

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
OCTOBER 11, 2016

On October 11, 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 Father Tom Murray, St. Peter's Episcopal Church, followed by the Pledge of Allegiance led by Fire Chief Dannie Smith.

COUNCILMEMBERS PRESENT:

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

COUNCILMEMBER ABSENT:

Vacant	Councilmember
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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 Meismer	Director of General Operations
David Knight	Chief of Police
Dannie Smith	Fire Chief
Kaitlin Berry	Special Projects Manager

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

1. VISITORS/CITIZENS FORUM:

1A. Theresa Garcia discussed flooding issues on Trails End which she attributed to new development.

1B. David Wampler spoke of the accomplishments of City Manager Todd Parton during his time with the city. Mr. Wampler noted that in spite of decreased revenues and economic hardship, under Mr. Parton's leadership the city had undertaken \$80 million in capital improvements, including the river trail project, renovation of the library, and construction of the new city hall, and had increased the city's reserves to \$6 million; all without raising taxes. He stated that Mr. Parton's accomplishments were his own.

1C. Deborah Gaudier, representing the Kerr County Historical Commission (KCHC), noted in February she proposed a demolition delay ordinance, and council asked her to work with staff. Recently, Mr. Parton informed her that he was directed to create a demolition delay ordinance with no cost to the property

owner or the city, no delay, no prohibition to demolition, and no preservation district. She questioned how demolition delay could be accomplished with these conditions.

1D. Robert Naman noted on August 23 council voted to fund a survey seeking public opinion on topics while initiating two multi-million dollar projects without seeking voter approval. The streets needed repair, crime had risen, and traffic had increased; growth and change were part of life and balanced, controlled growth was not an unreasonable goal. He appreciated Todd Parton's hard work and dedication to the City of Kerrville.

2. PRESENTATIONS:

2A. Certificate of Recognition presented to the Kerrville Citizens Police Academy Alumni Association for being awarded the "Texas Alumni Membership of the Year Award."

3. CONSENT AGENDA:

Mr. Andrew requested Item 3D be removed from the consent agenda and delayed to the next meeting.

Peggy McKay asked that Item 3A be removed from the consent agenda.

Mr. Andrew moved to approve consent agenda items 3B, 3C, 3E, 3F and 3G; Mr. Fine seconded the motion, and the motion passed 4-0:

3B. Authorize the purchase and remount of a Type 1 ambulance from MacHaik Dodge through Buyboard at an amount not to exceed \$125,000.

3C. Adopt the policy for the exhibition of materials and items at the Butt-Holdsworth Memorial Library and Kerr Regional History Center.

3E. Authorize non-exclusive license agreement between Riverside Nature Center Association, Inc. and City of Kerrville, Texas.

3F. Promoter racing agreement between City of Kerrville, Texas and High Five Events, LLC.

3G. Approval of an agreement between the City of Kerrville and Texas First Group for interim city manager services.

END OF CONSENT AGENDA

3A. Acceptance of minutes of the regular meeting held August 23, 2016.

Mr. Andrew moved to approve the minutes as presented with the correction of a misspelled name. Mr. Fine seconded the motion and it passed 4-0.

Mayor White suggested Peggy McKay make her statements now to be recorded into the minutes for this meeting.

Ms. McKay stated: "Until tonight I did not know there was a certain number of words that would be included in the consent agenda. I had no problem with the first one—it is true what is in there but it is after the fact. The focus was that in

the audit the auditors cautioned that the global economy has deteriorated; deflationary trends occurred and the city's revenue projections may be optimistic. To my thinking that was something that would be important when approaching the budget or forecasting so my comment afterward that is true what is there that this was not an encouragement to incur more debt but that wasn't the focus or the main reason for my comment but it was what was included in the auditor's report. But I was unaware that I was; if we knew ahead of time that we would have "x" amount of words in the minutes then we could put that in and then put our comments in afterwards and then fill up our four minutes. The comment is that "in the last auditor's report they state that the global economy has deteriorated and deflationary trends had occurred. The city's revenue projections may be optimistic. This was taken as a quote from the auditor's report."

Ms. McKay further stated: "In the second one my comment should have been Mr. Stork should have discussed problems with Mayor White. There is nothing to support an ethics charge—nothing. This is not an ethics problem."

3D. Authorize funding application to the City of Kerrville, Texas Economic Improvement Corporation in the amount of \$1.5 million for improvements to the H-E-B Tennis Center. Delayed to the next meeting.

4. ORDINANCES, FIRST READING:

4A. Ordinance No. 2016-14, amending Chapter 18 "Animals", of the City's Code of Ordinances by amending Section 18-31 "Dog and Cat Registration" and Section 18-32 "Rabies Vaccination"; containing a savings and severability clause; providing an effective date; and providing other matters relating to the subject. Mayor White read the ordinance by title only.

Mr. Parton noted the change in the code would allow vaccination requirements to be changed from every one year to every three years, if that was the requirement specified by the manufacturer. The original ordinance was adopted in 1968 and this amendment would be consistent with current state law.

Mr. Fine moved for approval of Ordinance No. 2016-14 on first reading; Mr. Allen seconded the motion and it passed 4-0.

4B. Ordinance No. 2016-18, granting to Atmos Energy Corporation, a Texas and Virginia Corporation, its successors and assigns, a franchise to furnish, transport and supply gas to the general public in the City of Kerrville, Kerr County, Texas, for the transporting, delivery, sale, and distribution of gas in, out of, and through said municipality for all purposes; providing for the payment of a fee or charge for the use of the streets, alleys, and public ways; repealing all predecessor ordinances; providing that it shall be in lieu of other fees and charges, excepting ad valorem taxes; prescribing the terms, conditions, obligations and limitations under which such franchise shall be exercised;

providing a savings clause, a most favored nations clause, and a severability clause; and providing an effective date. Mayor White read the ordinance by title.

Mr. Hayes noted the current Atmos franchise expired in February 2016; approval of this ordinance would extend the franchise to December 31, 2026. The franchise would grant Atmos the right to furnish and transport gas to customers within the city limits using city streets and right of ways, and Atmos would pay the city 5% of gross revenue for the services provided in the city. Under this new franchise agreement Atmos agreed to extend mains up to 100 ft. under certain conditions, and there was a provision that required Atmos to relocate their lines based on city projects. The ordinance also included a most favored nations clause, whereby if Atmos paid another city a higher rate, the city could request renegotiation of the franchise. Mr. Hayes recommended approval of the ordinance and noted this was the first of three readings.

Mr. Andrew moved for approval of Ordinance No. 2016-18 on first reading; Mr. Fine seconded the motion and it passed 4-0.

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Authorize the execution of a construction contract with MGC Contractors, Inc. for the reuse pond and pump station project in the amount of \$10,474,822.00 and authorize execution of additional change orders which will not exceed a total contract value of \$12,000,000.00.

Mayor White noted she received a letter asking if she had a conflict of interest on property she and her husband owned on Loop 534. She stated she had consulted three attorneys who did not believe she had a conflict as it would have no economic impact on her property, since her property was 1.1 mile and 3/16 of an inch from the subject property.

Mr. Burow stated the city hired Freese and Nichols, Inc. (FNI) in October 2014 to design the pond and pump station project as part of the wastewater master plan. This project was bid and the city received 3 bids. City staff and FNI evaluated the bids and recommended awarding the base bid to MGC Contractors, Inc. in the amount of \$10,474,822 for the project.

Mayor White questioned if FNI had worked with MGC on prior projects of this kind, and had MGC specifically worked on reservoir projects? She asked if MGC would have any requirements of the city such as studies.

Charles Kucherka, FNI, stated FNI had worked with MGC in the past on similar scopes of work but not specifically ponds. Mr. Kucherka noted the requirement in the contract document was that the contractor or subcontractor had to have experience with pond construction, and MGC did have a subcontractor that met that requirement. FNI performed evaluation, not just on MGC, but on all of their subcontractors as well, and FNI recommend them for this project.

Mr. Burow stated that all requested studies had been completed.

