

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
MAY 27, 2014

On May 27, 2014, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor Pratt in the City Hall Council Chambers at 701 Main Street. The invocation was offered by City Secretary Brenda Craig, followed by the Pledge of Allegiance led by Police Chief John Young.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Carson Conklin	Mayor Pro Tem
Stacie Keeble	Councilmember
Gary F. Stork	Councilmember

COUNCILMEMBER ABSENT:

Gene Allen	Councilmember
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CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Deputy City Manager
Brenda G. Craig	City Secretary
Sandra Yarbrough	Director of Finance
Ashlea Boyle	Special Projects Manager
Jason Lutz	City Planner
John Young	Police Chief
Dieter Werner	City Engineer

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

1. VISITORS/CITIZENS FORUM:

1A. Vickie Love, owner of Sunrise Antique Mall, stated appreciation for the city's involvement and support of the Kerrville Festival of the Arts event held May 24-26; it was an awesome event with good attendance and benefited downtown merchants and visitors.

2. RECOGNITIONS AND PRESENTATIONS:

2A. Resolutions of commendation to members of the Charter Review Commission: Glenn C. Andrew; Harvey Brinkman; Joe R. Herring, Jr.; John Mosty; Bruce Motheral; Thomas M. Myers; and Eugene C. Smith.

2B. Presentation of the Texas Department of Transportation Impaired Driving Mobilization (IDM) grant; Chief Young noted the \$3,000 grant would be used for traffic safety and to purchase enforcement equipment.

3. CONSENT AGENDA:

Mr. Stork moved to approve consent agenda items 3A and 3B; Mr. Conklin

seconded the motion, and it passed 4-0:

3A. Construction contract with C&M Precast Concrete Company for the structural renovation to the Kerr Regional History Center in the amount of \$167,641.40 and additional change orders as necessary not to exceed a total contract amount of \$184,405.00.

3B. License agreement with Kerrville's 4th on the River for the 2014 July 4th celebration.

END OF CONSENT AGENDA

4. PUBLIC HEARINGS:

4A. Voluntary annexation and recommendation for a zoning classification of R-1 (single family residential district) for 308.841 acres tract of land out of the Florentine Lara Survey No. 123, Abstract No. 225, M.K. and T.E.R.R. Survey No. 1861, Abstract 1242, and the J.D. Leavell Survey No. 1862, Abstract No. 1435 within Kerr County, Texas, and consisting of a residential subdivision to be known as The Heights of Kerrville and located west of Harper Road (FM 783) and between its intersection with Holdsworth Drive and Interstate 10; and ordering the preparation of an annexation ordinance.

Mr. Lutz noted The Heights was a 57 lot subdivision served by city water and permitted for septic systems. The development agreement specified single family residential zoning for the entire property and required voluntary annexation when the first building permit was issued, and two permits were recently issued.

Mayor Pratt declared the public hearing open at 6:13 p.m.; the following person spoke:

1. Edward Aldous opined that the Planning and Zoning Commission (PZC) meeting held May 22 was in violation of the open meetings act as the notice mailed by the city to neighboring property owners stated the meeting would be at 6:00 p.m. and people were at city hall for that meeting; however, the meeting was actually held at 4:30 p.m. without notifying anyone that the time had changed. Mr. Aldous questioned how drainage from the subdivision would be addressed, and he noted that stormwater was not draining to the drainage structure at Coronado and Mountain Laurel, but was going through his property.

No one else spoke and the public hearing was closed at 6:16 p.m.

Mr. Lutz confirmed that the notice stated the incorrect time. A public hearing was rescheduled before PZC to discuss the zoning classification for the property; however, zoning was already prescribed in the development agreement. He noted the plat was approved in 2008 and some runoff would continue along the same path as it currently traveled down the side of the hill.

Mr. Werner noted The Heights subdivision was approved with dedicated drainage easements and the construction of two stormwater detention ponds, not to reduce the amount of runoff, but designed with capacity to retain additional runoff from the subdivision in order to keep the rate of runoff to the pre-existing condition.

The council also discussed the following:

- The issue of drainage had nothing to do with the proposed annexation.
- The subdivision was developed according to rural subdivision standards, and the development agreement addressed platting and infrastructure.
- Drainage would have increased if more lots and homes were allowed.

1. Carolyn Lipscomb asked if the lots would be maintained at 57 as per the development agreement and would the owners be restricted from subdividing their lots? Mr. Lutz noted that any subdividing would have to be in accordance with the development agreement, but the subdivision was largely restricted by the minimum five acre requirement for each septic system.

Mr. Hayes noted that any restriction on property would be a private matter between the current and future owners; however, future platting would have to go through the city's process and meet city ordinances.

Council noted that replatting and drainage were not issues for annexation. The owner had met the city's drainage requirements during construction, and any subdividing of a residential subdivision would require a public hearing process and notification of neighboring property owners.

4B. Resolution No. 14-2014 repealing Resolution No. 104-2008; granting a conditional use permit for an approximate 0.43 acres tract of land, being Lot 1-R of Block 17, J.A Tivy Addition, within the City of Kerrville, Kerr County, Texas, otherwise known as 1321 Broadway, and located within the C-17 (central city) district; by permitting said property to be used for a vehicle maintenance and repair facility; and making said permit subject to certain conditions and restrictions.

Mr. Lutz noted a CUP was granted in 2008 approving a site plan that specified a 15 foot side setback; however, the building was constructed with 10 foot side setback. The current owner wanted to expand the business and extend an existing wall, which would require an amendment to the CUP approved in 2008 and a new site plan adopted. No one spoke in protest at the public hearing held by PZC, and PZC voted 5-0 to recommend approval of the site plan.

Mayor Pratt declared the public hearing open at 6:26 p.m.; no one spoke and the public hearing was closed at 6:26 p.m.

Mr. Conklin moved for approval of Resolution No. 14-2014; Mr. Stork seconded the motion and it passed 4-0.

5. ORDINANCE, SECOND AND FINAL READING:

5A. Ordinance No. 2014-09 amending Article 10-IV-1 of the City of Kerrville Subdivision Ordinance, known as the city's "Subdivision Regulations," by amending Section 10-IV-1(B)(2) of the ordinance to exempt land owned, controlled, administered, or under the jurisdiction of a federal agency from plat requirements; containing a cumulative clause; containing a savings and

severability clause; providing for an effective date; ordering publication; and providing other matters related thereto. Mayor Pratt read the ordinance by title.

Mr. Lutz noted no changes since first reading.

Mr. Conklin moved to approve Ordinance No. 2014-09 on first reading; Ms. Keeble seconded the motion and it passed 4-0.

6. ORDINANCE, FIRST READING:

6A. Ordinance No. 2014-10 declaring the adoption of voter-approved amendments to the City of Kerrville, Texas, Charter in accordance with the adoption of Propositions Nos. 1 through 8 at the Special Election held on May 10, 2014; adopting the Charter, as amended; providing a cumulative clause; containing a savings and severability clause; providing an effective date; and providing other matters related to this subject. Mayor Pratt read the ordinance title.

Mr. Hayes noted that pursuant to Section 14.07 of the City Charter, the charter should undergo a review every five years. A charter review commission was appointed and issued its report in September 2013, and city council placed 8 amendments to the voters at the May 10 election, and all 8 amendments passed. Ordinance No. 2014-10 effectuated those amendments; he recommended approval.

Mr. Conklin moved to approve Ordinance No. 2014-10 on first reading; Mr. Stork seconded the motion and it passed 4-0.

7. CONSIDERATION AND POSSIBLE ACTION:

7A. Receive a staff update on the status of repairs to city and county owned buildings at the Kerrville/Kerr County Municipal Airport that currently houses the Mooney International, Corporation and provide direction to city staff as necessary.

Mr. Parton noted that six city and county owned facilities occupied by Mooney International (MI) at the airport needed repair, especially the roofs. The airport board was in the process of negotiating with a consultant to evaluate the condition of the buildings and roofs and to prepare a request for proposal (RFP) to repair the buildings. The airport board will then request the city and county amend the airport budget to fund the cost of the consultant, estimated at \$100,000, with the intent of requesting the city and county reimburse the airport budget, as well as provide funding for the repairs not to exceed \$500,000 each. The scope of services for the consultant would include project management through completion. Mooney would like the repairs made as expeditiously as possible and a quality finished product with a 15-20 year guarantee.

