No minor alteration shall reduce the accessibility of an existing structure.~~

~~(17) Section 3410.3.2 is amended by deleting the reference to International Property Maintenance Code.~~

~~(18) Section 3410.4.1 is amended by adding the following:~~

~~3410.4.1 Structural analysis. No structural study is required if the load-bearing structure of the building is not being changed."~~

SECTION TWO. The City Secretary is authorized and directed to submit this Ordinance to the publisher of the City's Code of Ordinances and the publisher is authorized to amend said Code to reflect the amendment adopted herein and to correct typographical errors and to index, format, and number and letter paragraphs to the existing Code, as appropriate.

SECTION THREE. The provisions of this Ordinance are to be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent of any such inconsistency or conflict.

SECTION FOUR. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION FIVE. The penalty for violation of this Ordinance shall be in accordance with that general penalty provision contained in Chapter 1 of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS (\$2,000.00). Each continuing day's violation under this Ordinance shall constitute a separate offense.

SECTION SIX. In accordance with Section 3.07 of the City Charter and Texas Local Government Code §52.013(a), the City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication. This Ordinance shall become effective ten days following publication; provided, however, the provisions of this Ordinance shall be applicable only to work performed in accordance with a building permit issued pursuant to an application filed with the City on or after the effective date of this Ordinance.

PASSED AND APPROVED ON FIRST READING, this the _____ day of _____ A.D., 2010.

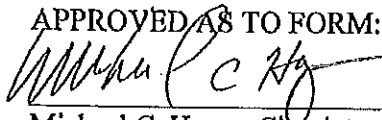
PASSED AND APPROVED ON SECOND AND FINAL READING, this the
_____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-__**

AN ORDINANCE AMENDING CHAPTER 26 "BUILDING AND BUILDING REGULATIONS", ARTICLE II "BUILDING CODES", OF THE CODE OF ORDINANCES OF THE CITY OF KERRVILLE, TEXAS, BY AMENDING SECTION 26-31 TO DELETE CHAPTER 34 "EXISTING STRUCTURES" FROM THE 2006 EDITION OF THE INTERNATIONAL BUILDING CODE; CONTAINING A CUMULATIVE CLAUSE; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY FOR VIOLATION OF ANY PROVISION HEREOF; ORDERING PUBLICATION; PROVIDING FOR AN EFFECTIVE DATE; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT

WHEREAS, the City Council has previously adopted the 2006 Edition of the *International Building Code* ("IBC"), with local amendments, as the regulations governing the conduct of construction work applicable to commercial buildings within the City; and

WHEREAS, the City Council is in the process of adopting the 2006 Edition of the *International Existing Building Code*, with local amendments, and thus, Chapter 34 within the IBC will no longer be required; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to amend the Code of Ordinances of the City of Kerrville, Texas, to reflect its adoption of the 2006 edition of the International Existing Building Code, as well as to make other appropriate amendments to various sections of Chapter 26 "Buildings and Building Regulations" of the City's Code of Ordinances;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. Chapter 26 "Building and Building Regulations", Article II "Building Codes", of the Code of Ordinances of the City of Kerrville, Texas, is amended by amending Sections 26-31(b)(1) by adding the language that is underlined (added) and deleting the language that is bracketed and stricken (~~{deleted}~~) as follows:

"Sec. 26-31. 2006 International Building Code.

:
:
(b) *Amendments.* The 2006 International Building Code is amended as follows:
:
:

~~(9) Section 304.1 is amended to add the following business occupancies: Small retail and wholesale (less than 5,000 square feet); the following is prohibited for this occupancy: 1) the stacking of products higher than eleven feet (11') from the floor; 2) the storage of hazardous materials; and 3) no "covered malls"; in addition, the occupancy loading for such occupancies shall remain subject to Class "B".~~

Small sales room (less than 5,000 square feet): the following is prohibited for this occupancy: 1) the stacking of products higher than eleven feet (11') from the floor; 2) the storage of hazardous materials; and 3) no "covered malls"; in addition, the occupancy loading for such occupancies shall remain subject to Class "B".

⋮
(14) Chapter 34 is deleted.

~~Section 3402.1 is amended by adding the following definition:~~

~~Minor addition. The addition of floor coverings, painting, ceilings, and the interior non-structural walls, not including demising or fire walls between tenant spaces that do not require the addition of plumbing, mechanical equipment, fuel gas, or electrical components nor shall this reduce accessibility below what is required by state and federal law.~~

(15) ~~Section 3406 is amended to add the following new sections:~~

~~3406.5 Change of occupancy. Changes in occupancy within the same occupancy group shall not require upgrading the existing structure to current code. Additionally, where change in occupancy to another group does not increase the hazard level based on life and fire risk and the structure was constructed to the then current codes, there shall be no requirement to upgrade the existing structure to newer or more stringent codes unless there is an existing health or safety hazard present.~~

~~3406.5.1 Minor additions. Where a change in occupancy requires a minor addition to the existing structure, no permit is required.~~

~~3406.6 Public water systems. Public water system connections shall not require backflow prevention assemblies except where specifically required by the Texas Commission on Environmental Quality [see Rules and Regulations for Public Water Systems, 30 Texas Administrative Code §290.47(i)]. Double check valve assemblies, atmospheric vacuum breakers, or pressure vacuum breakers may be used in irrigation systems where no chemicals are applied by pump(s) in or through the irrigation system. The owner shall have all double check valve assemblies, atmospheric vacuum breakers, or pressure vacuum breakers inspected once every year by a qualified inspector and shall provide to the City a copy of a written report prepared in compliance with 30 TAC §290.47(f).~~

(16) ~~Section 3409.3 is amended by adding the following:~~

~~3409.3 Extent of application. Nor shall a minor alteration to an existing structure or space require the upgrading of the remainder of the existing structure or space to meet newer or current codes. All work shall be confined to~~

~~that specifically required for the minor alteration to an existing structure. No minor alteration shall reduce the accessibility of an existing structure.~~

~~(17) Section 3410.3.2 is amended by deleting the reference to International Property Maintenance Code.~~

~~(18) Section 3410.4.1 is amended by adding the following:~~

~~3410.4.1 Structural analysis. No structural study is required if the load bearing structure of the building is not being changed."~~

SECTION TWO. The City Secretary is authorized and directed to submit this Ordinance to the publisher of the City's Code of Ordinances and the publisher is authorized to amend said Code to reflect the amendment adopted herein and to correct typographical errors and to index, format, and number and letter paragraphs to the existing Code, as appropriate.

SECTION THREE. The provisions of this Ordinance are to be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent of any such inconsistency or conflict.

SECTION FOUR. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION FIVE. The penalty for violation of this Ordinance shall be in accordance with that general penalty provision contained in Chapter 1 of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS (\$2,000.00). Each continuing day's violation under this Ordinance shall constitute a separate offense.

SECTION SIX. In accordance with Section 3.07 of the City Charter and Texas Local Government Code §52.013(a), the City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication. This Ordinance shall become effective ten days following publication; provided, however, the provisions of this Ordinance shall be applicable only to work performed in accordance with a building permit issued pursuant to an application filed with the City on or after the effective date of this Ordinance.

PASSED AND APPROVED ON FIRST READING, this the 8th day of June A.D., 2010.


PASSED AND APPROVED ON SECOND AND FINAL READING, this the
_____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:





Michael C. Hayes, City Attorney

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Ordinance, Second Reading

An ordinance amending Chapter 26 of the Code of Ordinances of the City of Kerrville, Texas, by adding a new section 26-41 to adopt the 2006 edition of the International Existing Building Code; adopting local amendments to said code; containing a cumulative clause; containing a savings and severability clause; providing for a penalty for violation of any provision hereof; ordering publication; providing for an effective date; providing for an effective date; and providing other matters related to the subject

FOR AGENDA OF: July 12, 2010 **DATE SUBMITTED:** June 30, 2010

SUBMITTED BY: Kevin Coleman  **CLEARANCES:** Kristine Ondrias 

EXHIBITS: Proposed Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The attached ordinance will adopt the 2006 International Existing Building Code (IEBC), and a series of local amendments needed to make the code meet local needs, local terminology and other adopted building codes.

The IEBC gives clear definition to code application given the scope, area and extent of work planned in any given area of an existing building. In addition, the code allows for both prescriptive code compliance and performance code compliance, allowing a higher degree of flexibility to the owner, the design professional and the City Building Code Official in the methods used to reach code compliance.

Since the first reading, the proposed ordinance has been changed to remove references to seismic requirements and to clarify the applicability of IBC Chapter 34.

RECOMMENDED ACTION

Approve ordinance on second and final reading.

CHANGES MADE FOLLOWING LAST READING

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to adopt the 2006 International Existing Building Code and recommended local amendments;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. Chapter 26 "Building and Building Regulations", Article II "Building Codes" of the Code of Ordinances of the City of Kerrville, Texas ("City") is amended by adding a new Section 26-41 to provide as follows:

"Sec. 26-41. 2006 International Existing Building Code.

(a) *Adoption.* The International Existing Building Code, 2006 Edition, including Appendix B and Resource A ("IEBC"), and with amendments as set out in Section 26-41(b), is adopted. Copies of the IEBC and amendments thereto shall be available in the offices of the Department of Development Services and the City Secretary.

(b) *Amendments.* The 2006 International Existing Building Code is amended as follows:

(1) All references to the *International Building Code* ("IBC") within the IEBC shall refer to the *International Building Code*, as amended, such amendments to include the deletion of Chapter 34 of the IBC.

(2) All references to the *ICC Electrical Code* within the IEBC shall instead refer to the City's Electrical Code.

Deleted: 1

(3) Sections 101.4.2 and 1301.3.2 are amended by deleting the references to the *International Property Maintenance Code* ("IPMC"). Any other references to the IPMC within the IEBC are deleted as the City has neither adopted nor enforces the IPMC.

Deleted: 2

(4) Section 103 is amended in its entirety to provide as follows:

Deleted: 3

Section 103 Building Inspection Division. The City has created a Building Inspection Division and the Chief Building Official is the City employee in charge thereof. All references within the IEBC to the "Department of Building Safety" shall instead refer to the "Building Inspection Division."

(5) Section 105.2 is amended by deleting exemption No. 1 (sidewalks and driveways) under "Building".

Deleted: 4

(6) Section 105.5 is amended by adding the following sentence at the end of the section:

Deleted: 5

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-__

AN ORDINANCE AMENDING CHAPTER 26 "BUILDING AND BUILDING REGULATIONS", ARTICLE II "BUILDING CODES" OF THE CODE OF ORDINANCES OF THE CITY OF KERRVILLE, TEXAS, BY ADDING A NEW SECTION 26-41 TO ADOPT THE 2006 EDITION OF THE INTERNATIONAL EXISTING BUILDING CODE; ADOPTING LOCAL AMENDMENTS TO SAID CODE; CONTAINING A CUMULATIVE CLAUSE; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY FOR VIOLATION OF ANY PROVISION HEREOF; ORDERING PUBLICATION; PROVIDING FOR AN EFFECTIVE DATE; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT

WHEREAS, it is the intent of the City Council to protect the public health, safety, and welfare; and

WHEREAS, the City's Chief Building Official and the City's Building Board of Adjustments and Appeals have reviewed the 2006 Edition of the *International Existing Building Code* ("IEBC") and have recommended its adoption, with local amendments; and

WHEREAS, the Development Services Community Action Team ("DSCAT") also reviewed the IEBC and discussed its value, constraints, and overall effect on the community and unanimously supported the City's adoption of the IEBC; and

WHEREAS, the provisions of the IEBC will apply to the repair, alteration, change of occupancy, addition, and relocation of existing buildings within the City's limits; and

WHEREAS, the IEBC is intended to encourage the use and reuse of existing buildings by creating a reasonable and understandable balance between the protection of life and property and the burden of compliance with standardized building codes as building uses change and buildings become older; and

WHEREAS, the IEBC creates a plan whereby specific code compliance requirements are determined by the scope and purpose of permitted construction activity within isolated areas and the various systems of existing buildings; and

WHEREAS, the IEBC will serve to incrementally increase the value, use, and safety of buildings within the City's limits; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to adopt the 2006 International Existing Building Code and recommended local amendments;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. Chapter 26 "Building and Building Regulations", Article II "Building Codes" of the Code of Ordinances of the City of Kerrville, Texas ("City") is amended by adding a new Section 26-41 to provide as follows:

"Sec. 26-41. 2006 International Existing Building Code.

(a) *Adoption.* The International Existing Building Code, 2006 Edition, including Appendix B and Resource A ("IEBC"), and with amendments as set out in Section 26-41(b), is adopted. Copies of the IEBC and amendments thereto shall be available in the offices of the Department of Development Services and the City Secretary.

(b) *Amendments.* The 2006 International Existing Building Code is amended as follows:

(1) All references to the *International Building Code* ("IBC") within the IEBC shall refer to the *International Building Code*, as amended, such amendments to include the deletion of Chapter 34 of the IBC.

(2) All references to the *ICC Electrical Code* within the IEBC shall instead refer to the City's Electrical Code.

(3) Sections 101.4.2 and 1301.3.2 are amended by deleting the references to the *International Property Maintenance Code* ("IPMC"). Any other references to the IPMC within the IEBC are deleted as the City has neither adopted nor enforces the IPMC.

(4) Section 103 is amended in its entirety to provide as follows:

Section 103 Building Inspection Division. The City has created a Building Inspection Division and the Chief Building Official is the City employee in charge thereof. All references within the IEBC to the "Department of Building Safety" shall instead refer to the "Building Inspection Division."

(5) Section 105.2 is amended by deleting exemption No. 1 (sidewalks and driveways) under "Building".

(6) Section 105.5 is amended by adding the following sentence at the end of the section:

The Chief Building Official shall grant a reasonable period of time to complete large projects that require an extended construction period.

(7) Section 106.1.3 is amended by deleting the last sentence of the section and replacing it with the following:

The supporting documentation shall fully describe the exterior wall system which was tested or shall be the manufacturer's installation instructions or be designed by a licensed design professional.

- (8) Section 112 is amended in its entirety to provide as follows:

Section 112. Building Board of Adjustment and Appeals. Subject to its specific authority, the Building Board of Adjustment and Appeals shall hear appeals of orders, decisions, or determinations made by the Chief Building Official or requests for variances relative to the application and interpretation of the IEBC.

- (9) Sections 302.2.3, 302.2.3.1, and 302.2.3.2 are deleted.

- (10) Section 303.2 is amended by replacing the reference to twelve feet (12') in the last sentence with thirteen and one-half feet (13.5').

- (11) Section 305.4 is deleted.

- (12) Section 308 is amended by adding a new Section 308.1.1 as follows:

308.1.1 Standards. All structures shall conform with the State of Texas Accessibility Standards.

- (13) Sections 506.1.1, 506.1.1.1, 506.1.1.2, 506.1.1.3, and Table 506.1.1.2 are deleted.

- (14) Section 506.2.2.1 is amended by deleting the last sentence.

- (15) Section 506.2.2.3 is amended in its entirety to provide as follows:

506.2.2.3 Extent of repair for noncompliance buildings. If the evaluation does not establish compliance of the predamaged building in accordance with Section 506.2.2.1, then the building shall be rehabilitated to comply with applicable provisions of the *International Building Code* for load combinations, including wind. The wind design level for the repair shall be as required by the building code in effect at the time of original construction, unless the damage was caused by wind, in which case the design level shall be as required by the code in effect at the time of original construction or as required by the *International Building Code*, whichever is greater.

- (16) Section 703.1 is amended in its entirety as follows:

703.1 Scope. The requirements of this section are limited to work areas in which Level 2 alterations are being performed, and shall only apply

beyond the work area where specified on the approved drawings and specifications.

(17) Section 703.5.1 is amended by deleting "a loading dock" and replacing this phrase with "other elevated floor surface."

(18) Section 707.4.2 is deleted.

(19) Section 807.5.2 is amended in its entirety as follows:

807.5.2 Substantial structural alteration. Where more than 30 percent of the total floor area and roof areas of the building or structure have been or are proposed to be involved in structural alteration within a 12-month period, the evaluation and analysis shall demonstrate that the altered building or structure complies with the *International Building Code* for wind loading.

(20) Sections 907.3, 907.3.1, and 907.3.2 are deleted.

(21) Section 1202.4 is deleted."

SECTION TWO. Future amendments, not including clarifications or technical notices of any type, to the 2006 Edition of the *International Existing Building Code*, are not adopted by this Ordinance and must be subsequently approved and adopted by the City Council.

SECTION THREE. The City Secretary is authorized and directed to submit this Ordinance to the publisher of the City's Code of Ordinances and the publisher is authorized to amend said Code to reflect the amendments adopted herein and to correct typographical errors and to index, format, and number and letter paragraphs to the existing Code, as appropriate.

SECTION FOUR. The provisions of this Ordinance are to be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent of any such inconsistency or conflict.

