

CITY COUNCIL MINUTES
SPECIAL MEETING

KERRVILLE, TEXAS
FEBRUARY 3, 2015

On February 3, 2015, 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	Councilmember
Stacie Keeble	Councilmember
Gary Stork	Councilmember

COUNCILMEMBER ABSENT: None

Gene Allen Mayor Pro Tem

CITY EXECUTIVE STAFF PRESENT:

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

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

2. CONSIDERATION AND POSSIBLE ACTION:

2A. Presentation by LNV regarding the Phase I services for the expansion of the landfill and direction to staff.

Ms. Day estimated the life of the landfill at seven years, if the city resumed landfill operations. She estimated at least 3-4 years for design and permitting before construction of a new area could begin. Transferring waste to another landfill was only a temporary measure, and was not the most cost effective method of disposal. Each of the proposed expansion projects would add 50 years to the life of the landfill; with some overlap of the existing landfill, the total of both projects could permit a life expectancy of 85-100 years. The cost of the permitting process was approximately \$500,000 and there could be some cost savings by doing both permits at this time. She noted that some funds were available for post closure; also, if the city wanted to move landfill operations to another location that process would be considerably more difficult and expensive.

Amy Hesseltine and Christie Perez of LNV presented the preliminary evaluation of Phase I of the landfill expansion options, known as the Big Hill and Western expansions, and taking into consideration the city's potential reuse pond project. They provided information and recommendations if the council chose to proceed:

- The total acreage of the existing landfill, Big Hill, and Western expansion was 105 acres.
- Existing landfill life and capacity: 770,000 cubic yards available in the existing permitted area, estimated landfill life 50 years if continue transferring, 7 years if city resumes full operation. City was contracted with Republic Waste Services through 2030 to transfer waste to a private landfill in San Antonio.
- Necessity of permitting: minimal life at current landfill and unforeseen regulation changes that could potentially inhibit expansion permitting.
- Reviewed previous assessments conducted by CEC in 2006 and preliminary assessments LNV conducted on Big Hill expansion, including: archaeology, threatened and endangered species, floodplain, wetlands, groundwater, subsurface soils/geology, and suitability of soils.

-Archaeology: Big Hill expansion: large unsurveyed area; Western expansion: previous survey found cultural resources; additional survey and testing needed to determine status. Recommendation: Combining this survey with the survey currently underway by Freese & Nichols, Inc. (FNI) for the reuse pond project; survey conducted by qualified archaeologists. Some archeological and cultural resources were found in the past, and the Texas Historical Commission recommended additional surveys.

-Threatened and Endangered Species: Recommend coordination with FNI and Texas Parks & Wildlife on study for reuse ponds, and biological assessment by qualified biologist; if habitat was found, may have to avoid that area or do mediation.

-Floodplain: Big Hill expansion was not located within a floodplain and no further assessment was needed. The Western expansion portion was within the 100 year floodplain of Third Creek. Recommendation: Coordinate with FNI to do floodplain design and modeling for both the reuse pond and landfill expansion projects to avoid duplicate work and ensure aspects of all projects are included in the evaluation.

-Wetlands: The US Fish and Wildlife Service map indicated potential wetlands in the area. Recommendation: Coordinate process with Corps of Engineers to see if wetlands existed and if they had jurisdiction. If more than a tenth of an acre of wetlands was filled in, mitigation would be required.

-Groundwater: Subsurface exploration to measure depth of groundwater. Installed five Piezometers in the Big Hill Area; Western Expansion had piezometers installed previously and FNI completed 15 soil borings and laboratory testing. Recommendation: Continue to inspect and monitor measurements. The liners at the landfill were designed to provide a permanent barrier to protect groundwater.

-Subsurface soils/geology: Big Hill soil borings and testing completed; Western expansion soil borings and testing previously performed. Recommendation:

Gather and evaluate data and prepare and submit a boring location plan for TCEQ approval.

-Suitability of Soils: Minimal amounts of soil suitable for clay liner material in expansion footprints; however, soil was suitable for daily cover, intermediate cover, and protective cover. Recommendation: Review data from new soil borings performed at soccer fields for use at landfill and/or reuse pond project; also area excavated for soil could be used for landfill expansion or wastewater operations.

- Phase 2: complete more detailed assessments prior to design and permitting effort; estimate 60-75 days to complete, if archeological dig is not necessary; provide report to TCEQ, 12-24 months.
- Phase 3: TCEQ review report.

Ms. Keeble moved to accept the preliminary assessment of the landfill expansion; Mr. Conklin seconded the motion and it passed 4-0.

2B. Authorization for the city manager to execute a professional services agreement with LNV for the Phase 2 services associated with the expansion of the municipal landfill.

