

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JULY 22, 2014

On July 22, 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 Reverend Patty Edwards, Unity Church of the Hill Country, followed by the Pledge of Allegiance led by Assistant Police Chief David Knight.

COUNCILMEMBERS PRESENT:

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

COUNCILMEMBER ABSENT: None

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
Jason Lutz	City Planner
David Knight	Assistant Police Chief
Kim Meisner	Director of General Operations
Robert Ojeda	Fire Chief
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. Beautification Advisory Committee's Pride of Property Award:
Business was presented to Tim Crenwelge of Crenwelge Motors.
Residential was presented to Dan and Kathi Kuykendall, 313 Jackson Road.
3. **CITY COUNCIL RECESS:**

The Kerrville City Council recessed the regular city council meeting to convene a meeting of the City of Kerrville Employee Benefits Trust at 6:07 p.m. Following the City of Kerrville Employee Benefits Trust meeting, the Kerrville City Council reconvened into regular session at 6:12 p.m. (See Item 7A.)
4. **CONSENT AGENDA:**

Mr. Conklin moved to approve consent agenda items 4A and 4D; Mr. Stork seconded the motion, and it passed 5-0:

4A. Minutes of the budget workshop held on June 24, 2014, and the regular city council meeting held on July 8, 2014.

4B. Resolution No. 22-2014, authorizing the city's continued participation with the Atmos Cities Steering Committee; and authorizing the city's payment of five cents per capita to the Atmos Cities Steering Committee to fund regulatory and related activities related to Atmos Energy Corporation.

4C. Authorization to apply to the Cailloux Foundation for a grant for street improvement program.

4D. Reject the sole bid submitted by Top Side Contracting in the amount of \$375,756.00 for re-roofing the police station.

END OF CONSENT AGENDA

5. PUBLIC HEARING AND RESOLUTION:

5A. Resolution No. 19-2014, granting a conditional use permit for an approximate 1.108 acres tract of land, being Tracts I and II, out of the Walter Fosgate Survey No. 120, Abstract 138, within the City of Kerrville, Kerr County, Texas, otherwise known as 611 Harper Road (FM 783), and located within a Residential Cluster (RC) zoning district; by permitting said property to be used for education, primary; and making said permit subject to certain conditions and restrictions.

Mr. Lutz noted the Seventh Day Adventist Church has operated a primary education facility since 1995 for about six students and planned to expand the facility to serve an additional seven or eight students. The current zoning code required a CUP to enlarge the facility. The site plan provided additional parking; met setback requirements; and provided screening between adjacent properties except the property to the north, which was another church. The Planning and Zoning Commission (PZC) agreed to allow existing landscaping as natural screening between the two churches. PZC held a public hearing and comments were received concerning drainage, noise and hours of operation. Drainage will be addressed during the permitting process. PZC approved the resolution with the condition that the hours of operation be limited to 8:00 a.m.--6:00 p.m. seven days a week. Mr. Lutz stated that the church later requested the time be modified to 10:00 p.m. to accommodate events on special occasions.

Mayor Pratt opened the public hearing at 6:16 p.m.; no one spoke and the public hearing was closed at 6:17 p.m.

Mr. Conklin moved to approve Resolution No. 19-2014, and to accept the request to extend the hours of operation to 10:00 p.m. as the exception for special events. Mr. Stork seconded the motion and it passed 5-0.

6. ORDINANCES, SECOND AND FINAL READING:

6A. Ordinance No. 2014-11 annexing an approximate 305.073 acre tract of land out of the Florentine Lara Survey No. 123, Abstract No. 225, and the J.D. Leavell Survey No. 1862, Abstract No. 1435, such annexation to be effective on January

18, 2015; said property being adjacent to the corporate limits of the City of Kerrville, Texas, and consisting of a residential subdivision known as The Heights of Kerrville and located west of Harper Road (FM 783) and between its intersection with Holdsworth Drive and Interstate 10; describing the property, adopting a service plan, and establishing the zoning for the property to be annexed. Mayor Pratt read the ordinance by title.

Mr. Lutz noted the annexation would be effective on January 18, 2014; zoning would be single family residential. The ordinance had been amended since first reading on July 8 by amending the acreage from 308 to 305.

