

CITY COUNCIL MINUTES
OF A SPECIAL MEETING

KERRVILLE, TEXAS
JULY 27, 2010

On Tuesday, July 27, 2010, the Kerrville City Council meeting was called to order by Mayor Wampler at 4:30 p.m., in the city hall council chambers, 800 Junction Highway, Kerrville, Texas.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochran	Director of Information Technology
Kim Meisner	Director of General Operations
Kevin Coleman	Director of Development Services
Charlie Hastings	Director of Public Works
Mike Erwin	Director of Finance
Tara LaMontia	Assistant to the City Manager
John Young	Police Chief
Sandra Yarbrough	Asst. Director of Finance
Antonio Martinez	Director of Library Services
Malcolm Matthews	Director of Parks and Recreation
Mike Wellborn	City Engineer
Mark Beavers	Asst. Fire Chief
Sai Vongchampa	Budget Analyst
David Knight	Police Captain
Susan Michelson	Municipal Court Administrator
Eric Maloney	EMS Coordinator
Johnna Wade	Main Street Manager

PRESENTATION OF PROPOSED FY11 BUDGET.

Mr. Parton presented a balanced proposed FY11 budget and noted the following:

- Tax rate proposed for FY11 remained \$.5625; net taxable values decreased from \$1,743,753,474 in FY09 to \$1,742,625,892 in FY10.
- The proposed tax rate (\$.5625) was lower than the effective tax rate (\$.5753); public hearings were not required; however, he recommended public hearings be held.
- General Fund budget was \$19,977,572, a 14.8% decrease from FY10; water and

sewer fund budget was \$8,822,735, a 5.9% decrease; for a total proposed budget of \$37,972,742, and 9.2% decrease from FY10.

- Total FY11 revenue was estimated at \$38,843,876 from all funds; largest fund sources were services at 31% of total revenue, property tax 24%, and sales tax 12%.
- The maintenance and operations rate was \$.489; the debt service rate was \$.0735.
- No change in water and sewer rate was proposed; however, if the city issued FY11 debt as called for in the five year CIP plan to fund additional wastewater projects (this was not in the proposed FY11 budget) the average monthly bill would increase \$1 per 1,000 gallons of sewer, for an average of \$5 per month. In FY10 the council did implement a 5% water and 13% sewer increase to smooth out future large rate increases; however, revenue was down in FY10 due to several rains resulting in low water consumption, and projects were deferred.
- Increase in solid waste rate to \$16.26.
- The five year capital improvement plan anticipated \$135,000 in the general fund; \$100,000 in the water and sewer fund; and \$6,179,000 in water and sewer debt for FY11.
- The FY11 budget did not anticipate any use of reserve fund balance. He noted the city had been using the reserve fund the past several years; the fund balance should be \$5 million, and he estimated the FY10 year end balance at \$2.5 million.
- The proposed budget did not include step, merit, or cost of living adjustment for any city employees; employees would pay increased insurance cost.

Mr. Parton also noted staff had met with the county to discuss the proposed increase in the county's participation for EMS services in FY11 from \$150,000 to \$242,335 based on the city's projected base budget. He noted that costs that were previously in the fire department budget that subsidized the EMS budget were placed into the EMS budget. The county requested actual cost to meet service demand of EMS and staff will provide that information. He noted that depending on the type and potential severity of the EMS call, a fire truck also responded to assist the EMS unit, and the cost of that fire truck to respond was not included in the county participation. He noted that an additional EMS unit and crew had been added in the FY10 budget. The average response time to a call in the city was 5 minutes; average response time in the county was 13 minutes.

Mr. Parton reviewed the schedule for several budget workshops and public hearings prior to adopting the budget by ordinance on September 28.

PRESENTATION AND DISCUSSION REGARDING THE CITY OF KERRVILLE EMPLOYEE RETIREMENT PLAN WITH TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

Ms. Meismer reviewed the current employee retirement plan and noted the employee was required to deposit 7% of their salary into TMRS; the city matched the employee's contribution 2 to 1; this was a standard plan with TMRS. She noted for many years the city had Updated Service Credits (USC) (for current employees) at 100% and cost of living adjustments (COLA) at 70% of the consumer price index to protect benefits from inflation. In 2009 the city council voted to reduce the COLA to 50% effective January 1, 2010. She estimated the elimination of the USC and COLA would save the city

\$490,945.40 annually. The city currently had 144 retirees and 53 active employees who were eligible to retire.

Eric Davis, TMRS deputy executive director, reviewed current economic conditions and TMRS' investment strategy. He noted that based on the plan changes presented by Ms. Meisner, the city would save \$490,945.40 the first year and this would establish the city's new base line contribution rate at 9.4%, down from the current rate of 16.03%. The plan change would not reduce any employee's accrued benefit or the retiree's current annuity, and the only way an employee would receive the city's share of the 2 to 1 contribution match was if they retired from the city. In comparing the city's plan with others, he noted the city's plan to be average with other cities, low compared with other government plans, low compared to the State Teachers Association, and slightly higher than the private sector. He noted that in future years, the city council could add the USC and COLA benefits back to the city's plan.

Ms. Meisner noted if council approved the budget, it included elimination of the USC and the COLA, staff would prepare ordinances for council's approval at a future meeting and changes would be effective January 1, 2011.

Council noted if the TMRS plan amendments as proposed by staff were not approved by council, more employees would have to be cut from the budget; 18 positions had already been eliminated.

Adjournment: The meeting adjourned at 5:37 p.m.

APPROVED: _____

David Wampler, Mayor

Brenda G. Craig, City Secretary