

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
AUGUST 23, 2016

On August 23, 2016, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street. The invocation was offered by Troy Way of New Beginnings Church, followed by the Pledge of Allegiance led by Former Mayor Jack Pratt.

COUNCILMEMBERS PRESENT:

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

COUNCILMEMBER ABSENT: None

CITY CORE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Kim Meisner	Director of General Operations
David Knight	Chief of Police
Dannie Smith	Fire Chief
Kaitlin Berry	Special Projects Manager
Kyle Burow	Director of Engineering
Ashlea Boyle	Assistant Director of Parks and Recreation

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

1. VISITORS/CITIZENS FORUM:

1A. James Wills requested to be on a future agenda to make a presentation on "Saving Our Night Skies" and to discuss an outdoor lighting ordinance.

1B. Jerry Wolff noted a delay in the approval of council meeting minutes. The minutes were about four meetings away; he suggested increasing staff, hiring temporary staff, or using a volunteer. He asked that the item be placed on a future agenda and direction provided to the city manager.

Council noted the videos of council meetings were available on the city's website, usually the next day.

1C. Jack Pratt suggested the city allow motorized transportation, such as golf carts, for handicapped persons to be able to access and enjoy the river trail.

2. PRESENTATIONS:

2A. Swearing in of the 2016-17 Mayor's Youth Advisory Council by Municipal Court Judge Mark Prislovsky.

2B. Recognition of the Competitive Guard Team for winning 5th Place in the Texas Super Guard Competition, 2nd Place Overall in Central Texas Lifeguard Competition, and 1st Place Overall in the State Lifeguard Championship. Members were: Wren Vogel, Jacob Pierz, Carlos Nava, Courtney LaQuey and Taylor Benedick.

3. CONSENT AGENDA:

Mr. Andrew moved to approve consent agenda items 3A through 3D; Mr. Fine seconded the motion, and the motion passed 5-0:

3A. Minutes of regular meetings held June 14 and June 28, 2016 and the budget workshop held June 30, 2016.

3B. Contract for annual audit services with BKD, LLP, to provide professional audit services for the fiscal years ending September 30, 2016, 2017, and 2018 with an option to extend the contract for fiscal years 2019 and 2020.

3C. Waiver of parade permit fee for the Veterans Day Parade.

3D. Authorizing the police department to purchase a new server storage system from CDW-G for video storage of body worn camera systems in the amount of \$75,836.00.

END OF CONSENT AGENDA

4. PUBLIC HEARINGS:

4A. First and only public hearing for the annual budget for the City of Kerrville, Texas, Fiscal Year 2017; providing appropriations for each City Department and Fund.

Mr. Parton noted the proposed budget was a fiscally sustainable, balanced budget for general fund and water and sewer fund and he reviewed the following:

- The 2017 budget including all funds totaled \$51.5 million in revenue and \$50.8 million in expenditures.
- Additional \$384,114 in property tax inclusive of added taxable property and increased assessed values added to tax roll.
- Tax rate remain \$0.5625, the same as the past 8 years.
- Anticipated water consumption rate up 5% and sewer consumption rate up 2% in FY2018.
- \$1.02 base rate increase for monthly utility bills .
- Intentional drawdown of the reserve fund to pay cash for capital needs.
- Water/sewer (W/S) debt service fund increased \$4 million, included KPUB loan.
- Significant reduction in debt service in 2021-2022; debt service capacity of additional \$10 million in FY2021.
- W/S fund anticipates new issuances: FY2019, \$6.7 million; FY2023, \$10.0 million; and FY2026, \$5,0 million for capital projects.
- Sports complex operational expenses budgeted in the last three months.

- Reclamation water project construction begins.
- Employee salary increases based on merit and step plan; overtime pay adjustments; and adjustments due to compensation study.
- Sales tax 3% above current year.
- Transfer from water and sewer fund to general fund \$1.9 million to reimburse the general fund for administrative services provided to the utility fund.
- 50% of general fund expenditures was for public safety.
- Personnel was about 44% of total expenditures.
- Texas Municipal Retirement System re-rate analysis; for the city to be funded at 99%, a 0.8% increase across all funds was necessary.
- New employees: code compliance officer, deputy municipal court clerk, sports complex manger (3 months).
- \$1.25 million for pavement maintenance.
- \$900,000 in capital replacement vehicles: ambulance, 5 replacement vehicles in police department, dump truck, 4 vehicles, included \$300,000 set aside to purchase a new fire truck in 2018.
- \$1.9 million transferred from water and sewer fund to general fund; formula based on staffing requirements.
- .0735¢/\$100 to cover tax supported debt.
- Reviewed the new community investment plan for capital projects.
- Independently conducted citizen input process to review future projects.
- \$22.5 million projects unfunded; reviewed funding plan.
- Reviewed prioritized projects: public safety complex campus, parking garage repairs, KROC detention facility, Fire Station 3 remodel, simulcast radio for fire department; enclose Peterson clock tower elevator to prevent weather related operational issues; and Olympic Pool major renovation and equipment replacement.
- Need to update 2008 facilities master plan.