Mr. Stork moved to approve Ordinance No. 2014-11 on second and final reading; Mr. Allen seconded the motion and it passed 5-0.

6B Ordinance No. 2014-14, amending the Comprehensive Plan for the City of Kerrville, Texas, pursuant to Chapter 213 of the Texas Local Government Code, by revising the future land use plan for a tract adjacent to Meadowview Lane and between its intersection with Burleson Boulevard N. and Legion Drive N. and addressed as 411 Meadowview Lane. Mayor Pratt read the ordinance by title. Mr. Lutz noted no changes since first reading.

Mr. Allen moved to approve Ordinance No. 2014-14 on second and final reading; Ms. Keeble seconded the motion and it passed 5-0.

7. CONSIDERATION AND POSSIBLE ACTION:

7A Resolution No. 20-2014 authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related benefits for fiscal year 2015.

Ms. Meismer noted the resolution would authorize the transfer of funds in the amount not to exceed \$7,500 per employee to the benefit trust to pay for employee benefits for FY2015; she recommended approval.

Ms. Keeble moved to approve Resolution No. 20-2014; Mr. Allen seconded the motion and it passed 5-0.

7B. Presentation of the City of Kerrville fiscal year 2015 budget.

Mr. Parton noted that updated information had been received from the convention and visitors bureau and was incorporated into the budget.

Mr. Parton reviewed the particulars of the proposed FY 2015 budget:

- Fiscally sustainable budget that allocated resources to achieve services; \$45.9 million revenue and \$45 million expenditures.
- No increase in tax rate or adjustment to utility rates. Council noted the increase in property tax revenue was due to an increase in assessed property valuation; it was not due to a tax rate increase. Mr. Parton noted the current tax rate of \$.5625 was within the roll back rate and the net effect on \$100,000+ valuation would be zero; he discussed the options of lowering the tax rate, setting

the rate between the current and effective tax rate, and recovering some of the services cut in previous years and adding new services.

- City policy set the reserve fund target at 25%; as proposed, the FY2015 year-end reserve fund balance would be 29%. The city's bond rating increased to AA in 2014 and the city would be seeking a AA+ rating in 2015; Mr. Parton noted 15% reserve was considered solid financial condition; the higher the bond rating the lower the interest rate. KPUB's rate was also based on the city's bond rating; staff would review KPUB's debt schedule as KPUB's debt could affect the city's ability to issue bank qualified debt, which was limited to \$10 million a year. The city anticipated a \$10 million debt issuance in 2017 and \$5 million in 2018; there would be a significant drop off in debt service in 2018/19.

- The city entered into a contract with the county whereby the city would provide fire/EMS county-wide, effective October 1, 2014. The proposed budget allocated \$600,000 in the fire reserve fund for major capital equipment replacement.

- Included employee benefits as approved in Item 7A.

- The budget in prior years cut two full crews in the parks department and froze two positions in the police department; the proposed budget would add those positions back into the budget.

- Added a maintenance crew to help with: routine maintenance and clearing of right of ways, utility easements, and drainage easements; street construction and parks maintenance.

- Increased funding for street construction/reconstruction.

- Kerrville had a 98 percentile debt service rate on a per capita basis; the total debt service for all funds was \$5.2 million: \$2 million in general fund and \$3.2 in utility fund.

- Significant facility issues had been deferred in the past, i.e. fire administration offices, police station roof; municipal court building, etc.

- Proposed to do a community wide survey in 2016 to gather information on services the citizens would like.

- Utility rates generated \$1.3-1.4 million per year for pay-as-you-go for major capital improvements and facility maintenance.

- Anticipate the state will further curtail the city's use of river water if the drought continued. Phase I of the wastewater reuse project could be funded under the existing rate structure; the project could be designed and built in three years and would provide storage for 1/3 of the effluent currently produced at the WWTP to be used for irrigation; currently, the city sells all of the effluent produced in the summer months and there were several entities requesting effluent. As the state implements tighter controls on river and surface water, there may be a time when reuse water is treated and used as a potable water supply. Staff would prepare funding options, with possible debt issue in FY2015. It was noted that the state was moving water issues from TCEQ control to PUC oversight.