SECTION FIVE. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION SIX. The penalty for violation of this Ordinance shall be in accordance with that general penalty provision contained in Chapter 1 of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS

(\$2,000.00). Each continuing day's violation under this Ordinance shall constitute a separate offense.

SECTION SEVEN. In accordance with Section 3.07 of the City Charter and Texas Local Government Code §52.013(a), the City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication. This Ordinance shall become effective ten days following publication; provided, however, the provisions of this Ordinance shall be applicable only to work performed in accordance with a building permit issued pursuant to an application filed with the City on or after the effective date of this Ordinance.

PASSED AND APPROVED ON FIRST READING, this the ____ day of _____, A.D., 2010.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:




Michael C. Hayes, City Attorney

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Ordinance, Second Reading – An ordinance amending Ordinance No. 2005-17 which created a "Planned Development District" for Personal Services II (Day Care Center Only) for an approximate 2.06 acre tract of land out of the Samuel Wallace Survey Number 113, within the City of Kerrville, Kerr County, Texas, and more commonly known as 551 Meadowview Lane; said amendment to increase the authorized floor area of buildings on the property and the maximum number of children to be accommodated.

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 3, 2010

SUBMITTED BY: Gordon Browning 

CLEARANCES: Kevin Coleman 

EXHIBITS: Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The attached ordinance completes the amendment to Ordinance Number 2005-17 for Childs Place Learning center located at 551 Meadowview Lane.

All required public hearings have been held per state and local codes.

RECOMMENDED ACTION

Approve ordinance on second reading.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-__

AN ORDINANCE AMENDING ORDINANCE NO. 2005-17 WHICH CREATED A "PLANNED DEVELOPMENT DISTRICT" FOR PERSONAL SERVICES II (DAY CARE CENTER ONLY) FOR AN APPROXIMATE 2.06 ACRE TRACT OF LAND OUT OF THE SAMUEL WALLACE SURVEY NUMBER 113, WITHIN THE CITY OF KERRVILLE, KERR COUNTY, TEXAS, AND MORE COMMONLY KNOWN AS 551 MEADOWVIEW LANE; SAID AMENDMENT TO INCREASE THE AUTHORIZED FLOOR AREA OF THE BUILDINGS ON THE PROPERTY AND THE MAXIMUM NUMBER OF CHILDREN TO BE ACCOMMODATED

WHEREAS, on October 25, 2005, the City Council of the City of Kerrville, Texas, approved Ordinance No. 2005-17 to create a "Planned Development District" ("PDD") on an approximate 2.06 acre tract of land out of the Samuel Wallace Survey Number 113, within the City of Kerrville, Kerr County, Texas, and more commonly known as 551 Meadowview Lane (the "Property"), to allow for a Personal Services II (Day Care Center only) development, subject to a site plan and other conditions related to the development of the PDD; and

WHEREAS, an applicant has requested to amend the PDD to authorize an increase in the maximum square footage of the floor area for buildings on the Property and the maximum number of children to be accommodated by the use; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to amend Ordinance 2005-17 as described herein;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. Ordinance No. 2005-17 is amended as follows:

A. Site Plan: The development of the Property shall be substantially in accordance with the amended Site Plan attached as **Exhibit A**, said amendment to incorporate the other amendments specified herein, where appropriate.

B. Maximum Square Footage of Buildings: The combined floor area of all buildings on the Property, except for storage buildings, shall not exceed 12,000 square feet, which may include the construction and use of a gymnasium.

C. Maximum Number of Children: The day care center shall not accommodate more than one-hundred seventy (170) children at any time.

SECTION TWO. Except as amended by this Ordinance, the provisions of Ordinance No. 2005-17 shall remain in full force and effect.

SECTION THREE. The provisions of this Ordinance are to be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance, including Ordinance No. 2005-17, are hereby expressly repealed to the extent of any such inconsistency or conflict.

SECTION FOUR. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION FIVE. The penalty for violation of this Ordinance shall be in accordance with the general penalty provisions contained in Article 1-I-9 of the Code of Ordinances of the City of Kerrville, Texas, which provides for a fine not exceeding TWO THOUSAND DOLLARS (\$2,000.00).

SECTION SIX. In accordance with Section 3.07 of the City Charter and Texas Local Government Code §52.013(a), the City Secretary is hereby authorized and directed to publish the descriptive caption of this ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication.

PASSED AND APPROVED ON FIRST READING, this the 22 day of June, A.D., 2010.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the day of _____, A.D., 2010.

David Wampler, Mayor

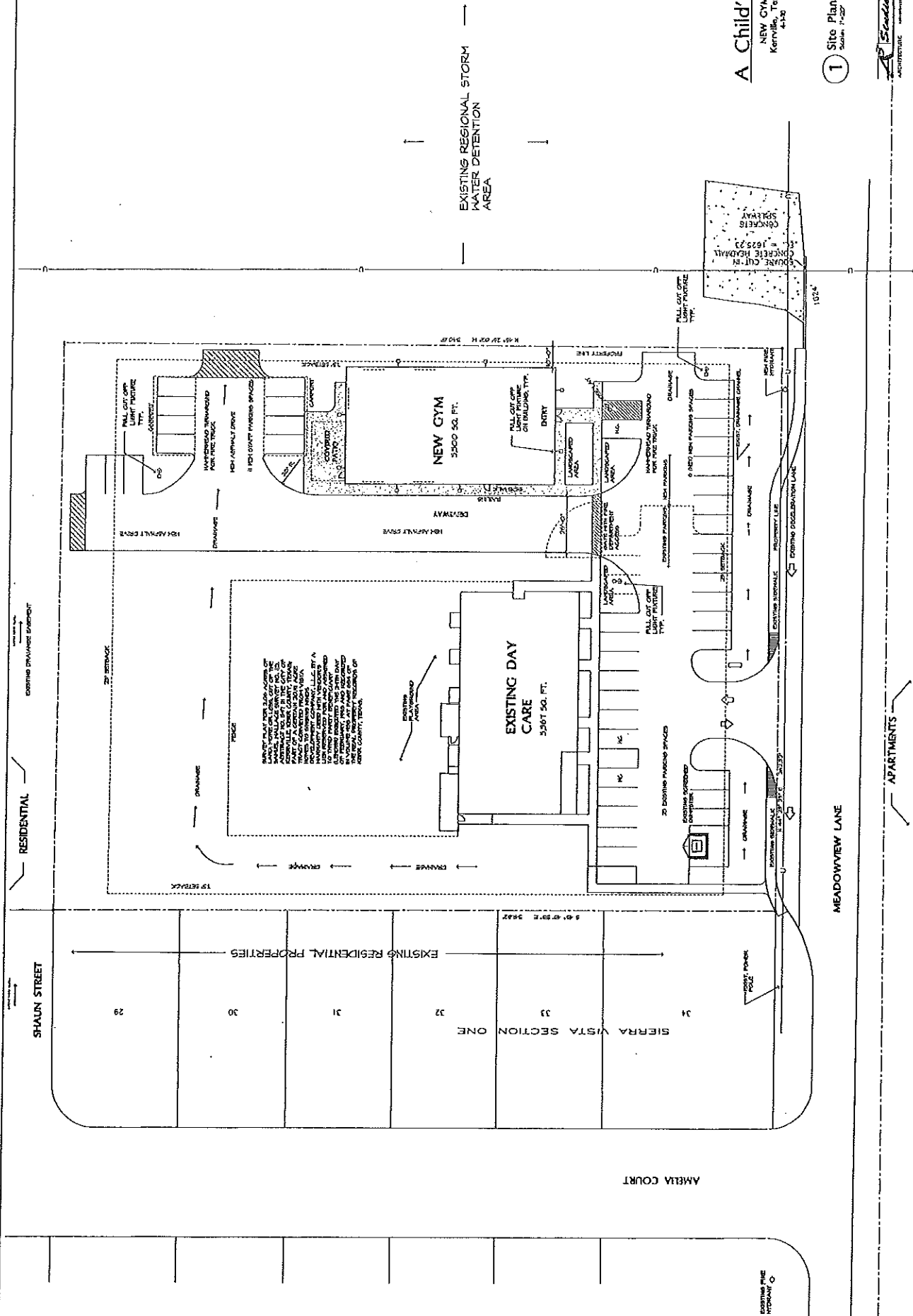
ATTEST:

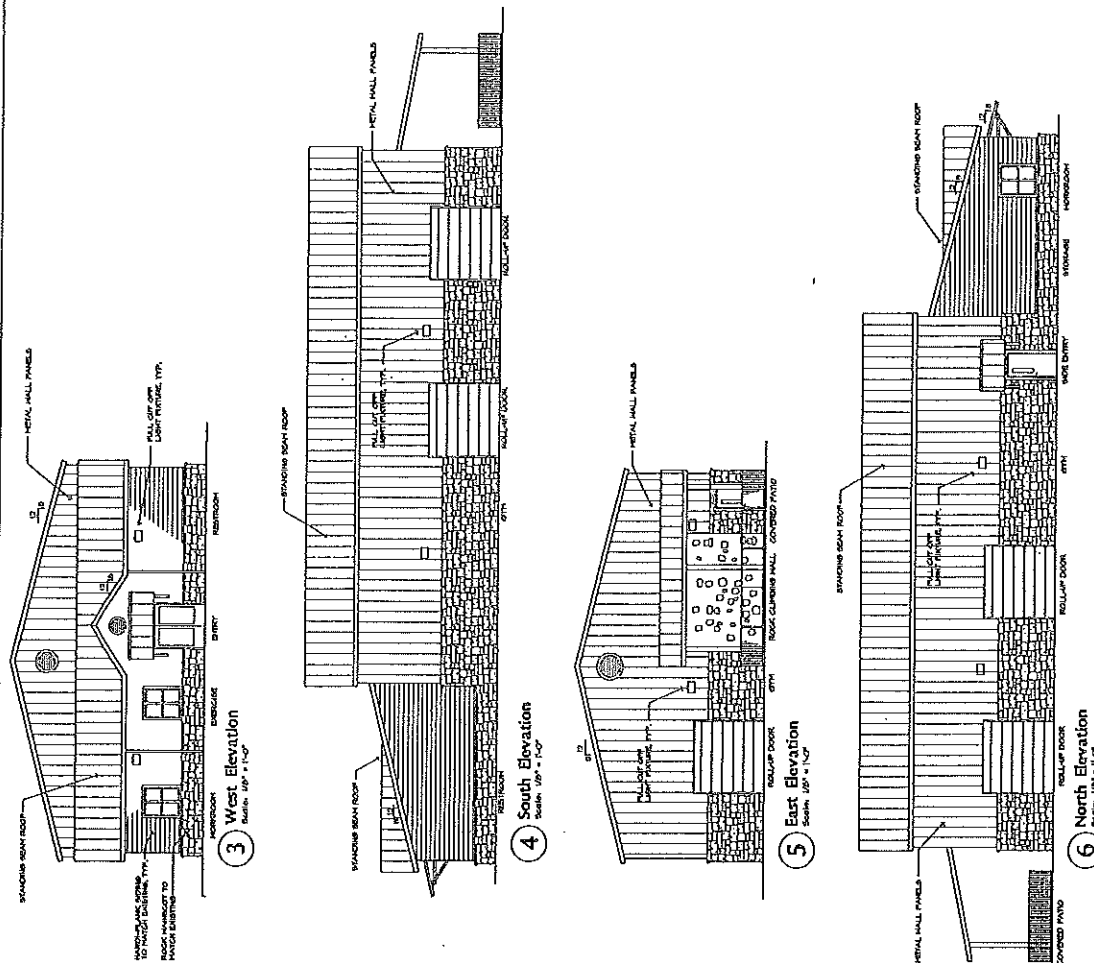
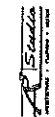
Brenda G. Craig, City Secretary

APPROVED AS TO FORM



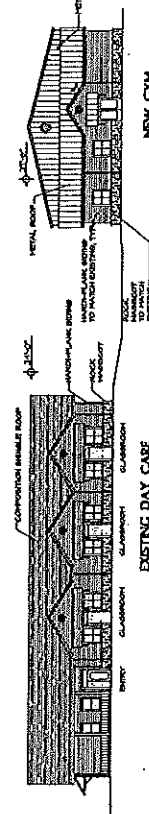
Michael C. Hayes, City Attorney





A Child's Place - New Gym

Country	Year	Value
Germany	1990	4.1



2 Site Elevation

2) Site Elevat

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Second Reading of an Ordinance Amending the FY 2010 Economic Improvement Corporation Budget

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 2,, 2010

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Ordinance, Budget Amendment Spreadsheet

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Staff requests to amend the FY 2010 City of Kerrville's Economic Improvement Corporation (EIC) budget to allocate funding for a business development project and a quality of life project.

A. The EIC proposes to begin a Commercial Improvement Program that offers to reimburse 20% of the cost of an improvement project on a commercial building up to \$10,000. Potential projects to be considered could include but are not limited to interior remodel, improved signage and façade improvements. If the structure needs to be razed, up to 40% of the cost could be reimbursed. Candidate buildings for this program should be located within the commercial corridors within the city limits of Kerrville and any commercial corridor located in Kerr County in a highly visible location. The following guidelines would apply and are subject to City Council Approval:

1. Grants to be made to improve or demolish an existing commercial structure in Kerr County,
2. Grant limited to reimbursement of 20% of improvement cost or 40% of demolition cost up to a maximum of a \$10,000 grant,
3. Grant to be funded as a reimbursement of a percentage of the actual cost after completion,
4. Applicants buying materials locally and using local labor will be given priority,
5. Project to be completed within 90 days from the date the grant is awarded,
6. Conflict of interest rules apply,
7. Considered a pilot program and reserve the right to reject any proposal, and
8. Successful applicants agree to appropriate publicity upon completion of a project.

The EIC and the Kerrville City Council must both approve the funding agreement.

B. The second proposal is to fund engineering fees and infrastructure cost not to exceed \$150,000 for Hill Country Home Opportunity Council, Inc., for a development on Pinto Trail. The Corporation asks for \$20,000 for survey work and 95% of the engineering work. Once this is done, the Corporation would like to report back to the EIC with solid numbers to complete the engineering and infrastructure and supplement the request to include the new numbers for additional funding by the EIC not to exceed the stated total of \$150,000. This development would provide eleven houses (affordable housing) and four rental units (seniors).

The EIC recommends moving \$100,000 for the contingency account to Category I – Business Development to fund the Commercial Improvement Program and moving \$150,000 from Category III – Public Infrastructure to Category II – Quality of Life to fund the Hill Country Home Opportunity Council project.

RECOMMENDED ACTION

Staff recommends the City Council approve the second reading of an ordinance amending the FY 2010 EIC budget and authorize staff to make all necessary entries and adjustments to reflect the attached changes.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-__

**AN ORDINANCE AMENDING THE BUDGET FOR THE FISCAL
YEAR 2010 ECONOMIC IMPROVEMENT CORPORATION TO
REALLOCATE FUNDING FOR APPROVED PROJECTS
CONCERNING A COMMERCIAL IMPROVEMENT PROGRAM
AND THE DEVELOPMENT OF AFFORDABLE HOUSING**

WHEREAS, Ordinance No. 2009-16, dated September 22, 2009, adopted the Fiscal Year 2010 Budget ("FY10 Budget"), which was later amended by Ordinance No. 2009-24, dated December 8, 2009, and Ordinance No. 2010-06, dated March 23, 2010; and

WHEREAS, the Economic Improvement Corporation recently approved new projects relating to a commercial improvement program and the development of affordable housing, both of which will require the reallocation of available funding; and

WHEREAS, this amendment will reallocate \$250,000.00 of current year sales tax revenues collected pursuant to Section 4B of Tex. Rev. Civ. Stat. Art. 5190.6, otherwise known as the Development Corporation Act of 1979; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds that amending the City's FY 10 Budget for the purposes discussed above is in the best interest of the citizens of the City of Kerrville;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

In accordance with Section 8.07 of the City Charter, the Official Budget for Fiscal Year 2010 shall be amended as set forth in **Attachment A**.

PASSED AND APPROVED ON FIRST READING, this the 22 day of June, A.D., 2010.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of _____, A.D., 2010.