Mayor White opened the public hearing at 7:05 p.m.; the following persons spoke:
 1. Robert Naman questioned the transfer of \$1.9 million from the W/S fund to the general fund; using funds from the reserve fund; what happened to funds budgeted and not used in any fiscal year; what was the \$150,000 for in special services planning budget; \$290,000 was budgeted for maintenance of the sports complex, when might revenue become sufficient to off-set the cost of the sports complex?

Mr. Parton responded:

-The \$1.9 million transfer from the W/S fund to the general fund was to reimburse the general fund for administrative services provided to support the W/S fund operations, i.e. legal, IT, administrative, finance, human resources; the amount was determined by the departmental resources used.

-A planned draw down of reserve funds was used to fund projects and purchase equipment instead of selling debt. Reserve funds would not be used for recurring expenses.

-Unused funds would go into the overall unreserved general fund or W/S fund, depending whether it was a general fund or W/S fund project.

-The \$150,000 was for a rewrite and update of the comprehensive plan.
-The city had a lease with BTP Baseball Joint Ventures; whereby the city was paid \$168,000 annually; it was an incentivized lease whereby payment could be reduced if BTP brought in revenue or indirect income such as sales tax or facility use fees. The indoor athletic facility was under design now.

2. Peggy McKay asked what the downtown water feature was for \$250,000 and who recommended it? She contended that voters were bypassed when financing was approved. Taxpayers should be asked if they support quality of life projects or infrastructure. She opined that Kerrville was at the top of cities for debt and needed to be in a stronger financial position. Ms. McKay stated that one of the things mentioned in the audit was that the auditors had difficulty following projects and how money was spent as projects progressed; she suggested a different type of accounting system. She quoted statements from the audit about global economy and opined that this was not an encouragement for more debt. She also opined that the mains to be extended to Riverhill Golf Course would not be eligible for EIC funding because RGC was not open to the public.

Mr. Parton noted it was a fountain and EIC contemplated the water feature.

Council noted the city's bond rating was AA.

No one else spoke and Mayor White closed the public hearing at 7:20 p.m.

4B. First public hearing to set the 2016 ad valorem tax rate. (staff)

Mr. Parton noted the tax rate of \$0.5625 reflected the tax levy required to fund the FY2017 budget.

Mayor White opened the public hearing at 7:24 p.m.; no one spoke; Mayor White closed the public hearing at 7:25 p.m.

5. ORDINANCES, FIRST READING:

5A. Ordinance No. 2016-13 altering the prima facie speed limit on State Highway 534 (Veterans Highway) from approximately thirty-one hundred feet north of its intersection with Vista Ridge Drive and continuing in a mostly southerly direction to approximately seven hundred feet south of its intersection with Beech Street, such distance equal to 2.879 miles; reducing said speed limit to 55 miles per hour; establishing a school zone for a portion of the distance; authorizing installation of appropriate signs and markings; containing a savings and severability clause; providing for a maximum penalty or fine of Two Hundred Dollars (\$200.00); and ordering publication. Mayor White read the ordinance by title only.

Mr. Burow noted TxDOT conducted a traffic study and traffic investigation for Loop 534. TxDOT recommended decreasing the speed limit from 60 mph to 55 mph and designating a school zone at 35 mph during certain hours.

Mike Boyd, representing TxDOT, noted that signs and signalization would be placed this week. TxDOT recommended the ordinance for enforcement.

Mr. Fine moved for approval of Ordinance No. 2016-13 on first reading. Mr. Allen seconded the motion and it passed 5-0.

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Interlocal Agreement for the continued existence of a joint airport board to provide management of the Kerrville/Kerr County Airport.

Mayor White noted the proposed agreement was based on the original 2011 agreement and she reviewed changes. Kerr County approved the agreement on August 22.

Mr. Andrew moved for approval of the agreement; Mr. Fine seconded the motion and it passed 5-0.

6B. Interlocal agreement between the City of Kerrville, Kerr County, and Upper Guadalupe River Authority to hire an engineering firm to evaluate flooding risks for Kerr County and provide recommendations.

Mayor White noted Kerr County proposed a county wide early flood warning system (FWS). The parties involved desired to retain a professional engineering consultant to evaluate feasibility, cost and implementation. Mr. Buck (UGRA) and Mr. Moser (County) prepared a request for qualifications to retain a professional consultant to prepare the engineering study, estimated at \$50,000 to be split 40% County, 40% UGRA, and 20% City of Kerrville; the City of Ingram decided not to participate in the program.

Ray Buck, UGRA General Manager, noted UGRA paid Guadalupe Blanco River Authority (GBRA) \$5,000 annually to maintain 22 rainfall monitors in Kerr County. The Kerrville Fire Department (KFD) was the only entity that used the rainfall monitoring system. The proposed FWS upgrade would create a more comprehensive system that would allow Kerr County to receive the information it needed. The cost to the city would be \$10,000 for an assessment study that would be the basis for a grant to implement the FWS. Participation in the assessment study did not commit the city to participate in future FWS projects.

Council noted that city citizens were being asked to pay for the study twice, through county tax and city tax. Mr. Buck replied that UGRA paid GBRA \$5,000 annually for the rainfall monitoring system that was only used by KFD.

Mr. Fine moved to approve participation in the assessment study; as long as it did not commit the city to fund any long term projects. Mr. Stork amended the motion to also include that it would not commit the city to any percentage of funding for any future projects. Mr. Stork seconded the motion.

TP noted funds were available.

1. Jack Pratt stated this was a county wide project and city residents paid county taxes; therefore, there was no reason for the city to participate financially and to

do so would be double taxation. The city could support, but not financially participate, in the project. Mr. Buck noted UGRA paid GBRA \$5,000 for the rainfall monitoring system. Mr. Pratt stated that \$5,000 should come back to the city to reimburse for the funds it spent up front to eliminate double taxation.

2. Robert Hurt noted that many situations involving drownings in the county were remedied with higher bridges.

The motion passed 5-0.

6C. Community survey through the National Citizen Survey to conduct a community-wide public opinion survey on eight key areas of community liability, including public safety infrastructure, recreation and community engagement.

Ms. Berry presented plans to conduct a comprehensive scientific survey to measure public input regarding current performance and long term goals. The National Citizen Survey (NCS) is the gold standard in community assessments and is endorsed by the International City/County Management Association (ICMA). NCS would randomly select 1,500 households in the city limits to receive the survey; NCS anticipated 300-400 households would respond. NCS also provided an opt-in web link that could be made available to all residents who wished to participate. The data collected from the opt-in would remain separate from the scientific survey; however, it would give the city valuable feedback from interested persons. Survey results could be tracked based on geographic area and benchmarked against over 500 surveys from other cities.

Council noted a web-based survey would not be unbiased; the NCS survey would not be subjective and would provide a professional survey based on economical and geographical distribution. The city needed citizen input into capital project planning.

Mayor White noted the city had a lot of other needs and should prioritize spending. The survey questions presented were not applicable to Kerrville, seemed redundant, and were not significant.

The following persons spoke:

1. James Craft opined that the city could conduct the survey itself on line and reach more households, save \$13,000-15,000, and get responses more significant to the community. Staff's proposal would only survey 5% of citizens.
2. Robert Naman noted a large margin for error; the low income households would be less likely to respond, which would distort results.
3. Mike Sigerman noted there were over 9,500 households in Kerrville and only 1,500 were being surveyed; he questioned why the city was not interested in the opinions of the other 7,500. The web opt in would not be calculated in the survey.
4. Tony Farmer questioned in multi-family households who would get to fill out the

survey? Mr. Parton noted the survey would be sent to the head of household.

Mr. Stork moved to proceed with the NCS survey, Tier #3 for 1,800 households at a cost of \$16,902; the motion failed for lack of a second.

Mr. Andrew moved to proceed with the NCS survey, Tier #1 for 1,500 households at a cost of \$13,860, and staff to explore the possibility of shared funding with the Kerr Economic Development Corporation and the Economic Improvement Corporation; however, staff should move forward and not depend on alternative funding. Mr. Fine seconded the motion and it passed 5-0.

6D. Consideration of fiscal year 2017 budget for the City of Kerrville Economic Improvement Corporation.