Jonas Titas, executive director of the Kerrville Economic Development Corporation (KEDC), estimated the assessment would be complete in mid to late July and the consultant would recommend the type of repair for each structure, prepare an RFP, and oversee repairs. There were a lot of variables to be determined by the assessment and actual construction would probably not begin

until late summer. The recent storm resulted in significant damage to the buildings. Mooney could only operate at 25% capacity during rain in order to keep employees out of dangerous situations, and it also entailed a lot of wasted manhours for clean-up. He noted that the county attorney opined that the building repairs might not qualify as an emergency and the county may have to follow formal bidding procedures; however, it was his understanding that the county was committed to allocating funds to the project, but no time frame was confirmed. He noted that KEDC had worked through a prospectus and several scenarios to determine what economic incentives MI could be eligible for, such as city 4B sales tax and state programs; however, based on a variety of reasons and MI's desire to speed up their reopening, MI was not eligible for such programs as the policy adopted did not allow businesses to apply retroactively. Under the 4B policy previously adopted, a business cannot qualify for 4B funds for items done in the past. KEDC then received MI's request for roof upgrades, which initiated the current request.

Mayor Pratt stated that the city and county each had a different perspective on its responsibility for meeting financial obligations concerning their customers' needs, what constituted an emergency, what was important in the realm of economic development, and proper maintenance of taxpayers' property. Therefore, he requested the city council go into executive session under consultation with city attorney and economic development matters to discuss requesting a special meeting with the county commissioners to discuss entering into negotiations with the county to assume their portion of ownership of the airport, which would enable the county to then place greater emphasis on their other assets.

Ms. Keeble noted the county was taking due diligence to research and represent their taxpayers, and commissioners said they would fund their share of the cost. At the last meeting the city council voted to give \$500,000 to the project without any economic development research on the Mooney project, and now wanted to discuss taking over the county's obligation and pay another \$500,000. She did not understand the city's need to rush into the project as KEDC was still in the process of evaluating the economic impact. The aerospace industry had failed before and it may fail again.

The following points were also discussed by city council:

- The airport was a significant part of economic development and the economic impact of MI was well worth the cost of repairing the buildings. MI currently had 76 employees and proposed to have 165 employees by the end of 2014.
- MI was the tenant in city/county owned buildings that were in dire need of repairs. The deterioration of the buildings occurred over many years and was ignored by the city and county. Whether Mooney, or another tenant, occupied the buildings, they still belonged to the city and county and the city and county had an obligation to maintain their assets.
- The city would not allow its buildings to go unfixed and have employees working in unsafe situations, and the city should not expect such of a tenant.
- The former Mooney Corporation (MC) was required to maintain the buildings in

the past and it did not, and the city and county did not enforce that requirement.

- MI was not the same company as MC; MI was completely new ownership and company name.
- MI moved into the facility knowing the problems, and now MI wanted the city and county to fix the buildings and the amount kept increasing. The city and county should have fixed the buildings before MI moved in.
- MI already invested over \$1 million into the city/county owned buildings and were concerned they were putting money and capital equipment into property that they did not own or have a lease. Without a lease, MI could relocate at any time, and other cities were vying for MI.
- The buildings were originally used by the air force for training in the 1940-50 era and the city and county inherited the buildings free.
- The ability to split the cost with the county was advantageous to both. The issue with the county was not a question of whether or not to fund the project, but where the funds would come from, the timing, and staying within state law. The city should work with the county to achieve a financing plan at the same time as the consultant was designing the scope and cost of the project so repairs could happen expeditiously.
- Compared to the 4B agreements that the city and EIC did for other businesses, \$500,000 to repair city/county owned buildings was not unreasonable.
- MI is the first time Kerrville has ever received international exposure and we need to show that we are pro-business; need to show Mooney that they are a valuable part of the community and the community was behind them.
- The community and KEDC were working to encourage businesses to come to Kerrville. The proposed 380 agreement (Item 7C) listed aviation and light manufacturing as one of the top three targeted industries.
- Would not turn down the opportunity to discuss issues with the county or their role in the airport.

