

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
AUGUST 12, 2014

On August 12, 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 Linda Harper, President of Aglow International, followed by the Pledge of Allegiance led by Assistant Police Chief David Knight.

COUNCILMEMBERS PRESENT:

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

COUNCILMEMBER ABSENT:

Gene Allen	Mayor Pro Tem
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CITY CORE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias Day	Deputy City Manager
Brenda G. Craig	City Secretary
Sandra Yarbrough	Director of Finance
Ashlea Boyle	Special Projects Manager
David Knight	Assistant Police Chief
Kim Meismer	Director of General Operations
Stuart Barron	Director of Public Works

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

1. **VISITORS/CITIZENS FORUM:** No one spoke.

2. **PRESENTATIONS AND RECOGNITIONS:**

2A. Upper Guadalupe River Authority appreciation of the City of Kerrville for contributions to the 11th Annual River Clean Up.

Tara Bushnoe, UGRA Natural Resource Coordinator, stated appreciation to the city for providing several staff members to help with the river cleanup and paying landfill fees. She noted that 312 volunteers participated and 6,800 pounds of trash were removed.

2B. Recognition of Jeff Wendling's career in service to the citizens of the City of Kerrville and the State of Texas. Presented by Mayor Pratt.

3. **CONSENT AGENDA:**

Mr. Conklin moved to approve consent agenda items 3A through 3E; Mr. Stork seconded the motion, and it passed 4-0:

3A. Minutes of the employee benefits trust meeting held July 22, 2014, and city council special meeting held July 11, 2014.

3B. Resolution No. 24-2014 finding that proposed rules by the Texas Railroad Commission are against the public interest and would harm the city's ability to protect local gas utility customers; and authorizing the mayor and city manager to take action to challenge the proposed rules.

3C. Contract with Texas Scenic Company, Inc. for the Cailloux Theater lighting project in an amount not to exceed \$102,870.00.

3D. Brokerage agreement for sale of 800 Junction Highway (former city hall site).

3E. Professional services agreement with LNV Engineering for preliminary assessment for the expansion of the city's landfill.

END OF CONSENT AGENDA

4. ORDINANCE, FIRST READING

4A. Ordinance No. 2014-17 amending the budget for fiscal year 2014 by allocating revenue from the city's collection of hotel occupancy tax (HOT) for the cost of an advertising sign for use by the Convention and Visitors Bureau (CVB) and allocating unanticipated revenue for the purchase of a street sweeper.

Mayor Pratt read the ordinance by title only.

Mr. Parton proposed to amend the budget to: 1) Allocate \$60,000 of HOT funds to the CVB to purchase a message board sign to be installed at the CVB center; and 2) Allocate additional sales tax funds to purchase a new street sweeper. He noted the CVB sign would also announce community events and could be used to generate revenue for CVB from advertisements, those funds would be used for CVB functions and marketing. The replacement street sweeper would also spray herbicide and maintain curbs; life expectancy of the equipment was 15-20 years.

Mr. Conklin moved to approve Ordinance No. 2014-17 on first reading; Ms. Keeble seconded the motion and it passed 4-0.

5. CONSIDERATION AND POSSIBLE ACTION:

5A Resolution No. 21-2014 providing for the city's approval or disapproval of the Kerr Central Appraisal District's (KCAD) fiscal year 2015 budget.

Mr. Parton noted the deadline for the city to approve or disapprove the KCAD FY2015 budget was September 15; non response was deemed as approval. The city's pro rata share was \$130,184 based on the number of parcels within the city's jurisdiction.

Mayor Pratt noted the city had submitted a list of questions to KCAD, and in his opinion, the city did not receive answers to the questions, only referrals to the Eagle Appraisal contract. He stated disappointment that the chief appraiser was not present to present his budget and answer questions.

Justin MacDonald, the city's representative on the KCAD Board of Directors, stated he did not disagree that the answers provided were insufficient and he had discussed this with the chief appraiser.

Items regarding the KCAD budget were discussed with Mr. MacDonald:

- What was the remaining value of the Eagle contract? (JM) \$8,000 per quarter for the remainder of 2014.
- How many appraisals were rendered for the \$32,000? Also, any extension beyond the contract would be at \$600 per day; based on those figures, only 53 days of appraisals were done for all properties throughout the county. (JM) All properties deemed to be commercial within the county were appraised; he did not know how many days the consultant was in Kerrville.
- What was Eagle's scope of services for KCAD as it pertained to the remainder of contract? Did he consider the hiring of the consultant successful? (JM) The consultant completed half of the assignment of the contract.
- Why contract with a consultant instead of hiring another appraiser? (JM) A consultant had expertise and experience in appraisal of commercial property.
- The cost of living adjustment of 1.5% was reasonable.
- In 2013 council discussed customer service issues with regard to KCAD staff; council expressed continued concern and disappointment with how KCAD staff treated people, especially during a recent meeting with downtown business owners; also, one councilmember had personally received misinformation. Taxpayers paid the salaries of the KCAD employees and should be treated with respect. (JM) Customer service was the reason he volunteered to serve as the city's representative on KCAD and all citizens should be treated professionally.
- Under Sections 1.03A and 201B and C of the Eagle contract, the consultant was required to submit a report on how they use the data; council requested a copy of that report. (JM) The report would be provided to the council if it was not restricted information.

