

CITY COUNCIL MINUTES
SPECIAL MEETING

KERRVILLE, TEXAS
JUNE 10, 2014

On June 10, 2014, the Kerrville City Council special meeting was called to order by Mayor Pratt at 8:30 a.m. in the city hall conference room, 701 Main Street.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Carson Conklin	Mayor Pro Tem
Gene Allen	Councilmember
Stacie Keeble	Councilmember
Gary Stork	Councilmember

COUNCILMEMBER ABSENT: None

CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Deputy City Manager
Brenda G. Craig	City Secretary
Kim Meisner	Director of General Operations
Ashlea Boyle	Special Projects Manager
Sandra Yarbrough	Director of Finance
John Young	Police Chief
Robert Ojeda	Fire Chief
Stuart Barron	Public Works Director

Receive report from LNV, Inc. regarding Preliminary Solid Waste Management Study, discuss the city's existing solid waste program, and direction to staff.

Amy Hesseltine, Vice President, LNV Engineering, noted the existing landfill was permitted for 36 acres. The city had contracts with Republic Services for waste transfer and landfill operations through 2030 with five year extension options. The landfill capacity was 770,000 cubic yards under the current permit; the estimated life of the landfill was 50 years under the current transfer program, and only seven years if the city resumed full operation. Ms. Hesseltine noted the city had to monitor the landfill for methane gas for 30 years after closure.

Ms. Hesseltine presented options for expansion of the existing landfill:

A—Vertical expansion over existing landfill: would not add any significant airspace and final contours would not meet regulatory requirements.

B—Northeasterly horizontal and vertical expansion over closed landfill: airspace increase more than 2 million cubic yards, increase soil deficit, add 25 years to landfill life, would require extensive evaluation for expansion over pre-Subtitle D area, recommend meetings with TCEQ before initiating permit amendment.

C—South horizontal and vertical expansion in "Big Hill": add 5.3 million cubic yards of airspace and potential 49 years to life of landfill, excavated material could be used for liner/cover, require geotechnical evaluation for geological suitability for landfill, recommended meetings with TCEQ before initiating permit amendment.

D—Western expansion overlapping proposed effluent ponds: add 5.6 million cubic yards of airspace and potential life of 52 years, preliminary engineering was complete and partial permit application drafted; increased soil deficit, and overlapped proposed effluent ponds.

LNV recommended Option C and Ms. Hesseltine reviewed the next steps: geotechnical evaluation to assess geological suitability for landfill development; meet with TCEQ before initiating permit amendment, this should begin soon due to potential new regulations; permitting is a multi-year process and construction could begin several years after the permit is issued. She recommended the city conserve landfill space by diverting more material into recycling.

Ms. Hesseltine stated the city had a significant soil deficit at the current permitted landfill and noted the city's current permit authorized the use of tarps, shredded wood or tire chips for daily cover. Some soil could be recovered during excavation of other areas of landfill; however, she discussed other alternatives the city could consider when waste at the landfill increased.

Ms. Hesseltine noted increased recycling and transfer of waste would extend the life of the landfill; however, if landfill expansion was desired, she recommended Option D but it overlapped the proposed effluent ponds; she recommended Option C if the city did not pursue construction of effluent ponds. In the short term, she recommended pursuing Option C: amend solid waste operations by using 96 gallon carts for automated curbside collection, and recycling once every two weeks and trash once a week; and while transferring waste, use reusable tarps. Long term recommendations were: pursue design and permit amendment for Option C expansion; expand recycling and evaluate the need for the community recycling center; and consider using alternative materials for liner/cover. No cost estimates were provided for these options; however, permitting costs would be similar and construction in phases would be comparable for all options.

Ms. Ondrias noted the current contractor was evaluating and preparing cost estimates for manual versus automated curbside collection. Mr. Parton noted staff was in discussion with Republic Services about adjustments that could be made within the existing rate structure.

Mr. Parton noted the city spent over \$200,000 in the last several years for geotechnical studies, and he recommended the city complete the permit.

Receive a report from Freese and Nichols, Inc. regarding the Water Reuse Feasibility Study, discuss the implementation of a water reuse project, and provide direction to city staff.

Richard Weatherly, Professional Engineer, Freese & Nichols, noted that all effluent produced in the summer was sold to six irrigation customers and additional customers could be served if effluent was available. The city currently discharged effluent into Third Creek during the remainder of the year as there

was nowhere to store it. A storage area would allow the city flexibility to provide year-round reuse water supply and expand its irrigation customer base and remove those customers from groundwater and potable water. Mr. Weatherly presented the reuse feasibility study aimed at expanding reuse ponds and system:

- Performed topographic survey.

- Environmental site investigation: System could be designed under federal permits, no endangered species, no endangered flowering plants.

- Geotechnical: Performed 8 soil borings; maximum excavation depths for ponds based on groundwater and rock; suitable material was available for pond construction in type but not quantity; recommended geo membrane liner system.

- Flood plain analysis: Determine impact of ponds on 100-year floodplain; the proposed north pond flood stage increase would affect property outside of the city-owned property, modifications would be required particularly along Third Creek; the south pond flood increases were contained on city property and was the most feasible alternative.

- Regulatory requirements: Pond construction would comply with city's existing TCEQ reuse authorization so the city would not have to change the permit in order to increase capacity; direct potable reuse (DPR) requirements evaluated by TCEQ on case-by-case basis; no pre-existing case for ASR reuse but treatment requirements would be similar to DPR; would have to treat to drinking standards before putting in the ASR.