David Wampler, Mayor

APPROVED AS TO FORM:

ATTEST:



Michael C. Hayes, City Attorney

Brenda G. Craig, City Secretary

City of Kerrville
Economic Improvement Corporation
Sales Tax Improvement

	Annual Budget	Amount of the Action	Amended Budget
EXPENDITURES:			
Administrative			
Supplies	-		
Transfer to Debt Service Fund	505,000		505,000
Kerrville Economic Development Foundation	25,000		25,000
Administrative Services Fee	75,000		75,000
Total Administrative	<u>605,000</u>	0	<u>605,000</u>
Category I - Business Development			
KEDF/USDA Project	33,262		33,262
Commerical Improvement Program	0	100,000	100,000
Unspecified	1,033,738		1,033,738
Total Category I	<u>1,067,000</u>	100,000	<u>1,167,000</u>
Category II - Quality of Life			
Schreiner University Project	250,000		250,000
Hill Country Home Opportunity Council	0	150,000	150,000
Category II Unspecified	50,000		50,000
Total Category II	<u>300,000</u>	150,000	<u>450,000</u>
Category III - Public Infrastructure			
Unspecified Projects	1,471,038	(150,000)	1,321,038
Total Category III	<u>1,471,038</u>	(150,000)	<u>1,321,038</u>
Contingency	500,000	(100,000)	400,000
TOTAL EXPENDITURES	<u><u>3,943,038</u></u>	0	<u><u>3,943,038</u></u>

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Ordinance, First Reading

An ordinance amending Chapter 26 "Buildings and Building Regulations" of the Code of Ordinances of the City of Kerrville, Texas, by adding a new Article VIII "Building Board of Adjustment and Appeals", said board to be created to act as the board which will consider appeals from the application of the city's building codes and as a replacement for the city's various boards which previously had responsibility for such issues; containing a cumulative clause; containing a savings and severability clause; providing for an effective date; and providing other matters related to the subject

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** June 30, 2010

SUBMITTED BY: Kevin Coleman  **CLEARANCES:** Kristine Ondrias 

EXHIBITS: Proposed Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The ordinance outlines the duties, membership, and member terms of a single multi-discipline building board of appeals. Under the new structure, the proposed multi-code board will have broad representation from throughout the local building community. The board will retain the name, the Building Board of Adjustment and Appeals (BBAA). The proposed ordinance contains needed changes to the International Building Code, the International Plumbing Code, the International Mechanical, the National Electric Code, and the City Code of Ordinances to allow board implementation.

As proposed, the board will be empowered to:

- Hear appeals and variances that allow alternative code applications of the various building codes and the fire code adopted by the City of Kerrville,
- Recommend proposed changes and/or updates to the building and fire codes

under consideration by the City Council, and

- Act as the reviewing board for purposes of administering the City's unsafe building abatement ordinance.

The balance of the ordinance provides the needed procedural structure to govern how the BBAA will be appointed, its administrative rules, and the application process for variances and appeals.

RECOMMENDED ACTION

Approve the proposed ordinance on first reading.

CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2010-__

AN ORDINANCE AMENDING CHAPTER 26 "BUILDINGS AND BUILDING REGULATIONS" OF THE CODE OF ORDINANCES OF THE CITY OF KERRVILLE, TEXAS, BY ADDING A NEW ARTICLE VIII "BUILDING BOARD OF ADJUSTMENT AND APPEALS", SAID BOARD CREATED WITH AUTHORITY TO CONSIDER APPEALS FROM THE APPLICATION OF THE CITY'S STANDARDIZED BUILDING CODES AND AS A REPLACEMENT FOR THE CITY'S VARIOUS BOARDS WHICH PREVIOUSLY HAD RESPONSIBILITY FOR SUCH ISSUES; CONTAINING A CUMULATIVE CLAUSE; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT

WHEREAS, the City currently has four standardized building code appeals boards, the Building Board of Adjustment and Appeals, the Electrical Board of Adjustment and Appeals, the Mechanical Board of Adjustment and Appeals, and the Plumbing Board of Adjustment and Appeals; and

WHEREAS, each board is responsible for considering appeals from the regulation and application of the various standardized building codes adopted by the City, which includes the International Residential Code, the International Building Code, the International Plumbing Code, the National Electrical Code, the International Mechanical Code, the International Fuel Gas Code, the International Fire Code, and the International Existing Building Code, as amended; and

WHEREAS, each board also acts as an advisory board and recommends code changes concerning the standardized building codes to the City Council; and

WHEREAS, the City Council and City staff recognize and affirm that these boards are vital to the application and interpretation of the City's standardized building codes; and

WHEREAS, the City Council, in an effort to address the ongoing issue of vacancies on each of the boards and to also attempt to increase timeliness and efficiency with respect to how each board operates, now wishes to create a single, multi-trade board to be known as the Building Board of Adjustment and Appeals ("Board"); and

WHEREAS, it is the intent of City Council to revamp and reconstitute the City's current Board to include a broad spectrum of members, to include contractors, design professionals, and tradespeople, which will then make up a board which hears appeals regarding appropriate standardized building code issues and that also reviews and recommends amendments to or the adoption of standardized building codes; and

WHEREAS, the Board will be made up of seven members, to include an architect, an engineer, licensed tradespeople, a licensed contractor, and a person who is active in the construction industry; and

WHEREAS, staff presented these proposed changes to both the Development Services Community Action Team ("DSCAT") and the Home Builders Association, with neither group voicing concerns or opposition to the changes; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to revamp and reconstitute the Building Board of Adjustment and Appeals, said Board created and authorized to consider appeals from the application and interpretation of the City's standardized building codes and as a replacement for the City's multiple standardized building code boards;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. Chapter 26 "Building and Building Regulations" of the Code of Ordinances of the City of Kerrville, Texas ("City") is amended by deleting Section 26-33 "Building Board of Adjustment and Appeals" and Section 26-34 "Appeals to administrative decisions; granting variances".

SECTION TWO. Chapter 26 "Buildings and Building Regulations" of the Code of Ordinances of the City is amended by amending Section 26-62 "Definitions and interpretation of words and phrases" by adding the language that is underlined (added) and deleting the language that is bracketed and stricken (~~{deleted}~~) as follows:

"(4) *Board.* The Building [~~Electrical~~] Board of Adjustment and Appeals of the City of Kerrville, Texas."

SECTION THREE. Chapter 26 "Buildings and Building Regulations" of the Code of Ordinances of the City is amended by deleting Section 26-63 "Electrical Board of Adjustment and Appeals."

SECTION FOUR. Chapter 26 "Buildings and Building Regulations" of the Code of Ordinances of the City is amended by amending Section 26-121(b)(2) as follows:

"(2) Section 109 is deleted."

SECTION FIVE. Chapter 26 "Buildings and Building Regulations" of the Code of Ordinances of the City is amended by amending Section 26-122(b)(2) as follows:

"(2) Section 109.1 is amended in its entirety to provide as follows:

109.1 Application for appeal. A person shall have the right to appeal a decision of the Chief Building Official or the Fire Code Official to the Building Board of Adjustment and Appeals.”

SECTION SIX. Chapter 26 “Buildings and Building Regulations” of the Code of Ordinances of the City is amended by amending Section 26-171(b)(2) as follows:

“(2) Sections 109.2 through 109.2.6, inclusive, are deleted.”

SECTION SEVEN. Chapter 26 “Buildings and Building Regulations” of the Code of Ordinances of the City is amended by amending Section 26-228 “Definitions” by adding the language that is underlined (added) as follows:

“*Board* means the Building Board of Adjustment and Appeals.”

SECTION EIGHT. Chapter 26 “Buildings and Building Regulations” of the Code of Ordinances of the City is amended by amending Section 26-229 “Enforcement Official” by adding the language that is underlined (added) and deleting the language that is bracketed and stricken (~~{deleted}~~) as follows:

“Sec. 26-229. Enforcement official.

The provisions of this Article shall be enforced by the Chief Building Official and the Building Board of Adjustment and Appeals established pursuant to the Article ~~II~~ VIII of this Chapter ~~{respectively}~~.

SECTION NINE. Chapter 26 “Buildings and Building Regulations” of the Code of Ordinances of the City is amended by adding a new Article VIII “Building Board of Adjustment and Appeals” as follows:

“ARTICLE VIII. BUILDING BOARD OF ADJUSTMENT AND APPEALS

Sec. 26-250. Building Board of Adjustment and Appeals.

(a) *Creation.* There is hereby created the City of Kerrville, Texas, Building Board of Adjustment and Appeals, otherwise known in this chapter as the “Board.” This Board shall act as the body authorized to hear appeals, grant variances, and to recommend amendments to and the adoption of standardized building codes to be considered by the City Council, said codes to include the International Residential Code, the International Building Code, the International Plumbing Code, the National Electrical Code, the International Mechanical Code, the International Fuel Gas Code, the International Fire Code, and the International Existing Building Code, as amended (collectively referred to as the “standardized building codes”).

(b) *Membership.* The Board shall consist of seven (7) regular members appointed by the City Council as follows:

- (1) an architect licensed to practice in the state;
- (2) a professional engineer licensed to practice in the state;
- (3) a master electrician licensed to practice in the state;
- (4) an unrestricted master plumber licensed to practice in the state;
- (5) a mechanical contractor with a Class A state license;
- (6) a person licensed by the City as a contractor; and
- (7) a person that is active in the construction industry; provided, however, if the City Council determines that there is no architect or professional engineer available to serve on the Board, then Council shall select a second person meeting this description to serve.

(c) *Alternates.* In an effort to obtain a quorum, increase efficiency, or for other reasons, the City Council may appoint two or more alternate members to the Board. Each alternate member shall meet the qualification provisions applicable to regular members as contained within subsections (b)(3) through (5) above. An alternate member shall serve only in the absence of one or more regular members when requested to do so by the Chief Building Official so that all cases considered by the Board are heard by a minimum of at least four (4) members. Alternate members may only participate in meetings if called to act and shall then act as a regular member for the entire meeting. Even where not called upon to act as a regular member, alternate members shall attend all meetings and are subject to the attendance requirements applicable to the Board.

(d) *Qualifications.* Each regular member and each alternate member shall be a resident of the county and operate or be employed by a business located within the City; however, no two (2) members, regular and alternate combined, may be employed by or have an ownership interest in the same business or firm.

(e) *Term of appointment.* All regular and alternate members of the Board shall be appointed to serve two (2) year terms beginning on September 1 and ending on August 31 of the appropriate years. The terms of four (4) of the regular members appointed shall expire in odd numbered years. The terms of the remaining three (3) regular members shall expire in even numbered years. The expiration of the term for each alternate, if any, shall alternate between an even and odd year. The City Council may appoint members to the Board, regular or alternate, for terms of lesser duration than two (2) years when making the initial appointments or when otherwise necessary to comply with the provisions of this Article. For purposes of making initial appointments and to stagger the terms, Council shall appoint the regular members meeting the qualifications of (b)(1), (2), (6), and (7) for terms not to exceed one (1) year and shall appoint the regular members meeting the qualifications of (b)(3), (4), and (5) for terms not to exceed (2) years.

(f) *Term limits.* No regular member shall serve more than two consecutive full terms on the Board without having at least one full year off of the Board between terms; provided, however, if the City Council finds that it has not received applications from other qualified candidates, the City Council may reappoint an incumbent member of the Board notwithstanding the restrictions of this subsection.

(g) *Vacancies.* Upon the death, resignation, or removal from office of any regular or alternate member of the Board prior to the end of the member's term, the City Council shall appoint a successor who shall hold that position for the unexpired term of the person who he or she is appointed to succeed. Any regular member who fails to meet the qualifications for the position for which he or she was appointed due to the loss of a license or employment, relocation, change of residency, or any other change in status that makes that member ineligible for the position, shall be considered to have resigned immediately and without any notice or required action.

(h) *Officers.* The Board shall elect a chair and vice-chair who shall be appointed from among its voting members. The Board shall appoint such officers at the first meeting of the Board held after September 1 of each year. Officers shall serve a term of one year and all such terms shall end on August 31 after the date of election or until a successor is elected, but in every case each subsequent term shall end on August 31. An officer of the Board may not serve in the office elected for more than two consecutive terms.

(i) *Authority of chair.* It shall be the duty of the chair, or in the absence of the chair, the vice-chair, to preside over all meetings of the Board.

(j) *Compensation of members.* Board members shall receive no compensation for their services on the Board.

(k) *Meetings; voting.* Meetings of the Board shall be held at least quarterly, at the call of the chair, and at such others times as the members of the Board determine. All Board members, regular and an alternate member(s), but only where the alternate is substituting for and acting as a regular member, shall be voting members and have the right, duty, and obligation to vote on all matters that come before the Board except for matters which involve a Board member's company or employer, a Board member's workmanship, or where prohibited by this Article or law. A majority of members present and voting shall be necessary to constitute an official action of the Board unless as provided herein.

(l) *Procedural rules.* The Board shall comply with the Texas Open Meetings Act and the Procedural Rules (for) Kerrville City Boards. No member shall communicate or deliberate about a matter coming before the Board or over which the Board has authority outside of a posted meeting in an attempt to evade the Open Meetings Act. Such prohibited conduct also applies to email or telephonic conversations.

(m) *Quorum.* Four (4) voting members of the Board, which may include an alternate member(s) but only where substituting for and acting as a regular member, shall constitute a quorum for the transaction of business.

(n) *Conflicts of interest.* No member or alternate member shall hear an appeal in which that member has a personal, professional, or financial interest or where a conflict of interest arises pursuant to law.

(o) *Quasi-judicial Decisions.* The requirements of procedural due process necessitate a fair hearing before an impartial body with the goal of ensuring that all sides, including the public, are provided an opportunity to present their views in a public meeting. Thus, all quasi-judicial decisions made by the Board must be based upon what is in the official public record. Quasi-judicial decisions include decisions made with respect to appeals of administration decisions and requests for variances and permits. In any quasi-judicial matter, no Board member shall intentionally or knowingly, outside of a meeting, communicate with a person for which there are reasonable grounds for believing that the person is a party to the matter being considered, if such communication is designed to influence the member's consideration of or action on the matter. A "party" is defined as being either an applicant or appellant to the quasi-judicial matter. This type of communication could be considered an ex parte communication as it involves one party discussing or presenting information to a Board member when another party or the public is not present to witness the conversation or where the other party does not receive the disclosed information. If any such communication should occur (ex parte communication), the member shall disclose it at an open meeting of the Board prior to its consideration of the matter and shall then recuse himself/herself from all further discussions and actions on the matter. Where a member receives an unsolicited inquiry or communication, personally or through electronic means, the member shall not engage in such communications and if possible, return the communication to the sender. Further, the member shall also advise the person or sender that such information should be presented at a Board meeting.

(p) *General powers and duties.* The Board shall have the following powers and duties

- (1) to hear appeals of decisions and interpretations of the Chief Building Official and Fire Code Official and to consider variances to the standardized building codes as more specifically described in Sec. 26-251. No appeal may arise out of the City's issuance of citation for violation of any of the standardized building codes as the procedure for the consideration and decision regarding citations is solely under the purview and authority of the Municipal Court. In addition, the Board shall have no authority to waive, and is prohibited from waiving, any requirement of the standardized building codes; and
- (2) recommend amendments to this Chapter; any standardized building code adopted by the City Council; or any other code, application, or process applicable to the City's review, application, interpretation, and enforcement of the standardized building codes with the goal toward addressing any deficiencies, voids, inconsistencies, inefficiencies, or technical errors.

Sec. 26-251. Appeals and variances.

(a) *Appeals to administrative decisions and interpretations.* The owner of a building, structure, building component or life safety system, or their duly authorized agent (the

“appellant”), may appeal a decision of the Chief Building Official or Fire Code Official to the Board whenever any one of the following conditions are claimed to exist:

- (1) the Chief Building Official or Fire Code Official rejected or refused to approve the mode or manner of construction proposed to be followed or materials to be used in the installation or alteration of a building, structure, building component, or life safety system;
- (2) the provisions of a standardized building code do not apply in this specific case;
- (3) that an equally good or more desirable form of installation can be employed in any specific case; or
- (4) the true intent and meaning of a standardized building code or any of the regulations thereunder have been misconstrued or incorrectly interpreted.

(b) *Form of appeal.* To be effective, the appellant must appeal in writing on a form established by the City and must specify and/or provide evidence of the following:

- (1) a citation to the section of the standardized building code, state statute, ordinance, or other law that is the subject of the appeal;
- (2) the earliest date on which the Chief Building Official or Fire Code Official communicated the decision which is the subject of the appeal to the appellant, or, if more than one decision is alleged to be in error, the date each decision was communicated;
- (3) a summary of the decision made by the Chief Building Official or Fire Code Official which is the basis for the appeal;
- (4) if the decision of the Chief Building Official or Fire Code Official was made in writing, a copy of the document in which the decision is stated;
- (5) the specific grounds upon which the appeal is based;
- (6) an alternative, but equally effective, way of addressing the code provision;
- (7) a description of the property affected by the decision of the Chief Building Official or Fire Code Official which is sufficient to identify the location and boundaries of the property;
- (8) the reason the appellant should be considered a person aggrieved by the decision; and
- (9) the signature of the appellant.

(c) *Perfection of appeal.* An appeal shall be deemed timely filed and perfected only if the notice of appeal:

- (1) Is filed with the Director of Development Services not later than ten (10) business days after the date on which the decision of the Chief Building Official or Fire Code Official was communicated to the appellant;
- (2) Is accompanied by the filing fee established by the City Council; and
- (3) Contains all the information set forth in subsection (b) of this section.