Staff noted the professional services agreement for Phase 2 included the assessments discussed in Item 2A and working with state and federal agencies to get clearances before proceeding to design. The estimated cost was \$122,600 and completion not to exceed 60-75 days, maybe longer if additional surveys, mediation, archeology dig, etc. became necessary. Upon approval of the agreement with LNV, staff would also prepare a contract amendment with Freese & Nichols to increase the scope of testing as discussed in Item 2A.

Mr. Conklin moved to authorize the city manager to execute a professional services agreement with LNV for the Phase 2 services associated with the expansion of the landfill. Mr. Stork seconded the motion and it passed 4-0.

2C. Presentation regarding proposal for collection services, recycling and transfer station operations and fees and direction to staff to amend agreements with Republic Services for collection and landfill services.

Staff reviewed current and proposed curbside collection, recycling, and landfill and transfer station operations. Republic Waste representatives present were: Bill Rich, Modesto Dominguez, and Barry Loveless. The current contract with Republic Waste would expire in 2030; staff and Republic proposed amendments to the contract to address the following issues:

Curbside Collections:

Current Operation: trash picked up in various containers and plastic bags; customers provide their own containers; collection of household trash and recycling weekly, brush monthly, and one spring clean up annually. Single stream recycling was limited to an 18 gallon container. Trash collection and recycling provided weekly on the same day; three men per truck was very labor intensive and costly.

Proposed Operation: Presented six collection options and costs for automated trash and recyclable collections in 96 gallon containers (totes); two 96 gallon totes would be provided free to residents, one for trash and one for recycling; trash picked up weekly, recyclables picked up biweekly; trash collection Monday-Thursday every week and recycling on Friday with half of city one week and half the following week; brush monthly; two spring clean-up days; and two free landfill drop off days.

Staff noted the following:

- The cost increase for the current level of service was \$0.80 per month; the increase for Option 6 would be \$2.00 per month locked in for 18 months. Also, the city gets 5% back on the administrative fee of the contract.
- Republic would provide two 96 gallon totes free to customers, and broken totes would be replaced at no charge; additional totes would cost \$5 per month.
- Republic would not pick up anything outside of the totes except at Christmas.
- Automated pick up would keep rates low and help keep the city clean by using closed containers, and eliminating bags on curbs would reduce litter problems created by animals and weather.
- The Option 6 automated program could begin city-wide 60-90 days after execution of the contract amendment.

Mr. Dominguez noted that Republic had an assist list for people who could not handle a cart and required personal service. Employees would take the trash container from the garage, dump it and return it back to the garage; also, smaller bins could be made available if necessary. Republic had made test runs through Methodist Encampment area where streets were narrow and automation could be done. The automated arm of the truck could not extend higher than the height of the truck. The tote lid would not open until the tote was inside the enclosed area of the truck, the tote was returned to the curb, and the hopper would be cleared before the next container was picked up. This process would lessen the chance of wind-blown debris on the streets.

Landfill and Transfer Station Operations:

Current Operations: Minimum charge for dumping was \$10.29; tipping fee was \$56.22 per ton; hours of operation 7:30-4:50 Monday-Friday and 7:30-3:50 Saturday.

Proposed Changes: Minimum charge for dumping for residential would be \$20.00 and commercial would be \$66.26; tipping fee would be \$66.26; hours of operation 7:30-4:50 Monday-Friday and 7:30-1:00 Saturday.

In 2006 the city contracted with Republic to manage landfill operations and transfer waste to a landfill in San Antonio. The city contracted with Republic for residential trash collection for city residents only; all commercial and out of city residential trash collection was contracted directly by Republic; 80% of the trash received at the landfill was from commercial and out of city residential customers.

Republic had been losing money since the first day it opened and requested the city reevaluate the contract and allow Republic to set a base charge for trash drop off. Staff noted that city customers were served through the city collection services contract.

Recycling Center Operations:

Current operation: The existing recycling center was located on land leased from the county. If the city closed the center, the building and improvements would belong to the county. Staff reviewed current recycling center operations and noted the center was operating at a \$250,000-300,000 annual deficit. Staff recently implemented two changes at the center in order to decrease the deficit: no longer accepting glass or picking up recyclables outside the city; 80% of the recycling activity was generated by commercial customers or residential outside the city. The city was paying \$50,000 a year to dispose of glass, which was likely going to a landfill. 85% of the glass received was from outside the city. The city's recycling center was the only place accepting glass and the city had to pay to dispose of it as there was no market for glass.

Proposed operation: Staff presented three options for recycling: Option 1, the center would continue operations with no changes, a deficit of \$260,000 annually; Option 2, single stream recycling at the existing center, two employees, less hours of operation, and resale of cardboard and paper only and disposing of all other recyclables, the estimated deficit would be \$233,355; Option 3 single stream recycling at the landfill and managed by Republic, no staffing, customers would unload their own recyclables and place in bins; deficit \$177,000 first year due to one-time capital improvements and \$92,000 annually thereafter. If the city closed the existing recycling center, employees would be allowed to transfer to other city departments; no layoffs would occur.