- Infrastructure requirements: 105 mg storage for proposed south pond would require berm elevation of 1,628 ft. and maximum berm height of 26 ft.; 24" gravity pipe from WWTP; reuse pump station; and 12" transmission pipe to existing reuse system.

- Infrastructure costs: Estimated at \$16.8 million including 20% contingency and engineering and construction management fees at 13%.

Mr. Weatherly noted the north pond would cost 50% more to construct but would double the city's capacity. The city had sufficient volume to fill both the proposed north and south ponds.

Mr. Barron noted Tivy High School and the city golf course supplemented reuse water with groundwater for irrigation during the summer due to a lack of reuse water. Riverhill Golf Course and Schreiner University requested reuse water, but none was available. Mr. Parton noted the contract with Comanche Trace would expire in few years and they wanted a multi-year contract. Reuse water was selling at \$0.38-0.75 for 1,000 gallons and was not cost effective to provide; the advantage was getting customers off of potable water.

Staff noted the state water master was under increased pressure from senior water rights owners to require the city to release more surface water. Compounding the problem was the discrepancy in the city's two river flow gauges; in the future, the water master may decrease the amount of water the city may remove from the river. The city currently injected water from the river into aquifer storage wells only

110 days a year. Effluent was a firm source and grew as population increased, and in the future the city may have to treat effluent and put it into distribution as potable water.

Council noted \$16 million for treating effluent for irrigation was high; however, having a dependable water source for irrigation was a great value to the community and for economic development. Constructing ponds to store effluent and treating effluent to potable standards was expensive, but the value of water outweighed the cost. The storage and reuse system could be used to supply irrigation now to get customers off of potable water and be expanded in the future to provide a potable water source for the city.

Mr. Parton noted \$1.3-1.4 million was set aside in the FY14 budget for capital projects. The city's self-imposed debt capacity was 35%; the city was currently at 32% and debt would begin to fall off in 2020. Issuing additional debt could result in an increase in water/sewer rates.

Council consensus was to instruct staff to prepare an integrated CIP plan that considered all capital projects and costs and prepare a finance strategy and timeline; financing options should include issuing additional debt and adjusting the debt capacity. Staff should also review the ordinance that required condensate to go onto the ground and see if it could be amended to require condensate to be put into the wastewater system.

Receive a report from city staff regarding capital project needs for the water and wastewater systems and provide direction to city staff.

Ms. Ondrias noted that upon adoption of the water and wastewater master plans staff prepared a water and wastewater integrated capital improvement plan (CIP) for five years and beyond. She noted the \$25 million CIP did not include any potential development projects, it only addressed core operations and system deficiencies. She reviewed each year, project and cost:

2015	Rehabilitate conventional plant clarifier at WTP	\$644,500
	Stadium tank 2 repaint	464,100
2016	Lois tank repaint	562,380
	Rehabilitate chemical feed system at WWTP	110,638
	Rehabilitate RAS pump station	49,968
2017	Rehabilitate oxidation ditch at WWTP	1,444,413
2018	Knapp LS –wet well expansion and 12" force main	2,251,017
2019	15"/18"/21" Interceptor downstream of Knapp LS	<u>2,395,945</u>
	Total Five Year CIP	\$7,922,961

Six additional projects were presented for FY2020 and beyond totaling \$16,754,617.

Ms. Ondrias noted the Knapp lift station (LS) was at capacity, which limited potential growth and economic development in this area, including Village West Industrial Park. The cost of the Knapp LS project did not include cost of capacity

for any future Ingram connections. Ms. Ondrias also presented the five year CIP FY2015-2019 for all projects in all funds by funding source.

Council discussed the need for a fire station on the south side of the river. Chief Ojeda noted the far end of Comanche Trace was at the five mile radius to meet the ISO rating; future expansion would exceed the five miles. Mr. Parton noted the city also served a large county population in that area.

Council discussed areas in the city that were served by private water companies that did not provide fire hydrants or sufficient water supply to achieve fire flow.

Regarding Village West Industrial Park (VWIP), Mr. Parton noted Merry Mead Water Company had the CCN to provide retail water service to VWIP, a commercial and industrial area with opportunity for growth and expansion. The water supply consisted of 2" mains and no fire hydrants. He noted that several businesses expressed concern about the lack of adequate water service and fire protection. In order to achieve fire flow, the city would have to run dual lines throughout the subdivision because the city would not cross connect with the existing provider. He noted that customers of private water providers had the right to opt out if there was another provider capable of providing the service. The city could accommodate the water demand for VWIP but lacked the core infrastructure to the site.

Mr. Parton also noted that all of VWIP was on individual septic systems. EquiTech Bio would like to expand their business and add 30 employees; however, they could not build over their septic drain fields. A majority of VWIP was outside of the city and the city's policy was to require annexation if utility service was extended. A small portion of VWIP was in the city limits, but not connected to city water or sewer service even though the sewer line to Ingram paralleled VWIP. To add VWIP to the city's sewer system would create off-site capacity issues downstream.

Mr. Parton offered a rough estimate of \$6 million to provide water and wastewater to VWIP. He opined that the project might receive a Texas Capital Fund grant around \$750,000, and \$1.5 million was programmed into the city's economic improvement corporation budget as a potential project.

Council consensus was to instruct staff to investigate the cost of providing utilities to VWIP; develop a finance plan, including discussions with a grant consultant about an application to Texas Capital Fund; enter discussions with EIC to get a more substantial commitment; and determine the level of interest among property owners and businesses regarding voluntary annexation.

The meeting adjourned at 12:01 p.m.

APPROVED: 07/08/2004

ATTEST:

/s/

Brenda G. Craig, City Secretary

/s/
Jack Pratt, Jr., Mayor