1. Ruth Spradling asked: 1) if Mooney knew the condition of the buildings before they moved in, and 2) what were they told. Mayor Pratt noted 1) yes, and 2) MI spent over \$1 million of their funds to remodel the city/county owned buildings to make a more pleasant environment for their employees to work in.

The consensus of the council was to get advice from the city attorney in executive session at the end of the regular meeting.

7B. Resolution No. 12-2014 repealing Resolution No. 94-133 and reconstituting the City of Kerrville Main Street Advisory Board (MSAB); providing for its membership, terms of office, organization and structure.

Ms. Boyle noted the proposed resolution would amend Resolution 94-133 that created the original MSAB to more accurately reflect the current program and to decrease the number of members from 9 to 7 so the board could operate more efficiently.

Mr. Stork moved for approval of Resolution No. 12-2014; Mr. Conklin seconded the motion and it passed 4-0.

7C. Resolution No. 13-2014 adopting the City of Kerrville Chapter 380 economic development program.

Jonas Titas, executive director of the Kerrville Economic Development Corporation (KEDC), noted the resolution would codify policies and procedures for 380 agreements and address items such as inventory, property tax abatement, and sales tax reimbursement; no funds were allocated to be paid under this type of agreement. Applications would be evaluated on a case-by-case basis. The 380 policy was similar to the 4B policies adopted last year. He reviewed the requirements to be met in order to be considered for tax incentives under this program: 1) \$200,000 investment in real and business personal property; 2) average hourly rate greater than the median income of wage-earners in the county; and 3) city council determination that the project would bring economic benefit to the city. The agreement may also consider cash flow, the types and number of jobs created, financial capacity of the applicant, and other incentive programs. He noted KEDC had voted unanimously to bring the policy to the council for approval and then back to KEDC for approval. He noted some minor changes had been made by city staff and attorney. There were no pending applications.

Council requested: 1) clarification in Section II whether all requirements had to be met or just one; and 2) the document go back to KEDC for final approval and be resubmitted to city council with KEDC's recommendation at the next meeting.

7D. Appointment of mayor pro tem. Postponed.

8. INFORMATION AND DISCUSSION:

8A. Budget update. Ms. Yarbrough reported on city revenues and expenditures to date in the general fund, water and sewer fund, and hotel/motel fund; local unemployment was 4.3%; and 33 building permits were issued October-April for new residential construction.

The following person spoke:

1. Ruth Spradling requested figures on local residential sales and median sale prices. Ms. Yarbrough said she would try to get that information.

9. BOARD APPOINTMENTS:

9A. Appointments to the Kerrville-Kerr County Joint Airport Board. Mr. Conklin moved to reappoint Kirk Griffin, Roger "Corey" Walters, and William Wood, with terms to expire June 1, 2016. Mr. Stork seconded the motion and it passed 4-0.

9B. Appointment of councilmembers to city boards and commissions. Postponed.

10. ITEMS FOR FUTURE AGENDAS: None

11. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- Due to recent rains the river flow increased from 6 cfs to 377 cfs.

- Shakespeare in the Park will be on June 6 and 7 at 8:00 p.m. on the grounds behind the Cailloux Theater.

12. EXECUTIVE SESSION:

Mr. Conklin moved for the city council to go into executive closed session under Sections 551.071, 551.072 and 551.073 of the Texas Government Code; motion was seconded by Mr. Stork and passed 4-0 to discuss the following matters:

Sections 551.071 and 551.072:

Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- River Trail.
- Repairs to city and county owned buildings at the Kerrville/Kerr County Municipal Airport that currently houses the Mooney International, Corporation.

At 7:16 p.m. the regular meeting recessed and council went into executive closed session at 7:20 p.m. At 8:16 p.m. the executive closed session recessed and council returned to open session at 8:17 p.m. The mayor announced that no action had been taken in executive session.

13. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:

7A. Receive a staff update on the status of repairs to city and county owned buildings at the Kerrville/Kerr County Municipal Airport that currently houses the Mooney International, Corporation and provide direction to city staff as necessary.

Mr. Conklin moved to direct city staff to set up a joint meeting with county commissioners for the purpose of discussing capital improvements for the airport properties. Mr. Stork seconded the motion and it passed 4-0.

ADJOURNMENT. The meeting adjourned at 8:17 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary