

CITY COUNCIL MINUTES  
BUDGET WORKSHOP

KERRVILLE, TEXAS  
JULY 17, 2013

On July 17, 2013, the Kerrville City Council meeting was called to order by Mayor Pratt at 9:00 a.m. in the city hall upstairs conference room, 701 Main Street.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Carson Conklin	Mayor Pro Tem
Gene Allen	Councilmember
Stacie Keeble	Councilmember
Justin MacDonald	Councilmember

COUNCILMEMBER ABSENT: None

CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Sandra Yarbrough	Director of Finance
Robert Ojeda	Fire Chief
Kim Meismer	Director of General Operations
Charlie Hastings	Director of Public Works

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

**DISCUSSION AND DIRECTION TO STAFF REGARDING PROPOSED FISCAL YEAR 2014 BUDGET**

Mr. Parton stated the draft budget had been prepared in accordance with previous direction from council, and was based on fiscal sustainability and assumptions:

1) balanced budget; 2) maintained current tax rate of \$0.5625; 3) maintained current level of service; 4) no use of fund balance; 5) no utility rate increase; 6) no new property tax supported debt; and 7) no utility rate increase.

Council and staff discussed the following with regard to the FY2014 budget:

- Salary adjustments: catch up on step plan for public safety personnel; 3% pay adjustment for non-public safety personnel; and additional adjustments for those who fall below the minimum.
- Health insurance maintained at \$7,100 per employee per year (this was increased to \$7,500 PEPY by council later in the meeting).
- The general fund included major capital expenditures: platform ladder fire truck, \$1.2 million (financed by bank loan); new ambulance, \$182,093; police vehicles, \$150,000; computer equipment \$50,000; and parks equipment, \$50,000.

- The Freese and Nichols utility study should be completed soon; \$1.5 million in contingency fund could be allocated for projects; also capacity to issue debt.
- Anticipated possible termination of interlocal agreements by Kerr County for EMS and firefighting services in FY2015; would require spending \$390,000 from reserve in FY2015 and \$142,300 in FY2016, and a reduction in spending of \$370,000 in FY2015; balanced budget by 2017 without the use of reserve funds.
- FY 2019 could have additional debt capacity in the general fund; could add items to CIP using tax supported debt if desired.
- FY 2021 reduction in debt in water/sewer fund; could fund utility capital projects with utility supported debt.
- Proposed budget maintained 35% ratio/debt to funds generated policy in the utility fund.
- Staff levels were at the point that any additional cuts would affect the city's ability to provide the current level of service to citizens; if additional staffing cuts became necessary, council would need to look at how programs would be affected. Citizens deserved to continue to have the current services.
- Mr. Parton discussed staffing cuts over the past few years and noted that when sustained activity becomes apparent, staffing would have to be increased, until that time, the city may have to contract for some building inspection and engineering services.
- Discussed contracting out maintenance in creek beds and drainage ditches. Mr. Parton noted that most creek beds were on private property, and in most cases the city did not have easements to access the property. Staff would look at options available, i.e. outsourcing and funding options, i.e. grants.
- Noted the city hired outside legal counsel for the Aqua Texas rate case several months ago and questioned if the city had been reimbursed for that cost. Mr. Hayes noted the city paid \$12,000 for the legal services, and Aqua Texas reimbursed the city half that cost and would reimburse the city the other half by the end of 2013.
- Staff noted the possibility of hosting the main street conference in Kerrville, and seed money was budgeted for that purpose.
- Employee insurance. Ms. Meismer noted a rise in insurance premiums, deductibles, and prescription co-pays. Currently, the employee's insurance was paid 100% by the city, and the city paid between 57%-61% for employee's dependent coverage, and the proposed FY2014 budget included 45% of dependent coverage cost. Council noted that increases in insurance premiums would take away employees' raises, and consensus was to pay 55% of the dependent cost of premiums. The insurance trust fund had a balance of \$650,000; councilmembers discussed transferring \$150,000 from the insurance trust fund to absorb some of staff's insurance cost and increase the per employee benefit to \$7,500. Ms. Meismer noted that \$125,000 would be sufficient to get to \$7,500 PEPY. Mr. Parton noted this fund was established to cover any major catastrophic event.
- The insurance increase also included 4% for the Patient Protection and Affordable Care Act fee.
- According to the benefits survey just completed, the city was not at market on most salaries, and was mid-point on insurance benefits.

- Want to attract and keep skilled employees.
- In 2015 the city may consider adopting a policy whereby if an employee's spouse had other health care coverage, that the city will not provide coverage.
- Ms. Meismer noted that some insurance carriers pay for bio testing and an employee's rate was based on testing.
- May need to add full time recreation person in future.
- Pavement management system. City had 144 miles of streets; goal was to reach 85 score on the PMS; would require the city to pave 12 miles per year; city currently does five or six miles.
- The water towers at the Summit and on Holdsworth Drive needed painting.
- Budget should include cost to hire outside consultant for rewrite of the subdivision ordinance and the comprehensive plan update.
- Requested window coverings for the new city hall and odor control at the parking garage.
- Funds were transferred from the water and sewer fund to the general fund to reimburse the general fund for utility-related expenditures and to the debt service fund to cover debt payments.

The meeting recessed at 11:59 a.m. for lunch and reconvened at 12:35 p.m.  
Mr. Allen left the meeting at 11:59 a.m.

Council and staff continued to discuss items in the FY2014 budget:

- The water/sewer fund capital projects included: new valve machine, \$80,000; new valve insertion machine, \$40,000; and \$1 million allocated for trihalomethane reduction projects.
- Technological advancements in solid waste recycling; did Allied Waste have the ability to separate and remove recyclables from trash?

Council instructed staff to proceed with preparation of the budget as presented, and to cancel the meeting tentatively scheduled for July 19.

**ADJOURNMENT.** The meeting adjourned at 1:14 p.m.

APPROVED: \_\_\_\_\_

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Jack Pratt, Jr., Mayor

ATTEST:

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Brenda G. Craig, City Secretary