Mayor Pratt requested the item be rescheduled to a future meeting until answers were received to the list of questions or until the chief appraiser could be available to answer questions. There was no objection from any councilmember.

5B. Resolution No. 23-2014 setting forth the ad valorem (property) tax rate to be considered for adoption for the 2014 tax year; calling two public hearings prior to the adoption of said rate; and calling a public hearing prior to the adoption of the fiscal year 2015 budget as required by both the city's charter and state law.

Mr. Parton noted the resolution would establish the ad valorem tax rate ceiling to be no higher than \$.5625 per \$100 of valuation, the same rate as the past six years, and call two public hearings on the tax rate. The preliminary certified appraisal roll estimated an additional \$70 million value through reappraisals and property added to the tax roll; due to the increase, the effective tax rate was \$.539658, or 4.23% less than the current tax rate. If the city maintained the current tax rate, it would net an additional \$270,000 to the maintenance and operation budget; however, this may be adjusted downward as some appraisals were still being contested. The 2015 budget anticipated a 1.5% increase in tax levy. Two public hearings on the tax rate would be held on August 26 and September 9, with the ordinance to set the tax rate on September 9 and September 18.

Councilmembers discussed the following:

- Keep the current tax rate; the city can better serve citizens, and it could improve the city's bond rating and decrease the interest rate on a future bond.
- Keeping the same tax rate would raise almost \$300,000 more, so in effect it would raise taxes. City should make tougher budget decisions and keep the spending level the same or lower than last year; lower the rate to somewhere between the current and the effective tax rate.
- Kerr County kept their same rate and raised an additional \$600,000.
- The past several years the city decreased services, delayed infrastructure repairs, and used reserve funds to keep taxes down during hard economic times; if keep the same tax rate could begin to provide services that had been cut and work on infrastructure and streets.
- If council decreased the tax rate this year, then council would have to increase the tax rate again in the future to raise the same amount.
- Fiscally responsible; lower the rate now and raise it when you have to.
- KCAD was undergoing many protests now, so the increase would probably be less than anticipated.
- Funds raised were not wasted; things in the budget were badly needed, in particular streets and parks maintenance crews that had been cut several years ago. The council was being responsive to citizens' demands.

Mr. Stork moved to set the tax rate at \$.559; the motion died for lack of a second.

Mr. Conklin moved to maintain the same tax rate at \$.5625; Mr. Pratt seconded the motion; the motion tied 2-2 with Councilmembers Conklin and Pratt voting in favor of the motion and Councilmembers Keeble and Stork voting against the motion.

Mr. Hayes noted the resolution only set a maximum threshold and ordered that public hearings be scheduled. At a future meeting, council will adopt an ordinance setting the exact tax rate for 2014; council could set a rate lower, but could not set a rate above the threshold set in the proposed resolution.

Mr. Conklin moved to approve Resolution No. 23-2014 setting the ad valorem tax rate for the 2014 tax rate at maximum threshold to be considered at \$.5625 per \$100 valuation for the 2015 budget. Mr. Stork seconded the motion and it passed 3 to 1 with Councilmembers Conklin, Stork, and Pratt voting in favor of the motion and Councilmember Keeble voting against the motion.

The following person spoke:

- Carolyn Lipscomb asked what percentage of the budget was the additional \$300,000 if the tax rate remained the same. She noted the city had a street master plan and many streets were in need of repair and the city was falling further behind; if neglected, the streets would have to be totally reconstructed at a higher cost than chip seal. Expenses would continue to rise due to inflation; do not keep pushing streets to the future. KCAD should issue fair appraisals and the

city should keep the rate the same. Mr. Parton noted the percentage to the budget was about 4%. The city was developing a plan that would create programs that would be sustainable on a pay-as-you-go plan. If economic conditions continued to improve, he anticipated a reduction in the tax rate in future years.

5C. City of Kerrville fiscal year 2015 budget.

If the city maintained the current tax rate of \$.5625, it would net an additional \$270,000 for the 2015 budget; Mr. Parton recommended the increased revenue be allocated as follows:

1. Additional three personnel for the street and drainage crew, \$127,000; this would help achieve the city's objective of 85% of street infrastructure be within 15 year rehabilitation benchmark.
2. Additional allocation to Playhouse 2000 to cover monthly utility expenses at the Cailloux Theater, \$20,000; Playhouse 2000 currently pays half the expenses from their operational funds; estimate \$270,000-300,000 annually to operate the facility.
3. Replacement of 5 or 6 city vehicles with balance of revenues; 10 vehicles are over 14 years old; vehicle maintenance expense high.

If the tax rate is cut to the effective tax rate, he would recommend not purchasing replacement vehicles. If additional revenue comes in above projections, those funds could be used for programs or put into the reserve fund. The city also had significant deferred building issues.

Mr. Parton noted the city's capital and infrastructure needs far exceed the estimated additional \$270,000; many items were put on hold during economic down turn. The previous plan was to sell debt to fund street reconstruction and some capital projects; however, the city has moved to pay-as-you-go financing.

The council discussed decreasing the tax rate and focusing efforts on increasing sales tax; should not find ways to spend additional funds.

Mr. Conklin moved to approve amending the draft budget by including the three items presented. Mr. Stork seconded the motion and the motion passed 3-1 with Councilmembers Conklin, Stork, and Pratt voting in favor of the motion, and Councilmember Keeble voting against the motion.

5D. Kerr County proposal for joint funding of Kerr County Environmental Services Department and full library services.

Mr. Parton noted a proposal for library service for county residents outside the city had been received from Kerr County Judge Pollard offering two options:

1. The county fund 100% of environmental services (included animal control and septic systems) for city citizens, and the city fund 100% of library services for all residents of Kerr County.
2. The city and county jointly fund county environmental services, and the county fund \$200,000 annually for library services for county residents who live outside the city.

Mr. Parton noted that the city had very little need for septic system services as there were few in the city, and any such service would be paid by the property owner requesting the service, not the city. The county collected fees for animal control services; in addition, the city paid all of the costs associated with picking up and disposing of dead animals since the county did not provide such service. The city was paying all of the cost of providing library services. The FY2015 library budget was \$700,000 at the current staffing level; to expand library services to serve additional patrons, one more staff person would have to be added to the budget at an estimated cost of \$45,000. He recommended the city council not accept either option.

Council also discussed the following:

- The county should provide animal control services to all of their citizens equally, including those who live inside the city.
- The library staff was cut and services reduced when the county declined to participate in funding last year; to add additional staff now would be an added cost to the city; in the past county residents amounted to one-third of the patron count and one-half of the circulation services at the library.
- City citizens paid taxes to the county at the same tax rate as county citizens who live outside the city; therefore, city residents were already paying their fair share for environmental health and animal control services; the county was asking the city to trade for something the citizens were already paying for.
- Regarding a proposal that the county pay for a set number of county citizens to use the library, the city would not decide which county citizens were funded by the county and could use the library and who could not. The county should fund services for all county residents outside the city, not just a certain number.
- The county already charged county residents for septic system services and animal control services, whether in city or out of city. City citizens were also paying for dead animal pick up and disposal.

Mr. Stork moved to reject both proposals; Ms. Keeble seconded the motion and it passed 4-0.

5E. Phase 1 of the Community Branding project.

Clint Morris, president of Allera Group, presented Phase I of a community branding project as initiated by the chamber of commerce. He discussed 11 core value statements that represented the community's qualities, and the messages that would be derived from those statements.

Council suggested including statements regarding Kerrville's professional emergency medical service and Kerrville's unique quality of life.

Mr. Stork moved to approve phase I of branding project; Ms. Keeble seconded the motion and it passed 4-0.

6. ITEMS FOR FUTURE AGENDAS: None.

7. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- Stage 2 water restrictions go into effect at midnight.
- Yard waste pick up was the third week of every month on the same day as regular trash pickup.
- Kids Triathlon would be held on August 16; swim, bike and run event at Singing Winds Park.
- Wet and Wag event, August 16, 4:30-7:00 p.m. at the Olympic Pool, opportunity for owners and dogs to swim together before the pool closed for the season.
- Kerrville Triathlon will be held September 26-28.

8. EXECUTIVE SESSION:

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

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.

At 7:25 p.m. the regular meeting recessed and council went into executive closed session at 7:28 p.m. At 8:10 p.m. the executive closed session recessed and council returned to open session at 8:10 p.m. The mayor announced that no action had been taken in executive session.

9. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

No action taken during open session.

ADJOURNMENT. The meeting adjourned at 8:10 p.m.

APPROVED: 9-9-14

/s/

Jack Pratt, Jr., Mayor

ATTEST:

/s/

Brenda G. Craig, City Secretary