(d) *Hearing date.* Unless a later date is requested in writing from the appellant, the Board shall hold a hearing not later than ten (10) business days after the filing and perfection of the notice of appeal. The Board shall render a decision within five (5) business days. If the Board does not convene to hear an appeal within the ten (10) business days after the City's receipt of the written appeal or fails to reach a decision within the five (5) business days thereafter, the application for appeal shall be submitted to City Council for consideration and final action at a regular meeting.

(e) *Variances.* The Board, when so appealed to and after a hearing, may grant a variance to the application of any provision of a standardized building code to any particular case when, in its opinion, the enforcement thereof would do manifest injustice and would be contrary to the spirit and purpose of this or the standardized building codes or public interest, and also finds each of the following:

- (1) that special conditions and circumstances exist which are peculiar to the building, structure, building component, or life safety system involved and which are not applicable to others;
- (2) that the special conditions and circumstances do not result from the action or inaction of the applicant;
- (3) that granting the variance requested will not confer on the applicant any special privilege that is denied by a standardized building code to other buildings, structures, building component, or life safety system;
- (4) that the variance granted is the minimum variance that will make possible the reasonable use of the building, structure, building component, or life safety system; and
- (5) that the grant of the variance will be in harmony with the general intent and purpose of this standardized building code, this chapter, and will not be detrimental to the public health, safety and welfare.

(f) *Required vote.* The concurring vote of a majority of all members of the Board, to include an alternate member(s) when substituting for and acting as a regular member is required to

modify or reverse an order, requirement, decision, or determination of the Chief Building Official or Fire Code Official.

(g) *Conditions of the Variance.* In granting the variance, the Board may prescribe a reasonable time limit within which the action for which the variance is required shall be commenced or completed or both. In addition, the Board may prescribe appropriate conditions and safeguards in conformity with the standardized building code. Violation of the conditions of a variance is prohibited.

(h) *Authority of Chief Building Official and Fire Code Official not diminished.* The authority granted to the Board to approve variances shall not be construed as diminishing the authority granted the Chief Building Official or Fire Code Official to approve modifications pursuant to this Chapter.”

SECTION TEN. The City Secretary is authorized and directed to submit this Ordinance to the publisher of the City's Code of Ordinances and the publisher is authorized to amend said Code to reflect the amendment adopted herein and to correct typographical errors and to index, format, and number and letter paragraphs to the existing Code, as appropriate.

SECTION ELEVEN. The provisions of this Ordinance are to be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent of any such inconsistency or conflict.

SECTION TWELVE. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville, Texas, hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION THIRTEEN. This Ordinance shall become effective immediately upon approval.

PASSED AND APPROVED ON FIRST READING, this the ____ day of _____, A.D., 2010.

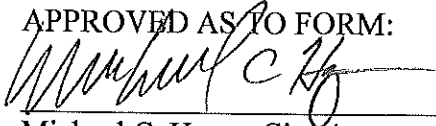
PASSED AND APPROVED ON SECOND AND FINAL READING, this the ____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read "Michael C. Hayes", is written over a horizontal line.

Michael C. Hayes, City Attorney

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT OF REQUEST: An exception to the city code regarding propane tanks

AGENDA DATE: July 13, 2010

DATE SUBMITTED: 6-16-10

REQUESTED/SUBMITTED BY: Charles Torti

PHONE: 257-3842

ORGANIZATION REPRESENTING:

MAILING ADDRESS: 294 Overlook Dr. Kerrville, TX 78028

EMAIL ADDRESS: ctorti@stx.rr.com

EXHIBITS/INFORMATION:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



WILL THIS ITEM REQUIRE CITY COUNCIL TO AUTHORIZE THE

EXPENDITURE OF CITY FUNDS? YES: _____ NO: X

IF YES, STATE AMOUNT REQUESTED: \$ _____

DESCRIPTION OF REQUEST

This is to request the installation of a standby home generator (GE 15KW @ Home Depot) that is powered by propane in the event of an electrical outage.

Jeff Findley stated I would need to request a code change or exemption. Presently, the following codes are applicable because I have natural gas in my neighborhood:

"Sec. 50-6. International fire code. (17) Section 3801 is amended to add the following new section: *3801.4 Propane, Butane, LP-Gas* . It shall be unlawful to use Propane, Butane, or other LP-Gas products in the city where natural gas is available. It shall be unlawful to install above-ground storage tanks, exceeding a capacity of 25 gallons, for Propane, Butane or other LP-Gas product in any zoning district allowed for residential uses, such as single-family, duplex, multifamily, or mobile homes. The maximum tank size shall be 1000 water gallons size container in a residential zone or in total aggregate of 1000 water gallons in a residential zone. In industry, the tank size shall be determined by the demand of quantity needed to operate appliances and equipment."

My home is all electrical and I have no intentions to use propane to fuel anything at our house except for the standby home generator. I am requesting an exemption to bury a 250 gallon tank.

Thanks for your consideration,
Charles Torti

RECOMMENDED COUNCIL ACTION

City of Kerrville Fire Department

Mark Beavers
Assistant Chief
87 Coronado Dr.
Kerrville, Texas 78028
830.257.8449 (O)
830.257.8445 (F)
mark.beavers@kerrvilletx.gov



MEMORANDUM

DATE: July 9, 2010
TO: J. Todd Parton, City Manager
FROM: Mark Beavers, Assistant Fire Chief *MB*
SUBJECT: Citizen Request for an Exception to City Code Prohibiting Propane Tank Installation

Charlie Torti, 294 Overlook Drive, has submitted a request to City Council to consider exceptions to the City Fire Code amendments prohibiting the use of propane gas in a residential area served by a natural gas provider. His request is to install a 250 gallon tank at his residence to supply fuel to a stand-by home generator in the event of power outage.

Please accept the following as staff's initial review of Mr. Torti's request.

Mr. Torti is asking for exceptions to two amendments to the City's adopted Fire Code. The first amendment is Sec. 50-6(b)(16):

"(16) Section 3801.2 is amended in its entirety to provide as follows:

3801.2 Permits. No person shall install or maintain any LP-Gas container or operate any tanked vehicle, which is used for the transportation of LP-Gas, without a permit. Permits shall be required as set forth in Section 105. When a single container or the aggregate of interconnected containers is over 2,000 gallons water capacity, the installer shall submit plans to the fire marshal. A permit shall not be required for the installation or maintenance of portable containers of less than 120 gallons water capacity as long as the same are used only in connection with a bona fide travel trailer which, at all times, is capable of being pulled or driven upon the streets or highways. Any mobile home, travel trailer, or trailer of any kind, which is located in one place and has had the wheels or tires removed, is not a bona fide travel trailer, to

meet this exception. A permit shall not be granted in the event that natural gas is available as a fuel supply. "

The second amendment is Sec. 50-6(b)(17):

"(17) Section 3801 is amended to add the following new section:

3801.4 Propane, Butane, LP-Gas. It shall be unlawful to use Propane, Butane, or other LP-Gas products in the city where natural gas is available. It shall be unlawful to install above-ground storage tanks, exceeding a capacity of 25 gallons, for Propane, Butane or other LP-Gas product in any zoning district allowed for residential uses, such as single-family, duplex, multifamily, or mobile homes. The maximum tank size shall be 1000 water gallons size container in a residential zone or in total aggregate of 1000 water gallons in a residential zone. In industry, the tank size shall be determined by the demand of quantity needed to operate appliances and equipment. "

The City Council does not have legal authority to grant the requested exception. Although appeals and variances to city building code standards can be reviewed by the City's Building Board of Adjustments and Appeals (or City Council if the Appeals Board cannot meet in timely manner), neither the Board nor the Council acting as the Board, has authority to approve outright exceptions and/or waivers to the Fire Code.

The City Council can amend the Fire Code and either eliminate the prohibition; modify the current amendments, creating specific standards by which an exception to the prohibition is granted or leave the current amendments intact. Any eventual amendment made to the Code would then have equal effect on all properties in the City.

The following should be weighed by the City Council as they consider any potential amendment or change to the current standard:

- The prohibition only applies to properties that have natural gas available as determined by ATMOS.

Properties in the following subdivisions/areas within the City limits do not have access to natural gas utility:

Los Cedros, Keystone II & III, Comanche Trace, Maud Jennings and areas within Legion Hills.

- Mr. Torti's property has access to natural gas utility.
- The amendments to the Fire Code under discussion were put into place in 1979 in the best interests of the health and safety of the citizens of Kerrville. LP gas was recognized as being inherently unsafe and the city

wished to limit its usage to locations which did not have access to natural gas utility. Propane is a highly flammable, heavier-than-air gas that does not readily dissipate into the atmosphere. It has a propensity to collect in low areas, in unventilated or poorly ventilated areas (inside walls) and underground. Propane tanks are designed with safety release valves for venting of excess gas (in the event of over-pressurization of the tank) into the atmosphere. In a gas state, propane has a relatively low ignition point and is capable of being ignited by static electricity, cigarettes and catalytic converters. Possibly the greatest hazards regarding propane tanks are during filling of the tanks, when leakage occurs and anytime over-pressurization occurs. Per the National Propane Gas Association, once released into the atmosphere, one volume of liquid propane expands to 270 volumes of gas.

- Natural gas distributed through a central system is generally accepted as the safest manner to serve residential needs.

In the end, Mr. Torti's request would require changing two current amendments to the 2006 edition of the *International Fire Code*. There is no provision for any exception or variance to these prohibitions.

Please let me know if you need any additional information prior to Council review and direction on this issue.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Approval of 2011 proposed budget for KCAD

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** July 7, 2010

SUBMITTED BY: Todd Parton **CLEARANCES:**

- EXHIBITS:**
1. Letter from Kerr Central Appraisal District and Notice of Public Hearing
 2. 2011 proposed budget
 3. Resolution

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

The Kerr Central Appraisal District Board of Directors has prepared the operating budget for 2011 and set a public hearing for July 29, 2010 at 2:00 p.m. The City of Kerrville's portion of the Budget is estimated to be approximately \$123,614.00 as outlined on the Estimated Entity Budget Allocation. This is approximately 1200.00 less than the current year. Actual cost allocations for each entity will reflect the final property tax rates.

This budget will take effect 30 days after its adoption by the KCAD board unless a majority of the governing bodies of the county, school districts and cities served by the appraisal district pass resolutions disapproving the budget.

The Council has the option of either approving or disapproving the KCAD budget via the attached resolution.

RECOMMENDED ACTION

It is recommended that the City Council approve the 2011 Proposed Budget.

KERR CENTRAL APPRAISAL DISTRICT B.O.D.

**P. O BOX 294387 / 1836 JUNCTION HIGHWAY
KERRVILLE, TEXAS 78029-4387**

RECEIVED

JUN 28 2010

June 25, 2010

Taxing Entities served by Kerr Central Appraisal District

Re: 2011 Proposed Budget & Notice of Budget Hearing

Dear Presiding Officer:

The Board of Directors has prepared the Kerr Central Appraisal District's operating budget for 2011. A copy of the 2010 Budget is included.

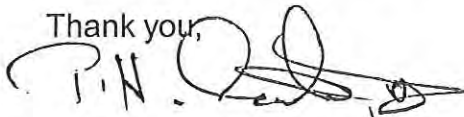
The Board has set July 29, 2010 at 2:00 PM for the public hearing at the Kerr Central Appraisal District office at 1836 Junction Highway in Kerrville, Texas for consideration of the 2011 Appraisal District Operating Budget. If the budget is approved at the public hearing then it will take effect immediately for the 2011 tax year unless vetoed or disapproved by a majority of the eligible governing bodies being the county, school districts and cities served by the appraisal district.

A majority of the voting taxing units must pass resolutions vetoing or disapproving the adopted budget within 30 days after the date the budget is adopted. A copy of the process taken from the Appraisal District Director's Manual is enclosed.

If you have any questions concerning the 2011 Proposed Budget please contact your representative on the Appraisal District Board of Directors or the chief appraiser.

If you need preliminary values in order to assist you in preparing your own operating budget please get in touch with Deputy Chief, Sharon Capeheart.

Thank you,



P.H. "Fourth" Coates
Chief Appraiser

KERR CENTRAL APPRAISAL DISTRICT B.O.D.

William H. "Hank" Moody, Secretary
P. O BOX 294387 / 1836 JUNCTION HIGHWAY
KERRVILLE, TEXAS 78029-4387

Appraisal District Director's Manual

February 2006 Edition

Public Hearing and Publication of Budget

The board of directors must hold a public hearing, subject to the requirements of the Open Meetings Act, to consider the budget. This hearing gives taxing units and the public an opportunity to observe and comment on how funds are being spent.

The law does not require the board to hold the hearing on a specific date, but the budget must be finally approved before September 15. The September 15 date permits taxing units participating in the district to include their share of appraisal district cost in their own budgets.

If the fiscal year has been changed, the chief appraiser must prepare a proposed budget before the 15th day of the seventh month preceding the first day of the fiscal year established by the change. The board of directors must adopt a budget for the fiscal year before the 15th day of the fourth month preceding the first day of the fiscal year established by the change.

Before the board holds the budget hearing, the board's secretary must deliver to the presiding officer of the governing body of each taxing unit in the district written notice of the date, time and place of the hearing. The secretary must deliver this notice no later than the 10th day before the date of the budget hearing.

Not later than 10 days before the public hearing date, the chief appraiser must publish a notice of the hearing in the newspaper. The one-quarter page notice must be published in a newspaper or tabloid of general circulation in the appraisal district's county. The notice may not be published in the part of the paper in which legal notices and classified advertisements appear.

Comptroller Rule 9.3048 sets out the content of the notice. The notice must state where and when the public hearing will be held, the total amount of the proposed budget, the amount the proposed budget is increased from the current year, the number of employees compensated under the current budget and the number to be compensated under the proposed budget. The notice must also state the name, address and telephone number of the appraisal district and, at the chief appraiser's option, a statement explaining any significant differences between the current and the proposed budgets. The notice must also state that the appraisal district is supported solely by payments from taxing units in the appraisal district. In addition, the notice must contain the following statement:

KERR CENTRAL APPRAISAL DISTRICT B.O.D.

William H. "Hank" Moody, Secretary
P. O BOX 294387 / 1836 JUNCTION HIGHWAY
KERRVILLE, TEXAS 78029-4387

"If approved by the appraisal district board of directors at the public hearing, this proposed budget will take effect automatically unless disapproved by the governing bodies of the county, school districts, cities, and towns served by the appraisal district. A copy of the proposed budget is available for public inspection in the office of each of those governing bodies."

The rule and notice form appear in **Appendix C.**

Voting taxing units may veto the approved budget. To veto, a majority of the voting taxing units must pass resolutions disapproving the adopted budget. These units must file resolutions with the board's secretary within 30 days after the date the budget is adopted. If enough veto resolutions are filed, the budget does not take effect. The board must adopt a new budget within 30 days of disapproval. Whether a new budget publication is required before the hearing to adopt a new budget is unclear. Advice from legal counsel should be requested.

The board of directors may amend the approved budget if the board's secretary delivers to the presiding officer of each taxing unit's governing body a written copy of the amendment proposal. The secretary must deliver this notice at least 30 days before the date the board intends to act on the amendment.

Voting taxing units may disapprove a budget amendment under the general authority given to taxing units to disapprove a board action. Voting taxing units must file disapproval resolutions with the board's secretary by a majority of the voting taxing units within 15 days of the amendment's adoption.

Each taxing unit must pay its share of the budget in four equal installments, due at the end of each calendar quarter (December 31, March 31, June 30 and September 30). The first payment is due before January 1 of the year in which the budget takes effect. A taxing unit's governing body and the chief appraiser, however, may agree on a different method of payment.

If a taxing unit does not pay on time, the payment becomes delinquent and incurs a penalty of 5 percent of the payment amount. Interest accrues at an annual rate of 10 percent. The appraisal district has no authority to waive or rescind the penalty and interest imposed on a delinquent payment.

If the budget is amended, any change in the amount of a unit's cost allocation is apportioned among the payments remaining.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. -2010**

**A RESOLUTION PROVIDING FOR THE CITY'S APPROVAL OR
DISAPPROVAL OF THE KERR CENTRAL APPRAISAL DISTRICT'S
FISCAL YEAR 2011 BUDGET**

WHEREAS, the Kerr Central Appraisal District ("KCAD") submitted its proposed fiscal year 2011 budget to the City Council for consideration; and

WHEREAS, pursuant to state law, the City Council must consider KCAD's budget and in the event Council does not approve, it must indicate this action via a resolution; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to either approve or disapprove of said proposed budget as is indicated below;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF KERRVILLE, KERR COUNTY, TEXAS:**

The Kerr Central Appraisal District's proposed fiscal year 2011 budget, as set forth in **Exhibit A**, is _____ (APPROVED OR DISAPPROVED).