Mr. Parton noted the proposed FY2017 budget had been approved by EIC; he reviewed projects and the proposed budget:

- Revenue projection estimated at \$3.3 million, an increase of about \$100,000 over 2016.
- Expenditures at \$4.9 million include planned draw down of \$1.6 million from unrestricted fund balance.
- Continues to fund economic development set aside in unrestricted fund,
- Included funding several capital improvement projects through FY2022.
- Is included in the city's 2017 overall budget.
- Administrative services payment to the city at \$100,000. By law, the city cannot give away city services; therefore, EIC has to fairly compensate the city for services it provides to EIC.
- Included a grant from EIC to the city for \$1.5 million (first payment) in 2017 for reclaimed water distribution project.
- Unrestricted fund balance projected to be \$3.7 million in 2017; draw down of \$3.2 million through FY2018, and projected to be \$5.2 million at the end of 2022.

Mayor White noted over \$2 million in debt for quality of life projects; she preferred that more money go toward infrastructure and economic development. Mr. Stork noted \$2 million was budgeted for infrastructure and \$1.4 million for debt service for infrastructure projects in EIC's 2017 budget.

The following persons spoke:

1. Robert Naman noted \$500,000 was set aside for economic development and asked if there was a planned ED project. He asked if there were any expenditures for the river trail and if it was finished. He asked if citizens voted to terminate the 4B sales tax, would the ½% sales tax roll into the city's sales tax and if there were any projects that the city could not do that EIC was doing now?

Mr. Parton noted the \$500,000 was to build up a reserve for a potential ED prospect; nothing pending. There was over \$1 million in the river trail project fund from the original application. The 4B sales tax funds were very restrictive; if that sales tax came directly to the city, the city would have more flexibility in spending the funds.

Mr. Fine moved to approve the FY2017 EIC budget; Mr. Stork seconded the motion and it passed 5-0.

6E. Review and discussion of public comments made by elected officials regarding the river trail.

Mayor White advised that she had retained legal counsel to review comments made for future action if need be and reminded council and the audience of procedural rules and ethics policy.

Mr. Stork discussed comments made by Mayor White in a recent radio interview; that is, the budget for the river trail project was in limbo and the accounting was interesting; professional fees, acquisition, legal fees and paving were not accounted for, estimated about \$900,000. He questioned if she received the same information he had. He stated that when she was against a project she would bring out random numbers and questions.

Mayor noted his questions had to do with motives and reminded him to observe the procedural rules.

Mr. Stork noted the finance department had received awards from 1984 to the present. Mr. Allen and Ms. White served on the audit committee and all councilmembers had reviewed and signed off on the audit this year. The city finances were in good shape, projects were not in limbo, and everything was accounted for.

Councilmember Andrew noted councilmembers can agree or disagree, but when a project has been voted on, it was absolutely mandatory that the council all agree that all funds are accounted for and move forward.

The following persons spoke:

1. Jack Pratt stated if anyone believed or had made public comments that the financial reporting was inaccurate, they had failed the citizens by not taking that information to the district attorney and filing legal charges; however, if legal charges are not filed, he questioned if their facts were factual or opinion.
2. Peggy McKay stated this was a waste of time and money and made no sense to her. Mr. Stork should have discussed problems with Ms. White; this was an ethics problem. Mr. Stork should have posted a special meeting to discuss this matter.

Mr. Stork noted that legally three councilmembers could not meet outside of posted meetings to discuss matters, and he had already discussed this with another councilmember; therefore, he had the matter placed on the agenda for discussion at this meeting and it did not need a special meeting.

Mayor White noted that three times in the interview she stated disclaimers: my

understanding, as I understood, etc.; and at the conclusion, “I will confirm these numbers, I don’t want to give out anything that is incorrect.” She noted the project was funded in several accounts and reviewed the expenditures. She did not say that anything was illegal, just that it was confusing. For clarification after that, she asked and received the complete B5 river trail accounting, and Mr. Parton said it included all invoices to date. What started out as a \$7 million six mile river trail and parks improvement project was now over \$9 million and about 4.5-5 miles. It was a very large project that had gone on for a while and those things happen. She also said she had not disapproved of the negotiations for future acquisitions that had been held in the back room.

6F. Review and discussion of public comments regarding the Kerrville Public Utility Board loan made by Mayor White during open session at the City Council meeting of July 26, 2016, concerning the filing of a class action lawsuit against the City of Kerrville as those comments pertained to the loan agreement between the City and KPUB

Councilmember Stork noted at a previous council meeting Mayor White replied to Mr. Ellison, a local attorney, that she hated to think that the city might be looking at some kind of class action; two days later the city received a demand letter from Mr. Ellison.

Mayor White reminded Mr. Stork to abide by the procedural rule she had cited.

The following person spoke:

1. Robert Naman stated he was surprised that there had not been any class action suit; one group of people had paid interest on a loan for another group of people.

Mayor White noted KPUB received unexpected earnings through a settlement agreement with LCRA, and an attorney general’s opinion was pending whether the settlement agreement could be made public because of a confidentiality agreement with LCRA. She read comments she had received from the public and noted her comments at the meeting did not recommend or suggest, they were intended to address questions so there would be no pursuit of litigation.

She noted that four public information requests had been filed by Mr. Stork; she said that over 800 pages had been reproduced.

Mayor White asked that in the future councilpersons refer their questions or concerns directly to the other councilmember unless it is something that arises to a true ethics violation, in which case it should be clearly defined with proper notice given for response.

6G. Review and discussion of Resolution No. 40-2013 – City of Kerrville Ethics Policy for Elected and Appointed Officials.

Councilmember Stork noted council adopted the resolution on October 8, 2013. He reviewed the policy and emphasized Sections D and M, and noted it required

periodic review. He read the Statement of Commitment in the ethics policy that was to be signed by city council and board members.

Mayor White stated there was some redundancy, ambiguity and use of subjective terms between procedural rules, ethics policy and city charter; in particular, Section VI of the charter needed to be clarified.

The following person spoke:

1. Jack Pratt read parts of the ethics policy, Section IV A regarding prohibiting officials from using their positions to influence city decision in which they have a personal interest; and Section IV I that city officials should only represent the official policies or positions of the City Council. He gave the example, if a councilmember owned property on Loop 534 and a situation came up for a vote where their property could be influenced, they should recuse themselves. Also, when council makes a decision and it passes, whether the member agrees or not, they should support that decision.

The consensus was that council should be more unified as a team, work together, and be positive about the future.

6H. Discussion and direction to city staff regarding approximately 173 acres of land located in the Kerrville extraterritorial jurisdiction (ETJ). Said land being comprised of the following three tracts – Abstract A0280 Rodriguez, Survey 72, Tract (Part of 141.38 acres), Acres 49.31; Abstract A0280 Rodriguez, Survey 72, Tract (Part of 186.99 acres), Acres 31.34; and Abstract A0282 Robinson, Survey 44, Tract (Part of 186.99 acres), Acres 92.44

Mr. Parton noted he received two phone calls from a prospective buyer in a foreclosure of two properties totaling 173 acres between Highway 27 and the Guadalupe River in the city's eastern ETJ. The caller was interested in setting up a rock quarry and asked the city's position on a sand and rock quarry in this area. Mr. Parton notified the caller that council had not discussed the matter. The person called again and said the property closed and they were not the successful bidder; however, the property was marketed for a quarry. The city had very limited land use and zoning regulations in the ETJ; such regulations were only available through zoning. The city could apply zoning through a non-annexation development agreement whereby certain conditions could be negotiated. The city's master plan designated the subject property as low density residential.

Council instructed staff to contact TCEQ to see if any permits had been requested or received for the subject tract and to investigate who purchased the land and their intent. Further, staff should look at an annexation plan and where the city's risks were.

7. INFORMATION AND DISCUSSION:

7A. Post event report for Kerrville's Fourth on the River.

Ms. Boyle noted approximately 10,000 people attended the event throughout the

day in Louise Hays Park.

7B. Budget and economic update.

Ms. Yarbrough gave the financial report year to date for the period ending July 31, 2016: general fund revenues totaled \$21,865,517 and expenditures \$18,564,329; water and sewer fund revenues totaled \$9,311,748 and expenditures \$8,817,137; hotel/motel fund revenues totaled \$899,181 and expenditures \$960,474; 66 permits for new residential construction and commercial new/remodel construction totaled \$30,610,014. She provided budget information for four major capital projects: River Trail, Louise Hays and Lehmann/Monroe Park, athletic complex, and reuse pond/distribution.

8. ITEMS FOR FUTURE AGENDAS

- Texting while driving.
- Annexation plan.
- Memorials in city parks.
- Tivy Mountain accepting donations to pave the road and install benches, etc.
- Re-engage reuse water committee to look at the design.
- Certificate of recognition for Dr. Troxell, KISD Superintendent.
- Proclamation for Young People in Recovery month.
- Motorized accessibility to the river trail.

9. **ANNOUNCEMENTS OF COMMUNITY INTEREST**: were presented.

10. **EXECUTIVE SESSION**: None.

11. **ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION**: None.

ADJOURNMENT. The meeting adjourned at 9:31 p.m.

APPROVED: 10/11/2016

ATTEST:

/s/

Bonnie White, Mayor

/s/

Brenda Craig City Secretary