

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
February 23, 2016

On February 23, 2016, 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 Susan Liljestrand, Associate Pastor at the First Presbyterian Church, followed by the Pledge of Allegiance led by Fire Chief Dannie Smith.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Gary F. Stork	Mayor Pro Tem
Bonnie White	Councilmember
Gene Allen	Councilmember

COUNCILMEMBER ABSENT:

Stephen P. Fine	Councilmember
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CITY CORE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Day	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Ashlea Boyle	Special Projects Manager
David Knight	Police Chief
Dannie Smith	Fire Chief

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

1. VISITORS/CITIZENS FORUM:

1A. Robert Naman said he previously stated that city staff had not adequately disclosed the potential use of ad valorem taxes to pay for the effluent project; however, staff did explain it at a council meeting in November 2015, and he agreed that securing the bond with both funds made sense in order to lower the interest expense. He reviewed language in the official statement of the bond issue which pledged ad valorem tax and utility system revenue. He was disturbed by the funding of \$2 million for the indoor baseball facility from bond proceeds. He opined that the city should seek approval from current bond owners to amend the covenants of the bond to limit payment to only utility revenue, or refund the current bond issue and issue a new bond secured only by the sale of grey water at market rate and other utility system revenue. The city must guarantee that no ad valorem or general fund revenue will be used to pay for the effluent project, and the city should pay for the indoor baseball facility from ad valorem tax.

2. PRESENTATIONS:

- 2A. Proclamation proclaiming March as American Red Cross Month.
- 2B. Resolution of Commendation to David Watterson for service on the Planning and Zoning Commission.
- 2C. Resolution of Commendation to Tyler Archer and Brenda Hughes for service on the Food Service Advisory Board.
- 2D. Resolution of Commendation to Scott Bolton for service on the Main Street Advisory Board.
- 2E. Resolution of Commendation to Danny Almond; Mark Bosma; Richard Charter, II; John Harrison; David Lipscomb; John Lovett; Ben Low; Justin MacDonald; John Miller; and Carol Swanson for their service on the Reuse Water ad hoc Advisory Committee.
- 2F. Presentation of the Kerrville Beautification Advisory Committee's Beautification Recognition Program Awards: Billy's Western Wear received the business beautification award and Tim and Amy Blanks at 707 West Main received the residential beautification award.

3. CONSENT AGENDA:

Mr. Stork moved to approve consent agenda items 3A through 3B; Ms. White seconded the motion, and the motion passed 4-0:

- 3A. Minutes of the city council regular meeting held December 8, 2015, and the special meeting held December 15, 2015.

END OF CONSENT AGENDA

4. CONSIDERATION AND POSSIBLE ACTION:

- 4A. Report on the water/wastewater analysis performed by Freese and Nichols on the Peterson Farm Road (PFR) property and direction to staff.

Ms. Day noted in October 2015 council asked staff to evaluate the potential for providing water and wastewater service to the undeveloped 86 acres on PFR owned by EIC for possible housing and commercial development. The property was in the city and zoned PDD (planned development district). Staff evaluated both off-site upgrades and infrastructure within a potential development. The evaluation was based on the assumption of 240 multi-family residential units (2.2 people/unit; 190 gallons/capita/day for water and 110 g/c/d for wastewater) on 30 acres, 50 acres for commercial development (1,100 gallons/acre/day for water; 1,000 g/a/d for wastewater; and 1,500 gpm water for fire flow), and some floodplain issues within the property. She noted that several capital projects were already scheduled in the CIP to achieve fire flow and looping to correct existing TTHM (total trihalomethanes) issues in this area. Those projects would get fire flow to 1284; however, additional projects were needed to achieve 1500 gpm.

Freese & Nichols, Inc. (FNI) performed a water system analysis and a wastewater system analysis for the full development of the property based on the assumptions.

Ms. Day reviewed the FNI analysis and presented options for utilities along the PFR area:

Option #1: Single Family Residential Development:

Water: Need internal distribution system, cost \$1,478,900, included:

Project A: 12" water lines; loop PFR; and connect to existing 12" water line on Hwy. 27.

Wastewater: Need collection system, cost \$1,263,600, included:

Project C: 2" gravity line from PFR property to Al Mooney airport lift station, and 6" wastewater gravity lines within the property.

Notes: Fire flow requirements are met and off-site wastewater can handle demand; sufficient capacity for single family residential development.

Option #1 total project cost \$2,742,500.

Option #2: Multi-Family Residential Development:

Water: Need system improvements, cost \$3,732,300, included:

Project A.

Project B: 12" water line on Hwy. 27.

CIP Project 4: 12" river crossing water line.

Wastewater: PFR development collection system, cost \$1,263,600, included:

Project C.

Notes: Fire flow requirements not sufficient without above projects; off-site wastewater sufficient to handle demand for 240 residential units; opens up other areas for commercial or multi-family developments; Project 4 is a CIP project for 2027.

Staff anticipated some participation by developer.

Option #2: total project cost, \$4,995,900.

Option #3: Multi-Family and Commercial Development:

Water: Need system improvements, cost \$3,732,300, included:

Projects A, B, and 4 (CIP).

Wastewater: PFR property, cost \$10,465,800, included:

Project C

Project D: Al Mooney lift station rehabilitation.

Project E: 12" Hwy. 27 wastewater line.

Project F: 6,300 gpm Legion lift station.

The cost to expand the project to serve all PFR customers would be an additional \$2,643,500.

Notes: Water upgrades were necessary to provide fire flow; off-site wastewater upgrades necessary for commercial development; gives additional opportunities for commercial and residential development; Legion lift station is excluded from the cost as it is a CIP project for 2019; and Project 4 is a CIP water project for 2027.

Option #3 total project cost is \$6,375,800, excluding the Legion lift station upgrade which is a CIP project for 2019.

Ms. Day noted the Legion basin was a much larger basin and needed additional capacity not just for this property. The \$460,000 would increase capacity to the Legion lift station project beyond the PFR project. She also noted that all cost figures were in today's dollars, no inflation increase. Council noted that some CIP projects would have to be escalated if development of the property moved forward.

Mr. Parton noted this was the first step, to evaluate the feasibility of providing utilities to serve the subject property and beyond. If City Council and EIC agreed to support such a project, then staff would prepare a land plan.

Council also discussed the following:

- Need to prepare a marketing study to see what the pay back on investment would be to the city before proceeding to put in infrastructure. Mayor Pratt noted the marketing study would be one of the requirements for the developer and not the city's responsibility.

- Should not fund project until a developer had been selected.

- PFR was a county road; if the city annexed PFR, the city would have to make improvements to meet city standards and maintain the street.

- Development would also require a traffic study and flood study.

- Minutes of a council meeting in 2010 stated that high residential development should not be allowed to build outside the airport. Mayor Pratt noted this had to do with the flight pattern, the direction of the runways and the height of buildings contiguous to the airport; the subject property was not in the flight path of the runways.

- The city had other areas that could develop which already had utilities.

- Providing utilities to EIC's property would also enhance the value of property and create a potential for development all along PFR and Highway 27.

- 4B funds could be used because this would be new development; city could also use 4B funds for the athletic complex since it was also new development; council had the ultimate authority over EIC spending.

- Companies were moving in and creating jobs; the purpose of workforce housing would be to create an upgrade in workforce housing.

The following persons spoke:

1. Ed Hamilton agreed that Kerrville needed housing and noted 94-96% occupancy on apartments; however, the city owned 100 acres at Singing Wind Park that would be suitable for housing and already had infrastructure. He opined that the complication of the revisionary clause for parks could be worked out. Apartment housing should be developed on the city's property at Singing Winds and not at the airport. EIC should sell their land.

Mr. Parton noted that parkland could not be converted to another use without approval of a voter referendum.

2. Russell Nemky agreed that a growing workforce required reasonable housing. Higher end affordable apartments might be a better use of Singing Winds Park.

Mr. Stork moved to receive the report and ask staff to proceed with the next logical direction with this project. Mr. Allen seconded the motion and it passed 4-0.

Mr. Parton stated he would present the study to EIC to receive their input.

4B. Building naming request from Playhouse 2000, Inc. for the new Cailloux Campus Support Facility located at 913 Jefferson Street.

Ms. Boyle noted the city received a request from the Playhouse 2000 (P2K) Board to name the new facility "The Kit Werlein Annex". The naming policy adopted by council in 2011 gave the city council final authority over naming requests of city owned facilities.

Jeffrey Brown, Executive Director of Playhouse 2000 noted construction was complete and the grand opening would be in April. The P2K Board of Directors requested the city name the facility "The Kit Werlein Annex"; he noted that P2K major donors also supported this request.

Mr. Allen moved to direct staff to proceed. Mr. Stork seconded the motion and it passed 4-0.

5. INFORMATION AND DISCUSSION:

5A. Regulation of video gambling activities and video gambling machines and the creation of a citizen's advisory council to provide feedback to the City Council. Mayor Pratt discussed potential problems with possible expansion of video gaming and gambling machines and suggested appointing a citizens ad hoc committee to evaluate the need for a local ordinance to give police more access and cut down on crime.

Council discussed the following:

- State law was very strict; what restrictions could be added above state law?
- Only three gaming facilities in the city; was there a problem? Chief Knight noted state law was strict and very clear; the police would shut down any business or person violating state law.
- Gambling was regulated, but gaming machines were not unless they paid out ten times more than the amount put in.
- Could study convenience stores and businesses that play for tokens used to purchase items.
- Staff should study the issue instead of a committee as staff had resources and authority to access information.
- State law does allow amusement licenses that award non cash prizes.
- Was a legal issue that should be left to the city attorney and city staff.

Mayor Pratt moved to establish an ad hoc committee of 7 members and 2 alternates to study and make recommendation to council regarding video gaming and associated activities, and that Mayor Pratt and Councilmember Stork be the council liaisons. Mr. Stork seconded the motion and it passed 4-0.

5B. Budget and economic update.

Ms. Yarbrough gave the financial report year to date for the period ending January 31, 2016: general fund revenues totaled \$9,182,556 and expenditures \$7,726,326; water and sewer fund revenues totaled \$3,796,364 and expenditures \$3,207,902; hotel/motel fund revenues totaled \$331,536 and expenditures

\$227,850; 30 permits for new residential construction and 0 for new commercial construction. She reviewed the budgets for six major capital projects: Jefferson lift station, Ridgewood transmission line, Broadway lift station, river trail, Louise Hays and Lehmann/Monroe Park, and the athletic complex.

6. BOARD APPOINTMENT:

6A. Planning and Zoning Commission. Ms. White moved to appoint Michael Sigerman to the alternate position with term to expire January 1, 2018; Mr. Stork seconded the motion and it passed 4-0.

7. ITEMS FOR FUTURE AGENDAS

- Historic building preservation policy.

8. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- Get crafty at the library, February 25.

9. EXECUTIVE SESSION: None.

10. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: None.

ADJOURNMENT. The meeting adjourned at 7:17 p.m.

APPROVED: _____

ATTEST:

Jack Pratt, Jr., Mayor

Brenda G. Craig, City Secretary