PASSED AND APPROVED ON this the _____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

2011 Proposed Budget

Kerr Central Appraisal District
P.O. Box 294387
1836 Junction Highway
Kerrville, TX 78029-1885
(830) 895-5223

BOARD MEMBERS

Kirk Griffin, Chairman
Charles Lewis, Vice Chair
William H. "Hank" Moody, Secretary
Ray Orr
Mark Bigott
Diane Bolin, CTAC

P. H. Coates, IV
Chief Appraiser

Sharon E. Capeheart
Deputy Chief

Expenditures Per Line Item Comparison

<u>Line</u>	<u>Item</u>	<u>2010</u>	<u>2011</u>	<u>\$ Diff</u>	<u>% Diff</u>	<u>% Total</u>
5006	Salaries	\$486,475	\$497,698	\$11,223	2%	57.46%
5010	Employer Portion of Retire.	\$39,268	\$41,296	\$2,028	5%	4.77%
5012	Medicare Insurance	\$7,054	\$7,217	\$163	2%	0.83%
5015	Employee Medical Insurance	\$78,441	\$85,991	\$7,550	10%	9.93%
5016	Texas Employment Commiss.	\$2,970	\$2,970	\$0	0%	0.34%
5017	Disability Insurance	\$0	\$8,000	\$8,000	100%	0.92%
5030	Appraisal Review Board	\$12,500	\$12,500	\$0	0%	1.44%
5034	Vehicle Replacement Reserve	\$8,000	\$8,000	\$0	0%	0.92%
5035	Travel & Mileage & Maintance	\$15,000	\$15,000	\$0	0%	1.73%
5040	Annual Audit	\$5,250	\$5,250	\$0	0%	0.61%
5045	Mapping Expense	\$11,093	\$11,093	\$0	0%	1.28%
5055	Debt Service - Building	\$21,198	\$8,832	\$12,366	-58%	1.02%
5060	Deed Copies	\$1,000	\$1,000	\$0	0%	0.12%
5070	Leased Equipment	\$4,608	\$5,688	\$1,080	23%	0.66%
5075	Telephone	\$8,400	\$7,400	-\$1,000	-12%	0.85%
5080	Utilities	\$9,000	\$9,000	\$0	0%	1.04%
5085	Grounds & Building Maint.	\$6,522	\$6,522	\$0	0%	0.75%
5090	Consultant - Appraisal	\$15,000	\$15,000	\$0	0%	1.73%
5100	Legal & Consultants	\$10,000	\$10,000	\$0	0%	1.15%
5105	Liability/Workers Compensat.	\$6,000	\$5,000	-\$1,000	-17%	0.58%
5110	Publishing/Publications	\$3,500	\$3,000	-\$500	-14%	0.35%
5120	Schools/Employee Education	\$6,550	\$6,550	\$0	0%	0.76%
5130	Postage	\$20,000	\$15,000	-\$5,000	-25%	1.73%
5135	Printing	\$9,862	\$5,000	-\$4,862	-49%	0.58%
5136	Professional Dues	\$2,285	\$2,285	\$0	0%	0.26%
5140	Office Supplies	\$7,000	\$7,000	\$0	0%	0.81%
5145	Furniture, Fixtures & Equip.	\$16,600	\$7,000	-\$9,600	-58%	0.81%
5150	Board of Directors	\$3,200	\$3,200	\$0	0%	0.37%
5155	Equip. Maint. and Reserve	\$1,500	\$1,500	\$0	0%	0.17%
5170	Building Reserve	\$7,000	\$7,000	\$0	0%	0.81%
5180	Software Support	\$22,500	\$24,345	\$1,845	8%	2.81%
5185	Debt Ser. - App. System	\$20,662	\$20,662	\$0	0%	2.39%
5200	Banking Fees	\$120	\$120	\$0	0%	0.01%
TOTAL	TOTALS	\$868,558	\$866,119	-\$2,439	0.28%	100.00%

5006 Salaries:

	Positions	2010	2011	Merit	\$ Increase
IV	Chief Appraiser	\$ 80,840	\$ 80,840		\$ -
Sharon	Deputy Chief	\$ 54,699	\$ 55,790	2%	\$ 1,091.00
Mike	Senior Appraiser	\$ 50,952	\$ 52,000	2%	\$ 1,048.00
Jesse	Comm. App. RPA	\$ 37,746	\$ 38,000	1%	\$ 254.00
Jason	Field Appraiser RPA	\$ 35,044	\$ 37,000	6%	\$ 1,956.00
Kathy L.	Ag Appraiser RPA	\$ 35,018	\$ 35,018	0%	\$ -
Michael	Field Appraiser III	\$ 32,298	\$ 35,500	10%	\$ 3,202.00
Russell	Field App I	\$ 25,750	\$ 28,250	10%	\$ 2,500.00
D.J.	Abstractor	\$ 31,616	\$ 32,000	1%	\$ 384.00
Rob	GIS Manager	\$ 45,634	\$ 46,550	2%	\$ 916.00
Kathy J.	Exemption Spec. II	\$ 29,078	\$ 29,500	1%	\$ 422.00
Jo	Exemption Spec. I	\$ 26,225	\$ 27,250	4%	\$ 1,025.00
TOTALS		\$484,900	\$497,698	2.64%	\$12,798.00

<u>Position</u>	<u>Salary</u>	<u>Medical</u>	<u>Retirement</u>	<u>Medicare</u>	<u>Unemp.</u>	<u>Disability</u>	<u>Totals</u>
Chief Appraiser	\$80,840	\$7,166	\$6,467	\$1,172	\$189	\$667	\$96,501
Deputy Chief	\$55,790	\$7,166	\$4,463	\$809	\$189	\$667	\$69,084
Senior Appraiser	\$52,000	\$7,166	\$4,160	\$754	\$189	\$667	\$64,936
Comm. App RPA	\$38,000	\$7,166	\$3,040	\$551	\$189	\$667	\$49,613
Field Appr. RPA	\$37,000	\$7,166	\$2,960	\$537	\$189	\$667	\$48,518
Ag Appr. RPA	\$35,018	\$7,166	\$2,801	\$508	\$189	\$667	\$46,349
Field Appr. RPA	\$35,500	\$7,166	\$2,840	\$515	\$189	\$667	\$46,876
Fied Appr. II	\$28,250	\$7,166	\$2,260	\$410	\$189	\$667	\$38,941
Abstractor	\$32,000	\$7,166	\$2,560	\$464	\$189	\$667	\$43,046
GIS Manager	\$46,550	\$7,166	\$3,724	\$675	\$189	\$667	\$58,971
Exemp Spec II	\$29,500	\$7,166	\$2,360	\$428	\$189	\$667	\$40,309
Exemp Spec I	<u>\$27,250</u>	<u>\$7,166</u>	<u>\$2,180</u>	<u>\$395</u>	<u>\$189</u>	\$667	\$37,847
Totals	\$497,698	\$85,992	\$39,816	\$7,217	\$2,268	\$8,000	\$640,990

The line item for salaries is a total increase of \$11,223 or a 2.64% total increase over last year. It is in the best interest to our taxing entities if our well trained and educated employees are retained. There was no C.O.L.A. applied to this year's salaries as the indications are that there will not be a cost of living increase anticipated per Social Security for 2011. It is imperative that Kerr CAD remain competitive in the job market in order to retain trained quality personnel. There will be a total of 12 staff members for this year and the total salary line item is \$497,698. We are required by our recent Methods Assistance Program administered by the State of

Texas Property Tax Assistance Division to display each employee's salary and benefits as well as the total salary and benefits for each employee.

5010 - Employers Retirement: KCAD has an independent employee retirement plan through Plan Data. All employees are required to participate in this plan. The Kerr CAD Board of Directors has elected to fund 8% of the employee's salary for their retirement plan. Details as shown below:

Total 2011 Salaries	\$	497,698
KCAD Matching Percentage	\$	X 0.08
KCAD Contribution	\$	39,816
Administration Fee	\$	1,480
TOTAL	\$	41,296

5012 - Employer Medicare: KCAD is responsible for the Medicare tax on each of the employee's wages. This rate is equal to 1.45 percent of the first \$125,000 paid to each employee per year.

Details of this item are as follows:

Total 2010 Salaries	\$ 497,698
Medicare Rate	x 0.0145
TOTAL	\$ 7,217

5015 - Employee Medical Insurance: Kerr CAD provides health insurance to its employees through the Texas Association of Counties. The carrier for Texas Association of Counties is Blue Cross / Blue Shield. Per employee payments for 2010 are \$544.73 per month. The Texas Association of Counties has informed us there will be an expected 10% increase in the premiums for next year resulting in an increase to \$597.16 per month per employee. Details of this estimated expenditure follow:

KCAD Contribution Per Month	\$597.16
Number of Employees	x 12
Total Monthly Contribution	\$7,165.92
Number of Months	x 12
TOTAL 2010 Estimate	\$85,991

5016 - Texas Employment Commission: KCAD is responsible for the payment of each employee's unemployment tax through the Texas Workforce Commission. This tax is a percentage of the first \$9,000 of the employee's quarterly salary. These rates change annually and are based on the number of employee's hired and fired during the previous year. Since our record with the Texas Workforce is excellent this line item will remain at **\$2,970**.

5017 - Disability Insurance: The KCAD Board of Directors has elected to pay disability insurance in lieu of social security for KCAD employees for the 2011 budget. New employees will be under the same vesting requirements as other benefits. The line item for this year will be **\$8,000**.

5030 - Appraisal Review Board: KCAD is responsible for the Appraisal Review Board stipend. The reimbursement covers the ARB member's salary, travel, and training expenses related to serving on this board. The Board of Directors has decided Kerr CAD's ARB would benefit from additional training above and beyond

the required rudimentary training required by the State estimated at \$2,500. The line item for the ARB will remain at \$12,500.

Reimbursement per Member	\$2,000
Number of Members	X 5
TOTAL	\$10,000
Education	+ \$2,500
TOTAL	\$12,500

5034 - Vehicle Replacement Reserve: The allocated amount for vehicle replacement will remain at \$8,000 for this year.

5035 - Travel and Mileage: The heaviest driving period for the CAD is the fall and winter months during our appraisal period. This line item also includes maintenance and tires. This item also includes other travel expense and also pertains to meals and hotel expense when employees are sent to school. The total for this item will remain unchanged at \$15,000.

5040 - Annual Audit: Section 6.063 of the Property Tax Code requires that the district have an annual audit by a Certified Public Accountant. The 2010 financial year audit will be conducted in 2011. The current estimate for this audit is \$5,250.

5045 - Mapping Expense: The district has cooperated with Kerr County 911 as well as The City of Kerrville and KPUB to share cost in acquiring a new GIS system called Pictometry. Pictometry is a patented information system that combines aerial imaging with a state of the art software system that has the ability to allow an appraiser to view and measure any structure, intersection, fire hydrant, tree or any feature in the county from a laptop or workstation. This new technology will enable the district to increase productivity, cut down on field trips and enhance appraisal of existing as well as discovery of new taxable property. The investment is over a three year period which began in 2009 and will be \$8,093 per annum for a total of \$24,279 for Kerr CAD's portion. The line item for the existing GIS system will remain \$3,000 with the total for the Mapping Expense line item for this year remaining at \$11,093.

5055 - Debt Service – Building: The CAD building is owned by Kerr Central Appraisal District. Kerr CAD's note balance on the building will be approximately \$8,832 as of January 2011 and has a maturity date of May 24, 2011. The monthly payments are \$1,766.47 per month for a total of \$8,832.35 for 2010 when the note will be paid in full. It is recommended that the note be paid in full in January 2011 thereby saving some additional interest.

5060 - Deed Copies: In order to maintain correct property ownership, KCAD is required to purchase copies of real property deeds from the Kerr County Clerk. In 2008 the County Clerk began supplying the district with a CD format instead of paper. This resulted in a significant cost savings to the district. This item will remain at \$1,000 for this year.

5070 - Leased Equipment: The CAD leases a copy machine and a postage machine. A new copy machine was leased in 2010 which resulted in a higher number for this line item being \$5,688 for this year.

5075 - Telephone: This item includes basic telephone equipment lease and service, long distance service, and Internet subscription. A survey of this expense determined this item will be reduced to **\$7,400** for this year.

5080 - Utilities: The District's utility expense covers city water and electricity. Anticipated water costs are \$300 per year. Electricity costs are running approximately \$725 per month. The amount for this year unchanged at **\$9,000**.

5085 - Building and Grounds Maintenance: Building and grounds maintenance includes trash pickup, building cleaning, lawn care, and pest control. The details of this maintenance are as follows:

<u>Expense</u>	<u>\$/Month</u>	<u>\$/Year</u>
Trash Pickup	\$125	\$1,500
Building Cleaning	\$150	\$1,800
Outside Maintenance	\$231	\$2,772
Pest Control	\$25	\$ 300
Termite Inspection		\$ 150
TOTAL		\$ 6,522

5090 - Consultant – Appraisal: KCAD contracts out the appraisals on utilities, minerals, pipelines, and industrial properties to the industrial appraisal firm, Capitol Appraisal had a cost of \$14,250 for 2010 and an increase is not anticipated for 2011. The total amount is **\$15,000**.

5100 - Consultant – Legal & Expert Witness: KCAD maintains a contract with the Law Office of Peter Low. The monthly retainer fee is \$150. The hourly fees are \$150 for litigation and \$100 for non-litigation fees such as travel. Other related expenses such as hotel room fees are paid by the district. Kerr CAD currently has fewer lawsuits than in past years and with anticipated market values stabilizing this line item is **\$10,000** for this year.

5105 - Liability and Workers Compensation: This line item covers workers compensation, general liability, automotive liability, errors and omissions, and real and personal property insurance. The carrier for this insurance is the Texas Municipal League Intergovernmental Risk Pool (TML). This line item will be **\$5,000**.

5110 - Publishing and Publications: This line item includes required newspaper advertisements, property asset listings, and appraisal guides. This line item has a total of **\$3,000**.

5120 - Schools and Employee Education: According to Section 5.04, of the Property Tax Code, an appraisal district shall reimburse an employee for all actual and necessary expenses, tuition, other fees and costs of materials incurred in attending, with the chief appraiser's approval, a course or training program conducted or by the Texas Department of Licensing and Regulation. This item is a total of **\$6,550** the same as last year.

5130 - Postage: Kerr CAD uses an outside mailing firm to print and mail the required appraisal notices. This saves the district some postage and helps ensure a timely mailing of appraisal notices. The district is currently charged \$.70 for each address correction from the Post Office. Kerr CAD elected to mail notices only to

property owners whose values increased, a change of ownership occurred or per request in 2010. Due to current market conditions 2011 is anticipated to be another year of stable values. Significant savings occurred due to this decision therefore the line item will be reduced to **\$15,000**.

5135 - Printing: This line item includes expenses such as printing of Notices of Appraised Value, Appraisal Cards, Appraisal Rolls and envelopes. Due to the information described in Line Item 5130 above substantial savings also occurred in the printing of Notices of Appraised Value. This item is estimated at **\$5,000**.

5136 - Dues: This line item is devoted to the registration of the district and employees with different state agencies and trade organizations. Registration with the Texas Department of Licensing and Regulation is a requirement by law. Affiliation with the Texas Association of Appraisal Districts allows KCAD to enroll in state classes for reduced tuition and keeps the district informed of changing rules and laws. A detailed description of this line item follows:

Texas Department of Licensing & Regulation	\$ 680
Texas Association of Appraisal Districts	\$ 900
International Association of Assessing Officers	\$ 175
Texas Association of Assessing Officers	\$ 80
M.L.S. Membership	\$ 300
Texas Building & Procurement Commission	\$ 100
TAAD Southwest Chapter	\$ 15
Visa Charge Membership	\$ 35
TOTAL	\$2,285

5140 - Office Supplies: This line item includes all miscellaneous office supplies used in the district. These items include paper, writing utensils, film, toner cartridges, and other supplies. The amount this year is **\$7,000**.

5145 - Furniture and Fixtures: This line item includes upgrading and replacement of computers and as well as desk, chairs and other office related furniture and fixtures. Kerr CAD is designating \$4,500 of its self-generated income from property record card sales, computer generated lists, map sales, and bank interest towards this line item. There is a \$2,500 allotted for desks, chairs, filing cabinets and other office related furniture and fixtures. The amount for this line item is **\$7,000**.

5150 - Board of Directors: This line item is utilized to purchase director manual and reference material for the Board of Directors. A portion of this line item is also utilized to purchase awards of appreciation to outgoing board members and name plaques. Because of increased duties, responsibilities as well as increased liability associated with being a board member this line item includes education for board members. The average cost for a board member to attend a TAAD conference is approximately \$1,000, A Rural Chief Appraisers Conference is approximately \$500 per person. This addition would allow 3 members to attend a TAAD Conference or all six members to attend a Rural Chief's Conference. This line item is **\$3,200**.