Mr. Parton noted the city began having discussions regarding reuse water as far back as 1960. In 2011-12 the city reinitiated discussions because of diminishing water supply due to drought and state curtailments, citing extended periods when the city was restricted by the state from using water permits to fill ASR wells. He gave a brief history of the project and noted it was intended to correct inefficiencies in the existing system, which centered around the ability to deliver and store reuse water. The purpose of the project was to expand available use of the city's reuse water and increase the flexibility of matching supply and demand. He reviewed the process the city went through in regard to this project:

-Wastewater and utility system improvements were conditionally approved by the Texas Commission on Environmental Quality (TCEQ). Under TCEQ rules if no comments were received within 30 days, the city was conditionally approved to move forward with the project. Conditional meant the city was not allowed to alter the state's standards or grant any exceptions from the parameters.

-Dam safety plans were submitted to TCEQ on September 23 and TCEQ provided conditional approval; TCEQ's deadline for comments was November 4, 2016.

-Environmental studies have been completed and no endangered species existed on the site.

-Archaeological investigation was complete, and the Texas Historical Commission confirmed that no further investigation was warranted.

-Performed environmental due diligence including impact of construction on adjacent floodplain and floodway areas.

Mr. Parton explained the complications of system operations and maintenance. He noted the sewer plant had two contact chambers that held 82,000 gallons of treated effluent. Wastewater was treated through a filtration system and sent through the contact chambers where chlorine was injected, and then it was pumped to customers. The plant had flow equalization basins to provide consistent flow and keep pumps operating, keep chemical balance, and help in the treatment process. If flow is too low, balance is lost and pumps go off-line. The plant cannot simply be turned on and off as it takes time to bring the system back on line. The plant had three pumps: Pumps 1 and 2 served Schreiner Golf Course and Tivy High School, and Pump 3 served Comanche Trace. The proposed pond would create capacity to serve customers efficiently and keep pumps running continuously.

The following persons spoke:

1. Carol Swanson, member of the Reuse Water Ad hoc Committee (RWAC), noted that RWAC members listened to presentations for eight weeks and this was a complex issue. There were a lot of half-truths and misleading simplifications in public discussion, and she encouraged council to listen to the professional people, city staff, and FNI engineers who had researched the project.

She addressed the statement that the pond was not needed since the city used direct transfer: The current system did not have optimal efficiency; it worked but had unpredictable flow, and she opined that it would not work well to add more customers to that type of situation.

The statement that the city cannot use all the effluent produced: The wastewater

plant was limited by how and when influent arrived and effluent left. Effluent was sold in the demand months, but sales varied due to weather. THS and SGC use effluent, but when effluent is not available, they have to supplement with fresh water. Riverhill Golf Course (RGC) cannot buy effluent so they were using all fresh water.

The idea that the golf community was the only place that benefited from using effluent was wrong. According to County Commissioner Tom Moser's tax evaluation of Riverhill in 2012, the approximate ad valorem tax value was \$8 million annually, and Comanche Trace was larger than Riverhill.

In her opinion, this project was not about the athletics complex or soccer fields, it was about water supply.

2. Larry Howard noted the city had been studying and planning the project since 2011. This project was about storing 105 mg of water that TCEQ cannot regulate. The RWAC did an excellent job evaluating the project. He urged council to listen to FNI and city staff and move forward with the project.

3. John Miller stated he served on the RWAC, and no one had any preconceived ideas, and they had voted unanimously to move forward with this project. He noted a lot of negativity in the newspaper; but he urged the council to do the right thing and move forward with the project now.

4. George Baroody opined that misinformation provided by city staff was being used to drive the need for the pond. He stated that the delivery capacity of the current system was sufficient to deliver if it was spread out over time. He opined that the pond was not necessary for the direct potable reuse (DPR) project. He asked council to table the matter since the main staff members, Mr. Parton and Ms. Day, had left the city, and have the new staff members look at the project before proceeding.

5. Jerry Wolff stated that the reuse pond was in flood hazard Zone A, and a CLOMR was required. The pond was 20 acres, the same footprint as River Hills Mall and parking lot. The CLOMR would reduce the city's liability; he asked council to stop construction until the city had a CLOMR and then proceed. In late July he obtained CLOMR No. 16060446 that he thought had to do with the reuse pond. He was told by the city that a CLOMR did not exist in city files, but it was signed by the city engineer and submitted by LNV Engineering October 20, 2015. He opined that FNI should submit the CLOMR to FEMA for the city.

6. Denise Smith, neighbor of the subject property, asked that council delay award of the contract and look at floodplain issues and file the CLOMR. She was worried about flooding, smell, environmental quality, and depreciated property value. It was stated that the construction firm had a secondary firm that had pond experience; the city should check their references and experience. All RWAC members lived in Comanche Trace or Riverhill and no one had pond experience, and all were going to benefit by supplying water to their golf course. She asked that the project have further study and council not award the contract today.

Mr. Andrew stated that the statement that no one on the RWAC had pond experience was incorrect. Two members, Mr. Harrison and Mr. Charter were world class engineers and had built pond facilities around the world, and Mr. Harrison was vice president of one of the largest corporations in the world. Mr. Andrew noted that it was the decision of the city council at the last meeting to delay re-engaging the committee until after the contract was awarded. Ms. Smith requested to see their resumes.

7. Robert Naman noted the 2014 budget message stated the city's water needs were met for the next 10-15 years; he asked if that assumed completion of the water reuse project?

Mr. Parton noted the 2014 budget addressed core capacity needs and system improvements, expansion of lift stations and extension of mains; it did not address additional water supply to meet demand.

Mr. Naman stated that users could change their schedule during a drought if necessary. He asked if the city would need the 105 mg pond if the city did not do DPR. He asked council to delay the bid award until a new city manager was hired as qualified applicants might be discouraged from applying if they had to accept responsibility for executing a project without having input into its planning.

8. Gary Reichenau stated in 1974-75 the city enlarged the treatment plant and aeration pond and built a pond in the area of the soccer fields and radio controlled flying field. That ground was part of what is now the soccer fields and flying field. He understood that only the soccer field was going to be used for the proposed effluent project. He stated that in 1974-75 the city was injecting treated sewage, and there was raw sewage, and bringing waste from the treatment plant and spreading it over the soccer fields. He questioned if there was any hazardous material in that area and suggested the city check the soil. He understood that it was a TCEQ requirement to have a CLOMR or approval from TCEQ before starting such a project. Mr. Reichenau stated he sent a letter to TCEQ but had not received a response.

Mayor White noted from Mr. Reichenau's letter that 4-5 ft. down there may be contaminants and she opined that TCEQ may preclude the city from using the soil. She noted that the city did borings and samples and she asked if any organics or toxics were discovered.

Mr. Parton stated no, 21 bores were made at the project site and 5-6 were within the soccer fields. The samples looked at the type of material. The soil at the soccer field was to be used for the core area of the berm. The flying field was not addressed because that area was planned to eventually be a landfill expansion cell. In 1974-75 Mr. Reichenau worked under the contract awarded to Ben Sira. The project occurred because the city's discharge permit did not allow the city to provide continuous discharge into Third Creek. At that time, the Texas Water Commission, predecessor to TCEQ, wanted the city to hold the discharge

until river flow was at a minimum of 50 cfs before discharging into Third Creek; therefore, the city built ponds to hold effluent until river conditions were right. The water went into an irrigation system that sprayed effluent water throughout the subject property and it washed into a holding basin where it was chlorinated and released into Third Creek. The current plant was built in 1986 when the city converted to the current process. Now, TCEQ wanted the city to put effluent into the river as soon as possible. Mr. Parton noted the city contacted the same person that Mr. Reichenau had contacted at TCEQ and TCEQ, nor the city, had any record of the city being issued a permit for the application of sludge in the subject area. The city was spraying effluent for irrigation similar to today.

Mayor White questioned if additional testing for chemical analysis of soil could occur. Mr. Parton stated it was possible, but questioned what the city would be testing for since this supposedly occurred 40 years ago. He stated that the soil from the soccer field would be used for the core of the berm and would not be in contact with reuse water, and the reservoir would be constructed with an impervious surface covered by sand and soil; there would be no exposure to soil from the soccer field.

9. Fred Speck said he was initially told by Mr. Parton that the city was using the topsoil from the soccer field on top of the berm; now Mr. Parton says the soil will be placed underneath, and the soccer fields will remain until the new soccer field is built and those will not be ready until the fall. He questioned the timing and asked if the construction of the berm was going to be delayed to the fall so the soil could be placed in the middle of the berm. Regarding sludge, several people told him the city was putting sludge where the soccer fields are located. He questioned why only the soccer fields were being destroyed and not the flying field because both fields had the same sludge. He suggested council find out from EPA and TCEQ if the soil was contaminated and could it be disturbed. TCEQ may say that the soil cannot be moved. He thought it convenient that the city did not have any record of placing sludge on the subject property.

Mr. Allen asked Mr. Speck if he had any concern that there might be hazardous material on the soccer fields? Mr. Speck said it did not bother him because the sludge was deep underground and undisturbed and it had fertilizer and grass on top of it, but using the soil in the pond worried him. Mr. Allen questioned Mr. Speck's comments about a potential biohazard and kids playing there and noted there was a great difference between biohazardous material and fertilizer. Mr. Speck suggested the city get the CLOMR first and see what TCEQ would allow.

Mr. Kucherka stated that in the bores that FNI took there was no indication of significant organics visually. He addressed several issues:
-The use of the soil at the soccer field. During construction the contactor would separate the dirt and take samples of the different types of soil and the lab would test to determine what the material would be used for, such as topsoil or core of the dam. The majority of the soil appeared to meet the requirement for the core of the dam so that would be its primary use.

-Hazard material testing could be done. But just because an indicator was high did not preclude it from being used in the dam and it would be limited for public access. As far as exposure to the actual water, the design of the dam included an impermeable liner; part of TCEQ regulations required that water was not to enter or exit the pond.

Mayor White discussed the following:

-The statement that the city sells all effluent during four months of summer was not true.

-Customers should furnish their own holding ponds on site, and most did. The athletic complex had no preparation for a holding pond.

-As far as DPR, this phase of the project was for non-potable use only; none of the effluent would be treated and used to supplement city drinking water.

Regarding the statement that DPR was needed to save drinking water, Mr. Parton had stated that was a small number.

-The effluent project was predicted to add customers to the reuse system to save the tax base, i.e. CT, RH, and additional recreational opportunities.

-DPR was at least six years away, and there was no determination from TCEQ as to what treatment would be required and TCEQ may not allow injection into an ASR well, and there was no guarantee that the city would be able to drill an ASR well. Also, there was no assurance that the city would not be penalized if the city did not discharge back into Third Creek, as GBRA had a subordination agreement with the city and was looking at how much water went into the river.

-Cannot treat for certain chemicals and pharmaceuticals.

-What will FEMA say about CLOMR. The FNI study said a CLOMR and LOMR would be required to be submitted to make sure that the 20 acre pond would not cause a significant flood that could not be contained; that had not been submitted.

-What affect would this have on future landfill expansion? She stated that Mr. New with FNI said he was not familiar with the CLOMR on file as it had to do with landfill expansion on the north part of property; however, FNI was supposed to be coordinating with LNV on landfill expansion.

-It was more important to expand the landfill than it was to hold effluent in a pond.

-Debt: this project added \$800,000 per year to debt service, increasing to \$1.9 million in 2020. Effluent sales in 2015 was less than \$38,000.

-Could be a breach of the berm. The water in a 105 mg pond was not the same quality when it stands in a pond.

-Questioned if the project could be downsized to 2-4 mg and still meet peak demand and treat it in winter months for DPR, if DPR is ever approved; pond could be increased later if needed. A 105 mg pond was way oversized.

She had people ready to talk to city council next week about downsizing and a different way to solve the problem and it could be ready before the 60 day expiration of the contract and not interfere with the process. She asked council to defer the project.

10. Russell Nemky stated that none of the points presented by the mayor were new. He opined that Mayor White had been against this project from the

beginning, and there were other times her comments could have been brought up. She had been on council for a year-and-a-half and it would have been nice to hear her points before now. The city had already done the studies, tests and talked with TCEQ, and the project had been reviewed by professionals and specialists. He said he did not disagree with Mayor White's statements but found it odd that she was just now discussing this and questioned why she was bringing it up now when the council was about to vote.

Mayor White stated she had just received the information Friday evening and the sales and discharge numbers were new; if she had known about this before, she would have brought it up then.

Mr. Fine stated that a great deal of this information was not new and council had it for a while, Mr. Parton simply provided a summary; nothing changed. He opined that council should do it right the first time so the city would not have to come back again and make it the size it should be.

Mr. Fine moved to approve the contract as presented; Mr. Andrew seconded the motion and it passed 3 to 1 with Councilmembers Fine, Andrew, and Allen voting in favor of the motion and Mayor White voting against the motion.

5B. Authorize professional services agreement with Rock Engineering and Testing Laboratory, Inc. for geotechnical engineer/materials testing for reuse pond and pump station project in the amount of \$148,000.00.

Mr. Burow noted that Rock Engineering had worked on several projects for the city. The agreement would authorize Rock Engineering to perform tests association with the project at a cost of \$148,000; he recommended approval.

Mr. Andrew moved to award the agreement to Rock Engineering in the amount of \$148,000.00; Mr. Fine seconded the motion and it passed 3 to 1 with Councilmembers Andrew, Fine, and Allen voting in favor of the motion and Mayor White voting against the motion.

5C. Resolution No. 25-2016 approving the agreement between the City of Kerrville, Texas, and Advanced Data Processing, Inc. (Intermedix) for ambulance billing and related professional services.

Chief Smith noted that EMS billing was a highly specialized field and services could be provided at a lower cost through outsourcing than in-house. He reviewed the four proposals submitted and recommended Intermedix; 95% of Intermedix's clients were municipal and they were the most cost effective. Chief Smith noted the contract was for billing only and the city would continue to handle collections through a third party vendor. He recommended approval of the agreement.

Mr. Allen moved to approve Resolution No. 25-2016 approving the agreement as presented. Mr. Fine seconded the motion and it passed 4-0.

5D. Alternative proposal for workforce housing project submitted by MacDonald Companies. (staff)

Mr. Parton noted that city staff evaluated the utility capacity for the city-owned property on Peterson Farm Road (PFR) that had been targeted for a proposed multi-family workforce housing project. Legion lift station construction was scheduled for design in 2018 and construction in 2019, making it difficult to move forward with a development concept.

Justin and Granger MacDonald noted the city could not provide utilities to the PFR property for four years and MacDonald Companies proposed to purchase land on Loop 534 from Schreiner University (SU) and extend Olympic Drive to the traffic signal light on Loop 534. Mr. MacDonald noted the total value of the development was \$24.9 million and requested the city: waive building and development fees (estimated at \$750,000), waiver of water/sewer tap fees and parkland dedication fees, abatement of city taxes for five years (\$35,000/year for 5 years, \$175,000 total), and a grant from the economic improvement corporation in the amount of \$1.5 million for half the cost of roadway and utility extensions. There would be no debt obligation to the city; MacDonald proposed to use 4% tax credits, private activity bonds, and federal tax credits. The 4% housing tax credit program was a federal credit based on the percentage of the cost of the project. Tax exempt municipal bonds guaranteed the project and revenue from the project paid off the bonds.

MacDonalds noted there would be no constraint to the existing water and sewer system, the city would still own the PFR property for future industrial development, the city would save \$2 million for extending utilities to PFR. KPUB had been contacted and they would have to extend a line at the top of Olympic Drive down to Loop 534. The number of units had been reduced from 240 to 200. MacDonald Companies owned and personally managed all of their properties, including the four in Kerrville; their occupancy rate in Kerrville was over 95%. MacDonald could be closed and under construction in 6-8 months, under construction within 16-18 month, and move in date two years from the decision date.

Justin MacDonald noted the SU property currently was not in the city limits so it would have to be annexed, but annexation could occur concurrently with project design. Mr. Parton noted the proposed project and location were compatible with the city's land use plan. The city owned 23 acres immediately adjacent that should also be annexed at this time.

Mayor White questioned since the parameters of the project changed would a new request for qualifications have to be submitted? Mr. Hayes noted flexibility in the current RFQ; however, he would look at the RFQ and if an amendment was necessary, he would bring it back at the next council meeting.

Mayor White questioned if there was unfair/competitive advantage between MacDonald Companies and any private owners since the city was basically subsidizing their bid.

Mr. Fine moved to authorize staff to move forward and bring back any changes to council at the next meeting. Mr. Andrew seconded the motion and it passed 4-0.

5E. Consideration of the process to be used for the recruitment and selection of a city manager.

Mayor White moved to direct the mayor and city manager to prepare a request for proposals for an executive recruiting firm, to include any input received from other councilmembers and bring it back to council at the October 25 meeting for consideration. Mr. Fine seconded the motion and it passed 4-0.

5F. Consideration of the process to be used for the appointment to fill the vacancy of Councilmember Place Three.

Council discussed accepting applications through the city secretary's office through October 18 at 5:00 and to schedule a special council meeting to make the appointment in order to give the newly appointed councilmember ample time to review the agenda prior to the October 25 meeting. The city secretary should forward all applications to all councilmembers as they are received.

Mr. Andrew moved to schedule the special meeting for Thursday, October 20 at 5:00. Mr. Fine seconded the motion and it passed 4-0.

6. INFORMATION AND DISCUSSION:

6A. Post event report on the Kerrville Festival of the Arts.

Lou Ann Anderson, Executive Director of Kerrville Festival of the Arts, gave a history of the event and noted KFA was officially a 501(c)3 non-profit organization. The 2016 event was held downtown and 122 artists participated; she estimated 5,000-5,500 attended. Artists reported it was a successful event and downtown businesses reported it was a positive experience. She estimated the economic impact to be approximately \$500,000 based on CVB indicators.

6B. Post event report on the Kerrville Triathlon.

Dan Carroll, event organizer and owner of High Five Events, noted this was the sixth year for the three day event. He estimated that 1,300 persons participated in the swim/bike/run competition, and 26 vendors and 350 volunteers participated; 100 kids participated in the Saturday quarter mile run. The use of the new river trail for the event resulted in minimal use of city streets and inconvenience to the public.

6C. Budget and economic update.

Ms. Yarbrough gave the financial report year to date for the period ending August 31, 2016: general fund revenues totaled \$23,094,618 and expenditures \$20,301,252; water and sewer fund revenues totaled \$10,552,101 and expenditures \$9,528,676; hotel/motel fund revenues totaled \$1,024,527 and

expenditures \$960,474; 70 permits for new residential construction and commercial new/remodel construction totaled \$31,019,014. She provided budget information for four major capital projects: River Trail, athletic complex, reuse project design, and reuse project construction.

7. APPOINTMENTS TO BOARDS AND COMMISSIONS:

7A. Building Board of Adjustment and Appeals. Staff requested this item be deferred.

Mr. Andrew moved to defer to the next meeting; Mr. Allen seconded the motion and it passed 4-0.

8. ITEMS FOR FUTURE AGENDAS

-Sobriety coalition.

9. ANNOUNCEMENTS OF COMMUNITY INTEREST were announced.

10. EXECUTIVE SESSION:

Mr. Fine moved for the city council to go into executive closed session under Sections 551.074 of the Texas Government Code; motion was seconded by Mr. Allen and passed 4-0 to discuss the following:

10A. Sections 551.074:

- Annual evaluation of City Attorney

At 9:22 p.m. the regular meeting recessed.

Mayor White turned the meeting over to Mayor Pro Tem Fine and left the meeting at 9:22 p.m.

Council went into executive closed session at 9:23 p.m. At 9:51 p.m. the executive closed session recessed and council returned to open session at 9:52 p.m.

12. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION:

Mr. Andrew moved to complete the Personnel Action Form for the city attorney as discussed in executive session and to offer the city attorney a contract similar to the city manager contract. Mr. Allen seconded the motion and it passed 3-0.

ADJOURNMENT. The meeting adjourned at 9:53 p.m.

APPROVED: 12-13-2016

ATTEST:

Bonnie White, Mayor

Brenda Craig City Secretary