- A request had been received from former city employees to reinstate the TMRS (Texas Municipal Retirement System) COLA (cost of living adjustment) benefit that the city dropped about four years ago. According to TMRS, the cost to re-implement COLA under the city's current plan would add \$3.4 million to the city's current unfunded liability, and would continue to grow annually. Financial reporting and auditing standards required that unfunded liability below 90% be

reported, which would affect the city's financial stability and bond rating. If the city reinstated COLA, the city's unfunded ratio would increase from 94.4% to 92.3%, and increase annually. Mr. Parton did not recommend reinstating the COLA benefit as the financial contributions and long term implications to the city would be significant.

Mr. Parton noted the appraiser should submit the certified tax roll by July 25, and he would file the budget with the city secretary by July 31, 2014.

Mr. Stork moved to accept the budget report and to direct staff to amend the Five-Year Capital Improvements Plan to incorporate the first phase of the reuse water project. Mr. Conklin seconded the motion and it passed 5-0.

8. INFORMATION AND DISCUSSION:

8A. Quarterly report by Playhouse 2000 (P2K).

Jeffery Brown, executive director of P2K, reported on April – June activity at the theater: 23 events, 34 "lit" nights, 14,759 attendance, ticket face value of \$147,091 plus ancillary sales in excess of \$12,000. P2K net operating income for period was \$10,968 including \$42,500 grant from the Hill Country Charity Ball; net operating expense for period was \$95,609; total available operating cash on June 30 was \$103,465; received building fund pledge of \$85,000 from Peterson Foundation and \$125,000 grant from the Cailloux Foundation; applications were pending from the Texas Commission on the Arts (3) and corporate sponsors (2). Overhead lighting project (dimming equipment) was completed; upgrade to LED lighting was scheduled for August/September; and outdoor lighting upgrade application was pending; all three projects were funded by the economic improvement corporation. All major funding had been achieved for the new campus support facility: \$42,500 Coates Foundation; \$85,000 Hal & Charlie Peterson Foundation; and \$125,000 Cailloux Foundation. The public fundraising campaign goal was \$50,000; \$11,325 received to date. Mr. Brown noted concerns: that P2K subsidized the theater over \$60,000 in 2013 and P2K hoped to reduce the subsidy in the future; the facility operations staff totaled only 2.5 persons; and a significant list of pending maintenance and equipment needs. Mr. Brown reviewed upcoming events.

8B. Budget update.

Ms. Yarbrough reported revenues and expenditures as of June 30 in the general fund, water and sewer fund, and hotel/motel fund; and 46 building permits were issued October-June for new residence construction.

9. ITEMS FOR FUTURE AGENDAS: None.

10. ANNOUNCEMENTS OF COMMUNITY INTEREST:

A. Seven cities in the area had lawsuits pending against LCRA. The jury rendered a verdict in the first case today and awarded New Braunfels \$30.5 million. KPUB's suit with LCRA goes to trial October 2, 2014.

- B. The city parks department and TNJ Engraving will be hosting at skate park competition at Singing Winds Park on Saturday, July 26, starting at 11:00 a.m.
- C. The police department was accepting applications for persons interested in participating in the Citizen Police Academy class beginning August 7.

11. EXECUTIVE SESSION:

Ms. Keeble moved for the city council to go into executive closed session under Section 551.071 of the Texas Government Code; motion was seconded by Mr. Conklin and passed 5-0 to discuss the following:

Section 551.071:

- Discussion with the City Attorney pursuant to §551.071 of the Texas Government Code regarding Kerr Central Appraisal District.

At 7:57 p.m. the regular meeting recessed and council went into executive closed session at 7:58 p.m. At 8:23 p.m. the executive closed session recessed and council returned to open session at 8:24 p.m. The mayor announced that no action had been taken in executive session.

11. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

No action taken during open session.

ADJOURNMENT. The meeting adjourned at 8:24 p.m.

APPROVED: 08/26/2014

/s/
Jack Pratt, Jr., Mayor

ATTEST:

/s/
Brenda G. Craig, City Secretary