5155 - Equipment Maintenance: This item includes the maintenance of PC computers, networks, postage machine and copy machines. This line amount will be **\$1,500**.

5170 - Building Reserve: A building reserve of \$3,500 per year was established when KCAD purchased the current building. This fund is reserved and cannot be utilized for any purpose other than replacement or repair

to major items regarding our facilities. The building was constructed in the mid 1970s and is in need of repairs and renovation. In 2006 the board elected to replace the existing roof with a new metal roof. In 2010 the septic system failed and due to the City of Kerrville's sanitary sewer rules the building's effluent was connected to the City of Kerrville's sewer system at cost near \$30,000. Other renovations are being considered such as parking lot resurfacing, floor coverings, wall coverings, window replacement or repair as well as energy efficiency improvements to the aging building. In order to ensure available funds will be available for the much needed renovations this amount will remain at \$7,000 this year.

5180(a) - Software Support – True Automation: Kerr CAD converted their old appraisal computer system to True Automation in October of 2006. True Automation is the largest CAD appraisal software company in the state True Automation calls their system the PACS System. This line item provides for continuing maintenance and support of the PACS System by True Automation. Two other taxing entities in Kerr County use their collection software as well. This system is the lifeblood of the district. Every property account is recorded, updated, and appraised through this system and the tax roll is generated resulting in the values used to levy taxes for every taxing entity serviced by Kerr CAD. True Automation has notified the district that due to a new release the software support and maintenance for this year will be **\$24,345**.

5185 Debt Services – Appraisal System: Kerr CAD's new appraisal system provider is True Automation. This system began implementation in October of 2006. The total cost of this system was \$144,049. The purchase of this system included the PACS Software, a SQL Server, appraisal user licenses, GIS Appraiser license, conversion, software installation, training, hardware installation, required third party software, a database server, a job server, PC memory upgrades, a firewall device, a 16 port switch and a communications rack. Kerr CAD financed this system with Capital City Leasing in Austin, Texas with a note of \$107,000 for six years at 5.3% fixed interest with quarterly payments of \$5,165.50 resulting in a line item amount of **\$20,662**.

5200 – Banking Fees:

We are now being assessed service charges on our bank account. This item is **\$120**.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Status of negotiations with Hunter Equity regarding the construction of a multi-purpose meeting facility

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** July 2, 2010

SUBMITTED BY: Mindy N. Wendele **CLEARANCES:** Todd Parton
Director of Business Programs City Manager
& Public Affairs

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Staff will update the City Council regarding meetings with the Hunter Equity development team concerning the multi-purpose meeting facility. A draft letter of agreement will be discussed along with a suggested project time line.

RECOMMENDED ACTION

For discussion and direction.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Request approval for the Joint Airport Board to act simultaneously as the Joint Airport Zoning Board

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** July 6, 2010

SUBMITTED BY: Bruce McKenzie **CLEARANCES:**
Airport Manager

EXHIBITS: 1992 Airport Zoning Ordinance

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Update on the request for the Kerrville-Kerr County Joint Airport Board to act (simultaneously) as the Kerrville-Kerr County Joint Airport Zoning Board.

RECOMMENDED ACTION

The Joint Airport Board would like to request approval by the Kerrville City Council to allow the Kerrville-Kerr County Joint Airport Board to act simultaneously as the Kerrville-Kerr County Joint Airport Zoning Board.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: FY-11 Airport Budget

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: June 22, 2010

SUBMITTED BY: Bruce McKenzie
Airport Manager

CLEARANCES:

EXHIBITS: Airport Budget approved by Airport Board (FY-11)
Memo from city staff dated July 9, 2010

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF ADMINISTRATIVE SERVICES:

SUMMARY STATEMENT

The Airport Budget must be submitted to the City Council for their approval as required by the Interlocal Agreement. The Airport Board has approved this budget.

RECOMMENDED ACTION

That the City Council of the City of Kerrville approve the FY-11 budget as presented.



**Kerrville
Kerr County
Joint Airport
Board**

June 16, 2010

Stephen King
President

Kerr County Commissioners' Court
Kerr County Courthouse
700 Main Street
Kerrville, TX 78028

Fred Vogt
Vice President

Kerrville City Council
Kerrville City Hall
800 Junction Highway
Kerrville, TX 78028

Mark Cowden
Board Member

Subject: FY 2010 Budget

Commissioners and Councilmembers:

Tom Moser
Board Member

Attached is the FY 2011 Budget to the Governing bodies from the Joint Airport Board as required by the August 2008 Interlocal Agreement.

Corey Walters
Board Member

Respectfully submitted,

Bruce McKenzie
Airport Manager

cc: Joint Airport Board

BASE LEVEL BUDGET LINE ITEM BREAK-DOWN

FY 2010-2011

Department	Airport
Fund	Airport
Department Code	47-800

#	Line Item Description	Line Item	FY 2008 Actual	FY 2009 Actual	FY 2010 Original	FY 2010 Amended	FY 2011 Requested	FY 2011 - Admin	Final
TOTAL									
1	Salaries & Wages	001	\$520,803.98	\$727,906.70	\$631,409.00	\$1,348,909.00	\$1,216,350.63	\$0.00	\$0.00
2	Overtime	002					\$0.00		
3	Part-time or Temporary	003					\$0.00		
4	Longevity	004					\$0.00		
5	Social Security	005					\$0.00		
6	Retirement	006					\$0.00		
7	Group Insurance	007					\$0.00		
8	Workers Comp Insurance	008					\$0.00		
9	Unemployment Claims	009					\$0.00		
10	Travel and Training	010		\$5,957.18	\$10,000.00	\$10,000.00	\$10,000.00		
11	Local Meeting Expense	011		\$66.69	\$300.00	\$300.00	\$600.32		
12	Certification Pay	012					\$0.00		
13	Vehicle Allowance	013					\$0.00		
14	Office Supplies	101	\$3,839.62	\$2,893.62	\$2,000.00	\$2,000.00	\$2,000.00		
15	Small Tools and Equipment	102	\$1,740.68	\$401.30	\$1,000.00	\$1,000.00	\$1,000.00		
16	Chemical and Medical Supply	103	\$6,900.60	\$2,515.76	\$4,000.00	\$4,000.00	\$4,000.00		
17	Fuel and Oil Supplies	104		\$490.16	\$1,340.00	\$1,340.00	\$1,340.00		
18	Food Supplies	105	\$584.72	\$217.36	\$600.00	\$600.00	\$600.00		
19	Janitorial Supplies	106	\$1,232.60	\$1,984.14	\$2,400.00	\$2,400.00	\$2,400.00		
20	Wearing Apparel	107					\$2,000.00		
21	Other Supplies	108					\$0.00		
22	Postage/UPS/Federal Express	110	\$272.75	\$205.39	\$750.00	\$750.00	\$750.00		
23	Computer Hardware	111	\$1,800.00				\$0.00		
24	Computer Software Purchases	112					\$0.00		
25	Sign Materials and Supply	118					\$0.00		
26	Chemicals and Fertilizers	131					\$0.00		
27	Seed, Sod and Plantings	132					\$0.00		
28	Sand and Gravel	133	\$349.30				\$0.00		
29	Top Soil and Fill Material	134					\$0.00		
30	Land Maintenance	201	\$25,923.23	\$22,992.13	\$45,500.00	\$45,500.00	\$47,500.00		
31	Buildings and Structure Maintenance	202	\$9,675.51	\$20,554.69	\$34,000.00	\$34,000.00	\$36,000.00		
32	City Garage - Maintenance Contracts	203			\$1,000.00	\$1,000.00	\$836.00		
33	City Garage - Parts	204		\$653.91			\$500.00		
34	Office Equipment Maintenance	205	\$1,679.66	\$1,522.32	\$1,680.00	\$1,680.00	\$2,000.00		
35	Instruments & Apparatus Maintenance	206	\$917.17	\$8,325.74	\$17,000.00	\$17,000.00	\$17,000.00		
36	Street Maintenance	207					\$0.00		
37	Traffic Control Devices	208	\$141.90	\$658.98	\$1,000.00	\$1,000.00	\$1,000.00		
38	Irrigation System Maintenance	209					\$0.00		
39	Water System Maintenance	210					\$0.00		
40	Wastewater System	211					\$0.00		
41	Repairs - Not City Garage	212	\$186.00	\$286.02	\$1,000.00	\$1,000.00	\$1,000.00		
42	Infiltration Repairs	213					\$0.00		
43	Software Maintenance Agreements	217					\$0.00		
44	Telephone Service	301	\$260.98	\$624.36	\$840.00	\$840.00	\$2,700.00		
45	Light and Power	302	\$9,471.84	\$6,310.45	\$9,500.00	\$9,500.00	\$10,200.00		
46	Natural Gas	303		\$1,628.25	\$700.00	\$700.00	\$0.00		
47	Water and Sewer	304	\$335.66	\$660.58	\$750.00	\$750.00	\$750.00		

BASE LEVEL BUDGET LINE ITEM BREAK-DOWN

FY 2010-2011

Department	Airport
Fund	Airport
Department Code	47-800

#	Line Item Description	Line Item	FY 2008 Actual	FY 2009 Actual	FY 2010 Original	FY 2010 Amended	FY 2011 Requested	FY 2011 - Admin	Final
48	Legal Services	305					\$10,000.00		
49	Special Services	306	\$17,314.36	\$5,513.37	\$30,000.00	\$30,000.00	\$30,000.00		
50	Liability Insurance	307	\$10,745.43				\$0.00		
51	Prisoner Support	308					\$0.00		
52	Network Services	311			\$1,300.00	\$1,300.00	\$1,300.00		
53	Audit Fees	312					\$0.00		
54	Hire of Equipment	313	\$72.00	\$1,219.32	\$3,100.00	\$3,100.00	\$3,100.00		
55	Warrant Fees	314					\$0.00		
56	UGRA Portion KSWWP	315					\$0.00		
57	Advertising	316			\$100.00	\$100.00	\$300.00		
58	Employment Physicals	317					\$0.00		
59	Tax Services	318					\$0.00		
60	Drug and Alcohol Testings	319					\$0.00		
61	Garbage Service	320					\$0.00		
62	Tower Rental	325					\$0.00		
63	Airport Management Contract	347	\$343,545.00	\$268,317.78	\$251,000.00	\$251,000.00	\$158,524.00		
64	Airport Employees	347-01		\$96,164.52	\$140,049.00	\$140,049.00	\$147,971.36		
65	Airport Project Match	348					\$0.00		
66	Leases	388					\$0.00		
67	Certificates, Awards, Etc.	401		\$85.72			\$0.00		
68	Dues and Subscriptions	402	\$235.00	\$850.65	\$700.00	\$700.00	\$1,185.00		
69	Election Costs	403					\$0.00		
70	Finance Charges/Late Fees	404					\$0.00		
71	Other Charges	405	\$2,540.00	\$2,708.91	\$4,800.00	\$4,800.00	\$4,800.00		
72	Bad Debt Expense	406					\$0.00		
73	Emergency Management	408					\$0.00		
74	Bad Debt Collection Fee	409					\$0.00		
75	Contingency	410	\$10,500.00		\$15,000.00	\$15,000.00	\$15,000.00		
76	Legal Contingency	411					\$0.00		
77	Reference Materials	412					\$0.00		
78	Court Technology	415					\$0.00		
79	Court Security Expense	416					\$0.00		
80	Capital Outlay - Buildings and Structures	502					\$0.00		
81	Capital Outlay - Motor Vehicles	503	\$19,941.01				\$0.00		
82	Capital Outlay - Machinery, Tools & Equip	504					\$0.00		
83	Capital Outlay - Office Equipment	505					\$0.00		
84	Capital Outlay - Instruments & Apparatus	506					\$0.00		
85	Capital Outlay - Traffic Control Devices	508					\$0.00		
86	Capital Outlay - Water System	510					\$0.00		
87	Capital Outlay - Wastewater System	511					\$0.00		
88	Capital Outlay - Books and Records	512					\$0.00		
89	Capital Outlay - Grant Matches	513					\$0.00		
90	Transfer Out	974	\$50,000.00	\$275,000.04	\$50,000.00	\$767,500.00	\$700,000.00		
91	Transfer Out	990	\$288.96	\$350.04			\$0.00		
TOTAL			\$520,803.98	\$727,906.70	\$631,409.00	\$1,348,909.00	\$1,216,356.68	\$0.00	\$0.00

BASE LEVEL BUDGET LINE ITEM BREAK-DOWN

FY 2010-2011

Department	Airport Terminal
Fund	Airport
Department Code	47-801

#	Line Item Description	Line Item	FY 2008 Actual	FY 2009 Actual	FY 2010 Original	FY 2010 Amended	FY 2011 Requested	FY 2011 - Admin	Final
	TOTAL		\$19,362.28	\$12,233.66	\$18,350.00	\$18,350.00	\$18,020.00	\$0.00	\$0.00
1	Salaries & Wages	001					\$0.00		
2	Overtime	002					\$0.00		
3	Part-Time or Temporary	003					\$0.00		
4	Longevity	004					\$0.00		
5	Social Security	005					\$0.00		
6	Retirement	006					\$0.00		
7	Group Insurance	007					\$0.00		
8	Workers Comp Insurance	008					\$0.00		
9	Unemployment Claims	009					\$0.00		
10	Travel and Training	010					\$0.00		
11	Local Meeting Expense	011					\$0.00		
12	Certification Pay	012					\$0.00		
13	Vehicle Allowance	013					\$0.00		
14	Office Supplies	101					\$0.00		
15	Small Tools and Equipment	102					\$0.00		
16	Chemical and Medical Supply	103					\$0.00		
17	Fuel and Oil Supplies	104					\$0.00		
18	Food Supplies	105					\$0.00		
19	Janitorial Supplies	106					\$0.00		
20	Wearing Apparel	107					\$0.00		
21	Other Supplies	108					\$0.00		
22	Postage/UPS/Federal Express	110					\$0.00		
23	Computer Hardware	111					\$0.00		
24	Computer Software Purchases	112					\$0.00		
25	Sign Materials and Supply	118					\$0.00		
26	Chemicals and Fertilizers	131					\$0.00		
27	Seed, Sod and Plantings	132					\$0.00		
28	Sand and Gravel	133					\$0.00		
29	Top Soil and Fill Material	134					\$0.00		
30	Land Maintenance	201					\$0.00		
31	Buildings and Structure Maintenance	202					\$0.00		
32	City Garage - Maintenance Contracts	203					\$0.00		
33	City Garage - Parts	204					\$0.00		
34	Office Equipment Maintenance	205					\$0.00		
35	Instruments & Apparatus Maintenance	206					\$0.00		
36	Street Maintenance	207					\$0.00		
37	Traffic Control Devices	208					\$0.00		
38	Irrigation System Maintenance	209					\$0.00		
39	Water System Maintenance	210					\$0.00		
40	Wastewater System	211					\$0.00		
41	Repairs - Not City Garage	212					\$0.00		
42	Infiltration Repairs	213					\$0.00		
43	Software Maintenance Agreements	217					\$0.00		
44	Telephone Service	301	\$1,130.94	\$571.78	\$250.00	\$250.00	\$420.00		
45	Light and Power	302	\$11,850.77	\$7,828.44	\$9,600.00	\$9,600.00	\$9,600.00		
46	Natural Gas	303	\$3,870.84	\$825.00	\$5,500.00	\$5,500.00	\$5,500.00		
47	Water and Sewer	304	\$2,599.73	\$3,008.44	\$3,000.00	\$3,000.00	\$2,500.00		
48	Legal Services	305					\$0.00		
49	Special Services	306					\$0.00		

BASE LEVEL BUDGET LINE ITEM BREAK-DOWN

FY 2010-2011

Department	Airport Terminal
Fund	Airport
Department Code	47-801

#	Line Item Description	Line Item	FY 2008 Actual	FY 2009 Actual	FY 2010 Original	FY 2010 Amended	FY 2011 Requested	FY 2011 - Admin	Final
50	Liability Insurance	307					\$0.00		
51	Prisoner Support	308					\$0.00		
52	Network Services	311					\$0.00		
53	Audit Fees	312					\$0.00		
54	Hire of Equipment	313					\$0.00		
55	Warrant Fees	314					\$0.00		
56	UGRA Portion KSWWP	315					\$0.00		
57	Advertising	316					\$0.00		
58	Employment Physicals	317					\$0.00		
59	Tax Services	318					\$0.00		
60	Drug and Alcohol Testings	319					\$0.00		
61	Garbage Service	320					\$0.00		
62	Tower Rental	325					\$0.00		
63	Airport Management Contract	347					\$0.00		
64	Airport Project Match	348					\$0.00		
65	Leases	388					\$0.00		
66	Certificates, Awards, Etc.	401					\$0.00		
67	Dues and Subscriptions	402					\$0.00		
68	Election Costs	403					\$0.00		
69	Finance Charges/Late Fees	404					\$0.00		
70	Other Charges	405					\$0.00		
71	Bad Debt Expense	406					\$0.00		
72	Emergency Management	408					\$0.00		
73	Bad Debt Collection Fee	409					\$0.00		
74	Contingency	410					\$0.00		
75	Legal Contingency	411					\$0.00		
76	Reference Materials	412					\$0.00		
77	Court Technology	415					\$0.00		
78	Court Security Expense	416					\$0.00		
79	Capital Outlay - Buildings and Structures	502					\$0.00		
80	Capital Outlay - Motor Vehicles	503					\$0.00		
81	Capital Outlay - Machinery, Tools & Equip	504					\$0.00		
82	Capital Outlay - Office Equipment	505					\$0.00		
83	Capital Outlay - Instruments & Apparatus	506					\$0.00		
84	Capital Outlay - Traffic Control Devices	508					\$0.00		
85	Capital Outlay - Water System	510					\$0.00		
86	Capital Outlay - Wastewater System	511					\$0.00		
87	Capital Outlay - Books and Records	512					\$0.00		
88	Capital Outlay - Grant Matches	513					\$0.00		
TOTAL			\$19,362.28	\$12,233.66	\$18,350.00	\$18,350.00	\$18,020.00	\$0.00	\$0.00



City of Kerrville
Mike Erwin
800 Junction Highway
Kerrville, Texas 78028-5069
830.792.8330 (O)
830.792.8309 (F)

MEMORANDUM

TO: Mayor and Council

FROM: Mike Erwin *ME*

CC: Todd Parton *TP*

DATE: Friday, July 9, 2010

SUBJECT: Proposed FY2011 Airport Budget

Todd, Kim and I sat down with Bruce McKenzie this week to review the Airport's proposed budget. This was the budget approved by the Airport Board for submission to the Council and Commissioners for approval. In the review city staff noted about nine line items that staff had questions about. The line items included: professional development, wearing apparel, maintenance – city garage and parts – city garage, repairs not city garage, legal services, special services (engineering services), network services and the transfer out to the airport capital projects fund for T-hanger funding. City staff provided a spreadsheet back to Bruce and to the County Auditor concerning these line items. The spreadsheet is attached.

If you have any questions, please call.

Mike Erwin
830-792-8330

		2005	2006	2007	2008	2009	6/29/2010	Approved 2010	Proposed 2011	City Staff
800-001	SALARIES AND WAGES			\$0.00	\$0.00	\$0.00	\$0.00			
800-002	OVERTIME	-\$2,694.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
800-003	TEMPORARY EMPLOYEE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
800-004	LONGIVITY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
800-005	SOCIAL SECURITY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
800-006	RETIREMENT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
800-007	GROUP INSURANCE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
800-008	WORKER'S COMPENSATION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
800-010	PROFESSIONAL DEVELOPMENT	\$3,294.79	\$0.00	\$0.00	\$0.00	\$5,957.18	\$4,785.40	\$10,000.00	\$10,000.00	\$6,000.00
800-011	LOCAL MEETING EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	\$66.69	\$30.89	\$300.00	\$600.32	
TOTAL PERSONNEL		\$600.28	\$0.00	\$0.00	\$0.00	\$6,023.87	\$4,816.29	\$10,300.00	\$10,600.32	
800-101	OFFICE SUPPLIES	\$729.13	\$604.05	\$1,140.47	\$3,839.62	\$2,893.62	\$1,521.31	\$2,000.00	\$2,000.00	
800-102	SMALL TOOLS AND EQUIPMENT	\$632.69	\$527.84	\$155.53	\$1,740.68	\$401.30	\$0.00	\$1,000.00	\$1,000.00	
800-103	CHEMICAL AND MEDICAL SUPPLIES	\$13,740.71	\$6,586.47	\$4,992.00	\$6,900.60	\$2,515.76	\$1,968.00	\$4,000.00	\$4,000.00	
800-104	FUEL AND OIL SUPPLIES	\$0.00	\$0.00	\$0.00	\$0.00	\$490.16	\$322.73	\$1,340.00	\$1,340.00	
800-105	FOOD SUPPLIES	\$246.97	\$0.00	\$42.83	\$584.72	-\$217.36	\$902.62	\$600.00	\$600.00	
800-106	JANITORIAL SUPPLIES	\$0.00	\$0.00	\$707.60	\$1,252.60	\$1,984.14	\$1,879.32	\$2,400.00	\$2,400.00	
800-107	WEARING APPAREL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-110	POSTAGE/UPS/FED-EX	\$691.31	\$586.47	\$536.48	\$272.75	\$205.39	\$279.99	\$750.00	\$750.00	
800-111	COMPUTER UPGRADE	\$2,309.94	\$1,061.78	\$3,647.72	\$1,800.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-112	COMPUTER SOFTWARE PURCHASES	\$427.94	\$4,404.19	\$166.76	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-132	SOD, SEED, PLANTING	\$0.00	\$0.00	\$0.00	\$349.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL SUPPLIES		\$18,778.69	\$13,770.80	\$11,389.39	\$16,740.27	\$8,273.01	\$6,873.97	\$12,090.00	\$14,090.00	
800-201	LAND	\$39,581.20	\$23,478.44	\$28,835.00	\$25,923.23	\$22,992.13	\$17,781.00	\$45,500.00	\$47,500.00	
800-202	BUILDINGS AND STRUCTURES	\$42,669.22	\$14,631.90	\$29,204.63	\$9,675.51	\$20,554.69	\$26,769.74	\$34,000.00	\$36,000.00	
800-203	MAINTENANCE - CITY GARAGE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$666.65	\$1,000.00	\$836.00	\$0.00
800-204	PARTS @ CITY GARAGE	\$0.00	\$0.00	\$0.00	\$0.00	\$653.91	\$102.45	\$0.00	\$500.00	\$0.00
800-205	OFFICE EQUIPMENT	\$0.00	\$0.00	\$488.46	\$1,679.66	\$1,522.32	\$1,545.26	\$1,680.00	\$2,000.00	
800-206	INSTRUMENTS AND APPARATUS	\$10,830.60	\$17,024.22	\$7,072.79	\$917.17	\$8,325.74	\$4,526.35	\$17,000.00	\$17,000.00	
800-207	STREETS	\$0.00	\$0.00	\$354.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-208	TRAFFIC CONTROL DEVICES	\$0.00	\$0.00	\$159.12	\$141.90	-\$658.98	-\$645.75	\$1,000.00	\$1,000.00	
800-209	TAXIWAYS/RUNWAYS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-212	REPAIRS-NOT CITY GARAGE	\$0.00	\$0.00	\$200.00	\$186.00	\$286.02	\$0.00	\$1,000.00	\$1,000.00	\$0.00
800-214	RAMP GRANT MATCH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
TOTAL MAINTENANCE		\$93,081.02	\$55,134.56	\$66,314.00	\$38,523.47	\$53,675.83	\$50,745.70	\$101,180.00	\$105,836.00	
800-301	PHONE SERVICE	\$1,120.84	\$1,182.99	\$3,027.43	\$260.98	\$624.36	\$785.78	\$840.00	\$2,700.00	
800-302	LIGHT AND POWER	\$6,574.07	\$8,500.55	\$13,081.61	\$9,471.84	\$6,310.45	\$8,132.85	\$9,500.00	\$10,200.00	
800-303	NATURAL GAS	\$0.00	\$0.00	\$0.00	\$0.00	\$1,628.25	\$0.00	\$700.00	\$0.00	
800-304	WATER & SEWER	\$603.86	\$132.78	\$426.98	\$335.66	\$660.58	\$508.96	\$750.00	\$750.00	
800-305	LEGAL SERVICE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00
800-306	SPECIAL SERVICES	\$31,167.81	\$9,402.52	\$50,063.02	\$17,314.36	\$5,513.37	\$12,056.12	\$30,000.00	\$30,000.00	\$0.00
800-307	INSURANCE	\$10,619.83	\$8,657.14	\$10,371.75	\$10,745.43	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
800-311	NETWORK SERVICES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,300.00	\$1,300.00	\$0.00

		2005	2006	2007	2008	2009	2010	2010	2011	Staff
800-313	HIRE OF EQUIPMENT									
800-316	ADVERTISING	\$6,482.99	\$0.00	\$20.16	\$72.00	\$1,219.32	\$192.91	\$3,100.00	\$3,100.00	
800-347	MANAGEMENT CONTRACT	\$0.00	\$0.00	\$794.12	\$0.00	\$0.00	\$0.00	\$100.00	\$300.00	
800-347-01	REIMBURSE COUNTY - EMP COMP	\$214,329.00	\$225,206.00	\$223,133.90	\$343,545.00	\$268,317.78	\$188,250.03	\$251,000.00	\$158,524.00	
800-348	OUTSOURCED SERVICES	\$0.00	\$0.00	\$0.00	\$0.00	\$96,164.52	\$105,101.30	\$140,048.90	\$147,971.36	
800-350	CONTINGENCY-OUTSOURCED SERVICE	\$0.00	\$0.00	\$95,151.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
TOTAL SERVICES		\$270,898.40	\$253,081.98	\$396,069.97	\$381,745.27	\$380,438.63	\$315,027.95	\$437,338.90	\$364,845.36	
800-401	CERTIFICATES, AWARDS, ETC.	\$0.00	\$0.00	\$0.00	\$0.00	\$585.72	\$0.00	\$0.00	\$0.00	
800-402	DUES AND SUBSCRIPTIONS	\$6,293.77	\$0.00	\$0.00	\$525.00	\$850.65	\$266.40	\$700.00	\$1,185.00	
800-405	OTHER CHARGES	\$4,661.00	\$100.00	\$4,788.53	\$2,540.00	\$2,708.91	\$2,195.00	\$4,800.00	\$4,800.00	
800-410	CONTINGENCY	\$0.00	\$0.00	\$0.00	\$10,500.00	\$0.00	\$428.54	\$15,000.00	\$15,000.00	
800-430	DEPRECIATION EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-435	OTHER EXPENSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-460	RESERVE FOR CAPITAL ASSET REPL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
TOTAL OTHER EXPENSES		\$10,954.77	\$100.00	\$4,788.53	\$13,565.00	\$4,145.28	\$2,889.94	\$20,500.00	\$20,985.00	
800-501	LAND	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-502	BUILDINGS AND STRUCTURES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-503	MOTOR VEHICLE	\$0.00	\$0.00	\$0.00	\$19,941.01	\$0.00	\$0.00	\$0.00	\$0.00	
800-505	OFFICE EQUIPMENT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-506	INSTRUMENTS AND APPARATUS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-508	TRAFFIC CONTROL DEVICES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-510	WATER SYSTEM IMPROVEMENTS	\$0.00	\$0.00	\$666.46	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-513	GRANT MATCH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-514	DRAINAGE IMPROVEMENTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-515	GRANT MATCH T-HANGAR 2001	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-516	TXDOT REIMBURSE 2000-2001	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-517	CITY T-HANGAR 2001	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-518	KERR COUNTY T-HANGAR 2001	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-519	GRANT MATCH LIGHTING IMPROVE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-520	TXDOT REIMBURSEMENT LIGHTING	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
TOTAL CAPITAL OUTLAY		\$0.00	\$0.00	\$666.46	\$19,941.01	\$0.00	\$0.00	\$0.00	\$0.00	
800-901	TRANSFER - GENERAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-902	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-918	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-928	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-940	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-942	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-970	TRANSFER OUT	\$242,559.40	\$355,916.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-974	TRANSFER OUT - AIRPORT CAPITAL	\$0.00	\$0.00	\$444,667.08	\$50,000.00	\$275,000.04	\$404,583.34	\$767,500.00	\$700,000.00	\$50,000.00
800-975	TRANSFER OUT	\$0.00	\$300,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
800-990	TRANSFER - INSURANCE	\$489.96	\$489.96	\$449.13	\$288.96	\$350.04	\$0.00	\$0.00	\$0.00	
TOTAL TRANSFERS OUT		\$243,049.36	\$656,406.63	\$445,116.21	\$50,288.96	\$275,350.08	\$404,583.34	\$767,500.00	\$700,000.00	
TOTAL 00-NON-DEPARTMENTAL		\$637,362.52	\$978,493.97	\$924,344.56	\$520,803.98	\$727,906.70	\$784,937.19	\$1,348,908.90	\$1,216,356.68	

		2005	2006	2007	2008	2009	2010	2010	2011	Staff
SUPPLIES										
801-118	SIGN MATERIALS AND SUPPLIES									
801-301	PHONE SERVICE	\$0.00	\$0.00	\$0.00	\$1,130.94	\$571.78	\$471.57	\$250.00	\$420.00	
801-302	LIGHT & POWER	\$0.00	\$0.00	\$0.00	\$11,850.77	\$7,828.44	\$3,783.04	\$9,600.00	\$9,600.00	
801-303	PROPANE GAS	\$0.00	\$0.00	\$0.00	\$3,870.84	\$825.00	\$3,998.73	\$5,500.00	\$5,500.00	
801-304	WATER & SEWER	\$0.00	\$0.00	\$0.00	\$2,509.73	\$3,008.44	\$934.39	\$3,000.00	\$2,500.00	
TOTAL 01-TERMINAL		\$0.00	\$0.00	\$0.00	\$19,362.28	\$12,233.66	\$9,167.73	\$18,350.00	\$18,020.00	
*** TOTAL EXPENSES ***		\$637,362.52	\$978,493.97	\$924,344.56	\$540,166.26	\$740,140.36	\$794,104.92	\$1,367,258.90	\$1,234,376.68	
TOTAL EXPENSES LESS TRANSFER OUT FOR CAPITAL		\$394,313.16	\$322,067.34	\$479,228.35	\$489,877.30	\$464,790.28	\$389,521.58	\$599,758.90	\$534,376.68	

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Request from Airport Board to leave surplus airport funds in the amount of approximately \$75,000 in the Airport fund for use by the Airport Board for FY10 and FY11 projects.

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** June 22, 2010

SUBMITTED BY: Bruce McKenzie, **CLEARANCES:**
Airport Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY DIRECTOR OF ADMINISTRATIVE SERVICES:

SUMMARY STATEMENT

Approximately \$150,000 remains as surplus funds from previous airport projects.

The Airport Board respectfully requests that the City's portion (approximately \$75,000) remain in the airport fund. These funds will be needed to pay for the engineering for our proposed upcoming T-Hangar project, the new water line to the proposed new T-Hangars and to pay for the additional cost of our Master Plan Update.

Kerr County has agreed to leave their \$75,000 in the fund for the airport to use at our discretion.

RECOMMENDED ACTION

The Airport Board respectfully requests that the City's portion (approximately \$75,000) remain in the airport fund in order to help pay for upcoming projects in FY10 and FY11.



*Rec'd
6/21/10
Kaf*

Kerrville
Kerr County
Joint Airport
Board

June 17, 2010

Stephen King
President

Kerrville City Council
Kerrville City Hall
800 Junction Highway
Kerrville, TX 78028

Councilmembers:

Fred Vogt
Vice President

Mark Cowden
Board Member

Tom Moser
Board Member

Corey Walters
Board Member

We respectfully request the surplus funds from previous projects remain in the airport fund. The \$150,000.00 surplus will be beneficial in funding the engineering for our upcoming T-Hangar project as well as constructing the new water line for the new T-Hangars. Also, we will need additional funding for our Master Plan Update; we are requesting, from our consultant, additional information regarding the condition of the Mooney facility and various options of how to utilize the property in the future. Consequently the request of this additional information has increased the overall cost of our Master Plan Update.

I talked to the Jeannie Hargis, Kerr County Auditor, and she informed me that Kerr County is going to leave their \$75,000 in the fund for the airport to use at our discretion.

Thank you for your consideration in this matter.

Sincerely,

Bruce McKenzie
Airport Manager

cc: Joint Airport Board

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Resolution to request that the Texas Public Utility Commission (PUC) postpone consideration of the proposed LCRA CREZ line project

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** July 7, 2010

SUBMITTED BY: Todd Parton,
City Manager **CLEARANCES:**

EXHIBITS: Resolution

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

In recent statements by State Representative Hilderbran, it has been brought to the public's attention that the original evaluation used to initiate the CREZ project, may not be valid. Based on this information the CREZ project may not as feasible as originally contemplated.

The attached resolution requests that the PUC not proceed with any CREZ related action until its operational and economic viability is more thoroughly analyzed.

RECOMMENDED ACTION

It is recommended that the City Council approve the Resolution asking the PUC to re-evaluate the necessity of the CREZ transmission line.

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2010**

A RESOLUTION REQUESTING THAT THE TEXAS PUBLIC UTILITY COMMISSION (PUC) RE-EVALUATE THE FUNCTIONAL VIABILITY AND ECONOMIC FEASIBILITY OF THE COMPETITIVE RENEWABLE ENERGY ZONES (CREZ) PROJECT AND THAT THE TEXAS PUBLIC UTILITY COMMISSION POSTPONE ANY ACTION ON THIS MATTER UNTIL A TIME THAT SUCH INTERESTS ARE CONFIRMED

WHEREAS, the City Council of the City of Kerrville, Texas, recently filed Resolution No. 014-2010, which stated its opposition to one of the proposed routes for a Competitive Renewable Energy Zone ("CREZ") Project that the Lower Colorado River Authority is considering, which will connect the proposed McCamey D Substation to an existing Kendall County Substation; and

WHEREAS, the rationale for implementing the CREZ Project across the state was based upon an Electric Reliability Council of Texas ("ERCOT") report titled *Analysis Transmission Alternatives for Competitive Renewable Energy in Texas*, dated December 2006 (the "Report"); and

WHEREAS, at the time of the Report, only 2,508 mega watts, or 14.8%, of the 17,000 mega watts of wind generation as needed across the state was actually in service; and

WHEREAS, the wind generation facilities constructed since the Report appear to be less productive and more costly to operate and maintain than originally forecast; and

WHEREAS, the ERCOT Report is based upon a 10 year horizon due to the fact that a longer view of the system would not provide useful guidance to nearer term decisions because of uncertainties in future generation patterns and the variables that highly influence electric load growth such as population trends, electricity prices, economic conditions, transmission technology, and the trend toward greater efficiency for devices that use electricity; and

WHEREAS, because of the time constraints in preparing the Report, it is not definitive on the costs involved in providing transmission services; and

WHEREAS, significant issues related to adding new wind generation in West Texas were not addressed including ancillary services costs and the impacts in dynamic response on the electric system; and

WHEREAS, the primary purpose of the CREZ Project is the PUC's response to a public mandate to deliver renewable power to the consumer in the most cost effective manner; and

WHEREAS, at present, there is insufficient analysis to determine that the CREZ Project is capable of meeting the PUC's mandate as specified above.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The City Council of the City of Kerrville, Texas, approves and adopts the findings set forth in the above recitals.

SECTION TWO. The City Council urges that the PUC re-evaluate the functional viability and economic feasibility of the Competitive Renewable Energy Zones (CREZ) Project and that the PUC postpone any action on submissions related to the CREZ Project until the functional viability and economic feasibility are confirmed.

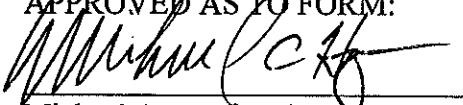
PASSED AND APPROVED ON this the _____ day of _____, A.D., 2010.

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Utilization of HOT funds for way finding signage in an amount not to exceed \$25,000.

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 9, 2010

SUBMITTED BY: Scott Gross
Place 4

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Resolution Number 064-2005

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

In the last session of the Texas Legislature, the law was amended to allow HOT funds to be used for way finding signs. I propose that a maximum of \$25,000 of HOT funds be allocated for the erection of way finding signs along the city's major thoroughfares. This signage would be effective in directing visitors to key points of interest and to direct them to attractions that they might not otherwise know about.

I also propose that we utilize part of the HOT funds set aside to fund the Arcadia Theatre renovation project. There is currently a balance of approximately \$500,000 in the renovation fund that could be reallocated for this project. The City Council would need to amend Resolution No. 064-2005 accordingly.

RECOMMENDED ACTION

I recommend that the City Council allocate \$25,000 of HOT funds for a way finding signage project and direct staff to place an amendment to Resolution No. 064-2005 on the agenda of July 27, 2010, to provide for the allocation of a portion of the Arcadia Theatre renovation funds for the sign program.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 064-2005

**RESOLUTION CONFIRMING THE APPROPRIATION AND USE OF
HOTEL OCCUPANCY TAX FUNDS FOR THE RESTORATION OF THE
ARCADIA THEATRE**

WHEREAS, Chapter 351 of the Texas Tax Code authorizes a municipality to impose a tax on the occupancy of hotel rooms within the City; and

WHEREAS, the City Council of the City of Kerrville has previously enacted Chapter 94, Article III of the Code of Ordinances of the City of Kerrville, Texas, which imposes a tax on the occupancy of hotel rooms within the City and its extraterritorial jurisdiction; and

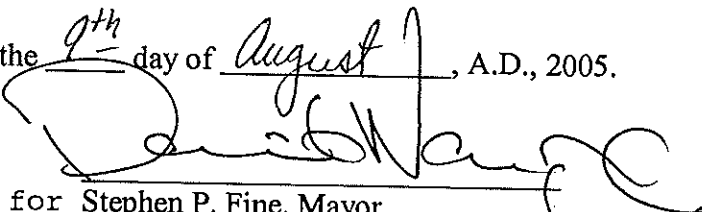
WHEREAS, in November 2004, City Council raised the hotel occupancy tax rate from six percent to seven percent for the sole purpose of generating funding for the historical restoration and preservation of the Arcadia Theatre; and

WHEREAS, the City Council of the City of Kerrville, Texas, finds it to be in the public interest to confirm that the increase in the hotel occupancy tax rate be appropriated and used for the historical restoration and preservation of the Arcadia Theatre;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

That the additional funds generated by the increase in the City's hotel occupancy tax rate from six percent to seven percent be appropriated and used for the purpose of restoring and preserving the Arcadia Theatre.

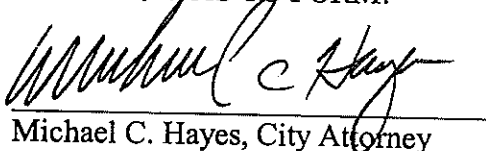
PASSED AND APPROVED ON this the 9th day of August, A.D., 2005.


for Stephen P. Fine, Mayor

ATTEST:


Brenda G. Craig, City Clerk



APPROVED AS TO FORM:


Michael C. Hayes, City Attorney

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Authorize staff to solicit a request for proposal for a centralized, redundant, city-wide telephone system.

FOR AGENDA OF: July 13, 2010 **DATE SUBMITTED:** June 30, 2010

SUBMITTED BY: Travis Cochran  **CLEARANCES:** Kimberly Meismer 
Director of Information Technology Director of General Operations

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The City's IT Department currently supports 13 individual telephone systems used throughout 15 facilities. We face a number of challenges including an 18 year old system at the Police Department, a 10+ year old system at City Hall, inflexibility in making changes to phone lines or extensions, a limited set of features, and the cost and delays associated with requesting service calls from Windstream, our current provider, to make changes and repairs as needed.

Included in our challenges are the inefficiencies experienced with the systems and cost incurred by our current set up. On average, we spend a minimum of \$80,000 annually on land-line service for 124 lines, \$5,000 on long distance service, and \$13,000 on fax-line service for 25 fax machines.

As part of our due diligence in reviewing all expenditures and potential cost savings measure, we requested an estimate, from our current provider, for a redundant system with core phone hardware located at City Hall and the Police Department, 180 phones with voicemail, centralized faxing capabilities, and all necessary equipment and labor. The estimate for a turn-key solution was \$150,000. By leasing a system of this type over a 5 year period the monthly payment would be \$3,210. The phone service for a system such as this would consist of 1 bundle of 23 lines located at the Police Department and 2 bundles of 23 lines located at City Hall, for a total of 69 lines. The cost for this type of

service is estimated to be around \$2,100 per month. Based on the cost estimate by our current provider, our monthly cost for a new city-wide voice over IP telephone system would be \$5,310 a month or \$63,720 a year, potentially saving us over \$34,000 a year in service costs.

RECOMMENDED ACTION

The Director of Information Technology recommends Council authorize staff to solicit a request for proposal from interested parties for a centralized, redundant, city-wide telephone system.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Receive Council Direction on the FY 2011 Budget

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 2, 2010

SUBMITTED BY: Mike Erwin
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

On June 21st the Council met with city staff to receive and discuss a "straw man" budget for the 2011 fiscal year. At this meeting each department presented the potential changes to their budget from FY2010 Approved to the straw man budget. The changes included changes in personnel and operating expenditures and what the department would be able to accomplish and what adverse impacts this budget could have in FY2011. Since the June 21st meeting, city staff has made several changes to the FY2011 proposal based on Council input. These changes include adding back funding for 1.5 police officers, adding in funding for bunker gear and SCBA for the fire department, adding back funding for part time in the library, increasing training for the City Secretary and Inspections by removing car allowances, reducing contingencies, and reducing salaries in General Operations, Human Resources and the Library.

RECOMMENDED ACTION

Staff requests continued direction from Council on the FY 2011 Proposed Budget.

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Update regarding the VA homeless veterans project.

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 9, 2010

SUBMITTED BY: Todd Parton
City Manager

CLEARANCES: NA

EXHIBITS: Press Release from McDonald Companies

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

On Friday, June 18, 2010, a conference call was held with representatives from the community and from the Veterans Administration (VA). VA participants were from the Kerrville, San Antonio, and Washington D.C. offices. Representatives from KEDF, Kerrville Area Chamber of Commerce, Macdonald Companies, Kerrville Veterans Council, and the City of Kerrville also participated. Mayor David Wampler and I participated on the City's behalf.

The purpose of the conference call was to clarify as many of the project specific questions as possible and to determine what the process would be from this point in time.

VA staff stated that the originating purpose of the project is to address a growing homeless problem that is affecting returning veterans. The VA's objective is to eliminate homeless in the next 4 to 5 years. They stated that veteran homelessness is down to 6 percent. Conceptually, the project's primary focus would be to provide increased opportunities for transitional and long-term housing for homeless or near homeless local veterans.

According to the teleconference, an 80-unit apartment complex is proposed on the Kerrville VA hospital property. Of these units, 40 would be single occupancy units and 40 would be two-bedroom units. The facility would be privately run and

constructed. Construction would be funded through the Low Income Housing Tax Credit Program administered through HUD. The project would be considered for the 2011 tax credit program with construction scheduled to commence in June 2011.

In a press release submitted by Macdonald Companies, a local firm who has been selected as the preferred contractor for this project, it was stated that,

"There is a possibility that non-veterans will be served. However, any veteran interested in living at River Vista will be given an absolute first priority. This was included in the development plans we have submitted to VA, and will be written into our lease contract. If, and only if, we cannot find enough veterans to fill the complex, we will then look to VA employees and their families, and then finally to the public at large.

It should be noted that River Vista will be a private facility, located on ground leased from VA. That is the extent of VA's involvement. Since no subsidy will be received from them for ongoing expenses of operation, it is a reality that we will have to endeavor to keep all units occupied and paying rent to offset those costs. But, as mentioned earlier, every possible effort will be made to try and fill those units with veterans first."

VA staff also stated that the project is not for an alcohol and drug dependency facility. In fact, they stated that residents would be pre-screened for dependency and residents would need to be dependency free.

The VA estimates that approximately 15% of homeless veterans have dependants. Accordingly, it is anticipated that there would be several dependants associated with veterans. This demographic and dependant impact would likely be greater for non veterans who reside at the facility. VA staff stated that dependants of veterans would use community social services.

Specific demographic data and the level of social services to be offered will be established with the submission of a detailed plan for the project by Macdonald Companies.

VA staff confirmed that they would be available to attend town hall meetings. City staff is working with staffers from Congressman Smith's office and VA staff to schedule town hall meetings for this August.

RECOMMENDED ACTION

This item is for informational purposes and no City Council action is required.



MACDONALD COMPANIES

MULTIFAMILY DEVELOPMENT • CONSTRUCTION • MANAGEMENT

Contact: Justin MacDonald
(830) 257-5323
tjmacdonald@macdonald-companies.com

FOR IMMEDIATE RELEASE

FACTS REGARDING THE KERRVILLE VETERANS HOUSING PROPOSAL

River Vista will be an 80-unit apartment community, with a focus on providing affordable housing to veterans who are homeless, or at risk of becoming homeless. River Vista will not be a substance abuse facility, nor will it be an overnight homeless shelter along the lines of something found in a large city.

Many of these veterans suffer from physical and psychological wounds of war, and it will be our mission to help them find what they need to overcome those injuries. We will provide some supportive services to residents to assist them in connecting with the resources they need to rejoin the workforce and become self-sufficient. These resources will include job training, credit counseling, and many others. We will not be providing mental or physical health services; however, most residents should qualify for those services through the local Veterans Affairs facility.

There will be both one- and two-bedroom units that will accommodate both families and singles. Each unit will be a standard apartment, with a full size kitchen, living and dining areas, separate bedrooms, and full bathroom facilities.

Our plan is to serve the immediate area, namely Kerr County and directly adjoining counties. The assertion that we would be importing "non-veterans off the streets of New York City," or even San Antonio, is misinformed and untrue. Our marketing efforts will be focused locally.

We also disagree with the assertion that there are only six homeless veterans living in the area. There may only be six who are living out on the streets, but there are many more in Kerr County who may be sleeping on the sofa or in the guest room of a friend or relative without any permanent home to call their own. According to VA, this phenomenon is especially prevalent in recent Iraq and Afghanistan veterans, the number of which grows every day.

There is a possibility that non-veterans will be served. However, any veteran interested in living at River Vista will be given an absolute first priority. This was included in the development plans we have submitted to VA, and will be written into our lease contract. If, and only if, we cannot find enough veterans to fill the complex, we will then look to VA employees and their families, and then finally to the public at large.

It should be noted that River Vista will be a private facility, located on ground leased from VA. That is the extent of VA's involvement. Since no subsidy will be received from them for ongoing expenses of operation, it is a reality that we will have to endeavor to keep all units occupied and paying rent to offset those costs. But, as mentioned earlier, every possible effort will be made to try and fill those units with veterans first.

River Vista, L.P. is a joint venture among three proven developers and managers of affordable housing. These include the MacDonald Companies, based in Kerrville, as well as the nonprofit Housing and Community Services Inc., based in San Antonio, and the NRP Group, L.L.C., with a regional headquarters in San Antonio.


###

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Kerrville Budget/Economic Update

FOR AGENDA OF: July 13, 2010

DATE SUBMITTED: July 2, 2010

SUBMITTED BY: Mike Erwin 
Director of Finance

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Economic Update
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

The City of Kerrville staff will present and update Council on a biweekly basis as to the status of the City's budget and current economic trends affecting the City.

RECOMMENDED ACTION

No action required information purposes only.

CITY OF KERRVILLE
ECONOMIC UPDATE AS OF JULY 7, 2010

	Current Month	Previous Month	1 Year Ago	Trend	Current Month
National					
Unemployment	9.50%	9.70%	9.50%	↔	June
Consumer Confidence	52.9	63.3	49.3	↓	June
1 year T-Bills	0.31%	0.34%	0.47%	↓	7/6/10

State					
Monthly Unemployment	8.00%	8.10%	7.30%	↔	May
Monthly Sales Tax	\$1,775.4m	\$1,675.5m	\$1,773.0m	↑	May

Local					
Monthly Unemployment (Kerr Co.)	6.00%	6.10%	5.50%	↔	June
Median Listing Price	\$195,000	\$195,000	\$200,000	↔	7/7/10
Monthly Sales Tax	\$357,789	\$363,853	\$364,972	↓	July
Monthly EIC Tax	\$178,895	\$181,759	\$182,486	↓	July
Monthly HOT	\$77,969	\$85,167	\$81,496	↓	June

	FY10 Budget	FY10 YTD	FY10 % Received	FY09 YTD	FY09 % Received
General Fund					
Tax Revenue	\$15,055,218	\$12,455,605	82.73%	\$13,038,392	83.08%
Property Tax	\$8,468,618	\$8,019,125	94.69%	\$7,927,950	96.20%
Sales Tax	\$4,624,000	\$3,313,010	71.65%	\$3,834,036	74.83%
Permits & Fees	\$370,750	\$236,247	63.72%	\$308,171	71.12%
Intergovernmental	\$695,156	\$520,920	74.94%	\$687,381	82.37%
Service Revenues	\$3,311,183	\$2,432,269	73.46%	\$2,576,047	78.53%
Grant Revenue	\$10,000	\$10,525	105.25%	\$32,157	105.19%
Fines & Forfeitures	\$504,510	\$371,553	73.65%	\$366,245	85.34%
Interest & Misc.	\$460,211	\$428,682	93.15%	\$296,777	62.41%
Transfers In	\$1,260,825	\$907,926	72.01%	\$634,192	71.54%
Total General Fund	\$21,667,853	\$17,363,726	80.14%	\$17,939,362	81.31%

Water/Sewer Fund					
Water Sales	\$5,060,000	\$2,955,182	58.40%	\$3,489,467	76.45%
Sewer Sales	\$3,900,000	\$2,750,932	70.54%	\$2,543,748	71.74%
Other Revenue	\$669,500	\$606,091	90.53%	\$586,410	81.40%
Total Water & Sewer Fund	\$9,629,500	\$6,312,205	65.55%	\$6,619,624	74.96%