Council consensus was to move toward implementing option 3 and relocate recycling operations to the landfill and managed by Republic.

Council also discussed the following:

- Brush collection: Staff was asked to negotiate with Republic to see if there would be any rate reduction if the city went to quarterly instead of monthly brush collection. Staff noted a quarterly collection would create code enforcement issues and result in collection of unsightly debris.
- 100% of bagged leaves went to compost after the bags were removed.
- Discussed purchasing a vacuum truck, \$85,000; residents would rake leaves into the street and the truck would vacuum leaves directly from the street and mulch them; convenient for residents and would clean streets and gutters.
- Keep hazardous waste drop off day, cost was \$25,000 per event; staff look at possible grants to fund a second day.

Mr. Dominguez noted that rate adjustment mechanisms were built in to the current contract such that the annual rate increase was based on a consumer

price index related to employment and economic factors; if the city agreed to any of the options presented, and agreed to change the CPI to a standard that was more applicable to the industry, Republic would lock in the prices quoted for 18 months.

The consensus of the council was to direct staff to renegotiate a better price for Option 6 for collection services and better rates at the landfill and transfer station.

Staff will bring the costs and contract amendments back to council for approval.

3. DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED FISCAL YEAR 2016 BUDGET

Mr. Parton reviewed the goals, mission, and vision statements. The consensus of the council was to add the words “with transparency” to Item 2.

Mr. Parton stated he would present council a balanced budget and a prioritized list of unfunded projects for council to consider if funds were available. He presented fiscal sustainability models for all funds and reviewed core assumptions:

- No increase in utility rates, may consider future increase to fund capital projects; need to prepare a long term utility rate model.
- \$0.5625 ad valorem tax rate.
- General fund revenue projections: 1.7% growth in property tax revenue; 3% growth in sales tax; and 1.7% growth in water and sewer revenue.
- Maintained current department operations and staffing levels.

Mr. Parton also discussed the following:

- Budget assumed \$200,000 revenues above allocations in general fund.
- Budget included moving \$600,000 in to fire reserve fund, and maintaining current staffing levels.
- FY2017 budget anticipated \$200,000 expense for operation of athletics complex.
- Current sales tax exceeded projections.
- New home permits totaled 70 in FY 2014; currently at 18 new residential and one new commercial permit for the first quarter of FY 2015; three major projects were underway: the veterans housing project, Emil Cottages, and Brookhollow Apartments rehab.
- Water supply: The treatment plant produced 7 mgd; 13 mgd maximum production when water was available from all sources and the state was not curtailing water from the river. The city had supply sufficient to meet 30% growth; however, system limitations existed. The city operated eight groundwater wells and maintained 700-800 mg of water in the ASR wells, a six month supply.
- The goal was to have 105 million gallons capacity for reuse water by 2020; having effluent available for irrigation would conserve the potable water supply.
- Currently \$48 million of capital projects in progress, including \$28 million for the effluent reuse project.
- Debt service in the general fund would drop significantly in 2022; the goal was

to not issue debt that would affect the property tax rate; however, he discussed the 2008 facilities master plan and several major deferred facility needs: utility construction and purchasing building at city yard, justice center/police building, municipal court, fire/EMS administration offices, and equipment maintenance building. He recommended evaluating city land on Loop 534 for a justice center/police building.

- Recommended an equipment replacement schedule be prepared, some of the city's equipment was outdated, particularly in the fire department.
- Future budgets may include an additional employee due to the state's requirements for increased monitoring for water, wastewater, and industrial waste.
- Proposed a citizens survey be conducted by National Research Council, a national firm associated with IMCA; surveys randomly mailed to 600 households, estimate 40% response; cost \$12,000 to prepare and conduct the survey and prepare the results and present it to the city council. The survey would also benchmark and provide a comparison with other cities. Council would review and approve the survey before it was mailed. The last survey was done in 2008.

Mr. Parton recommended maintaining the current tax rate through 2016 before considering lowering the rate, noting the city was still recovering from the cuts made to balance the budget in 2010. Sales tax was often unstable and the city needed to be sure that projections were steady and sustainable.

Council also discussed:

- The city had not received the \$25,000 from the recent litigation for ASR 3.
- A bill before the state legislature would lower the property appraisal cap from 10% to 5%.
- Requested a list of deferred capital projects and facility needs as these should be addressed.
- City had street equipment and staff to begin a more aggressive street and drainage maintenance program this year.

ADJOURNMENT: The meeting adjourned at 12:14 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary