

CITY COUNCIL MINUTES  
SPECIAL MEETING

KERRVILLE, TEXAS  
AUGUST 12, 2016

On August 12, 2016, the Kerrville City Council meeting was called to order at 5:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street. Invocation was offered by Mayor White and the Pledge of Allegiance was led by Fire Chief Dannie Smith.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
Stephen P. Fine	Mayor Pro Tem
Gary F. Stork	Councilmember
Gene Allen	Councilmember

COUNCILMEMBER ABSENT:

Glenn Andrew	Councilmember
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CITY CORE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda G. Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meisner	Director of General Operations
Dannie Smith	Fire Chief
Kaitlin Berry	Special Projects Manager
Curtis Thomason	Asst. Police Chief

**2. CONSIDERATION AND POSSIBLE ACTION:**

**2A. Discussion and direction to staff regarding the proposed Fiscal Year 2017 Budget.**

The following persons spoke:

1. George Barody spoke against the pond for the water reclamation project as proposed by staff stating the city could accomplish the same goal for \$13 million instead of \$18.5 million. He opined that the Freese & Nichols, Inc. (FNI) study said they would not do the project with a pond, and noted more water would be lost through evaporation. The city would need a second advanced treatment plant. He opined that the same project could be accomplished by constructing the lines from the plant to the customers and letting customers build their own storage tank. He opined that the city had capacity without building a storage facility; therefore the KPUB loan was invalid because it could only be used for the customers of the water reuse pond. Further, the city would not have to destroy the soccer fields so it did not need the new soccer fields at the new athletic complex and that land could remain private land; therefore the frontage road was no longer needed.

Mr. Parton presented the proposed budget, and discussed the following items with council:

- Balanced budget built on council direction; \$51 million total budget.
- Property tax rate to remain the same, \$.5625/\$100 resulting in increased revenue based on increased assessed valuation and property added to the tax roll.
- \$24,480 increase in transfer from utility fund to general fund for increased operational expenses, staff support, IT services, hardware, maintenance, etc. provided by the general fund to the utility fund.
- Increased revenue \$22,000 due to sustained activity at Kerrville Schreiner Park.
- Fines and forfeitures revenue up \$155,000 due to sustained ticket activity.
- Changes in some permit fees.
- Intergovernmental fees increased; county Fire/EMS increased as per contract.
- Added two school resource officers in police department; one code compliance officer, relocated one position from parks maintenance to municipal court.
- Fully staffed traffic division in the police department.
- Texas Municipal Retirement System re-rate analysis; for the city to be funded at 99%, a 0.8% increase across all funds was necessary.
- Included extensive repairs to Legion lift station.
- Garage fund, transfers from other funds to cover maintenance performed at the city garage.
- Transferred \$700-900 to asset replacement fund for future replacement of fire engine at Station 3.
- Utility debt service fund included payments on the KPUB loan of \$180,000.
- Included expenses associated with opening the athletic complex in the last quarter of the year.

Mr. Parton responded to the question about the need for a 105 mg pond to provide holding capacity for the reclamation project. The existing plant was an on demand system and during peak times all water was consumed. The pond would create a holding reserve to capture water that otherwise would go downstream and be lost to the city. The pond was also necessary to regulate the volume of water and provide systematic production of water. There is no way the city can guarantee delivery or sustain consistent level of production without reliable water storage; the plant had to have water flow at the time of demand. Direct Potable Reuse (DPR) will require an additional treatment plant in order to treat the water to additional standards before it can go into an ASR well. The DPR project should be underway by 2019 and online in 2020.

2. Robert Naman noted that when electric providers cannot meet demand, they had rolling brownouts; maybe the effluent irrigation system could be operated in the same manner, or maybe people have to ration water. He was opposed to spending money for a pond. The budget proposed the reuse fee be 38¢/1,000 gallons; the fee should be set at 65¢/1,000 to recover the distribution cost. If the city charged Schreiner University (SU) and Riverhill Golf Course (RGC) for their line, the city's debt would be less. In 2010 Kerrville's ad valorem tax was \$400 per person; Mr. Naman opined this amount was low compared to other cities; however, Kerrville's utility debt was high, \$2,800-3,000 per person, and the city continued to use water and sewer rates to fund the general fund. He opined that the city should tell people to pay higher ad valorem taxes, and the city should not sell more debt.

Mr. Naman also noted that last year the city met its 25% reserve balance; this year the city proposed to set aside additional funds, why was the city building an excess balance? The 2014 budget stated that the water and sewer needs were good for 10-15 years, but \$20-30 million was on the future capital projects list.

Mr. Parton noted in the 1980s and 1990s, the city was spending an average of only \$250,000 annually for drainage, streets, and water and sewer improvements combined. Since then, the city had been issuing debt to catch up on maintenance and expansion of the core infrastructure and meet capital needs. Now, the city was building a reserve fund to help stabilize rates and fund future maintenance and projects with available cash to lessen the need to issue more debt.

Mr. Parton continued with the budget presentation:

- The Economic Improvement Corporation's 2017 budget earmarked \$3 million for construction of wastewater lines to SU and RGC; he anticipated EIC approval at the September meeting. Mayor White questioned if the SU and RGC extensions would meet the definition of state law.
- \$500,000 budgeted for 529 Water Street; funding proposed to come from grants and fundraising.
- Reviewed several major capital projects: remodel of Fire Station 3, parking garage repairs, aquatics center, etc.
- Debt service would begin shrinking in 2021 and one-third of the city's debt would be paid off, adding capacity for additional debt.
- Community survey to identify how people see the community and ask for their concerns; need citizen input into the process of identifying capital projects.
- Mayor White noted disparity in the number and cost of personnel in the general fund and the utility fund. Mr. Parton noted that staff levels were based on programming and resources needed to provide the desired level of service; the staff level recommended will achieve the mission for next year.
- Some golf fees increased, but the city was comparable with area courses.
- Bids for the roof at the police building came in higher than expected, need \$500,000 for roof and mechanical work; discussed the need for a justice facility and updating the facilities master plan adopted in 2008.
- Comprehensive plan update, budgeted at \$150,000.
- Wastewater master plan, budgeted at \$200,000.

2B. Resolution No. 17-2016, setting forth the ad valorem (property) tax rate to be considered for adoption for the 2016 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 2017 budget as required by both the City's Charter and State Law.

Mr. Parton noted the resolution would authorize staff to publish the notice calling two public hearings prior to council consideration of setting the maximum ad valorem tax rate at \$.5625, which was the current rate, and was 3.46% above the effective tax rate calculation. This was part of the statutory process for setting the tax rate and budget.

Council noted that even though the rate remained the same, the city's tax revenue would increase by \$384,114 due to increased property assessments and new property added to the tax roll.

Mr. Allen moved for approval of Resolution No. 17-2016; Mr. Fine seconded the motion and it passed 4-0.

2C. Authorization to purchase forty (40) WatchGuard 4RE/VISTA HD Body Camera Systems including evidence library software, licensing and warranty.

Mr. Thomason noted the police department was implementing a new body camera program, and he requested staff be given authority to move forward with the purchase of equipment as stated for \$50,785 to cover all 54 sworn patrol officers; a grant may not be available for future purchases to outfit all uniformed officers.

Mr. Parton noted the city received the matching state grant that was approved by council on March 22. He noted there would be additional costs in future budgets for hardware and software, and additional personnel.

The following person spoke:

1. David Lipscomb asked about future cost. Mr. Parton noted equipment and additional personnel would have to be included in future budgets.

Mr. Allen moved to approve the purchase; Mr. Stork seconded the motion and it passed 4-0.

2D. Resolution No. 18-2016, supporting the adoption of the Rural Project Plan under consideration by the Texas Department of Transportation.

Mayor White reviewed proposed projects approved last year, including the county's recommended updates. Council discussed the following projects:

- Construct service roads to extend from the Harper Highway Interchange of I-10 to Loop 534.
- Construct a new overpass on I-10 between Harper Highway and SH16.
- Replace the partial clover with a diamond interchange on I-10 to include service road(s) to the new overpass.
- Widen the existing section of Harper Road to five lanes from Holdsworth Drive to I-10 in 2-5 years instead of 7-10 years.

The consensus of the council was to change the Harper Road, Holdsworth Drive to IH-10 project from 7-10 years to 2-5 years.

Mr. Allen moved for approval of Resolution No. 18-2016; Mr. Fine seconded the motion and it passed 4-0.

Mr. Parton noted the milling of the roadway under the I-10 bridge at Harper Road should start in November.

**3. APPOINTMENTS TO CITY BOARDS AND COMMISSIONS:**

3A. Appointments to the Mayor's Youth Advisory Council.  
Ms. Berry noted 8 more applications had been received.

Mr. Allen moved to appoint Connor Cook, Roman Garcia, Will Guerriero, Nicole Lorange, Mason Olmsted, Lydia Prislowsky and Ileana Scoccia as regular members; and to appoint Bailey Dulas as an alternate member to the Mayor's Youth Advisory Council. Mr. Fine seconded the motion and it passed 4-0.

**4. EXECUTIVE SESSION:**

Mr. Fine moved for the city council to go into executive closed session under Sections 551.071 and 551.072 of the Texas Government Code; motion was seconded by Mr. Stork 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 6:22 p.m. the regular meeting recessed. Council went into executive closed session at 6:26 p.m. At 6:38 p.m. the executive closed session recessed and council returned to open session at 6:39 p.m. Mayor White announced no action was taken in executive session.

**5. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION:**

Mr. Fine moved to authorize the city manager to sign the letter of intent and move forward with the purchase of property at 237 Guadalupe Street; Mr. Stork seconded the motion.

The following person spoke:

1. Bill Morgan asked who owned the property.

Mr. Fine noted the property owner was Barbara Burton and the property was on the riverside.

The motion passed 3 to 1 with Councilmembers Fine, Stork, and Allen voting in favor of the motion and Mayor White voting against the motion.

**ADJOURNMENT.** The meeting adjourned at 6:40 p.m.

APPROVED: 09/27/2016

ATTEST:

/s/

Bonnie White, Mayor

/s/

Brenda G. Craig, City Secretary