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CITY COUNCIL MINUTES
BUDGET WORKSHOP

KERRVILLE, TEXAS
JUNE 21, 2017

On June 21, 2017, the Kerrville City Council budget workshop was called to order at 10:00 a.m. by Mayor White in the city hall council chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Mary Ellen Summerlin	Councilmember
C. Warren Ferguson	Councilmember

COUNCILMEMBER ABSENT: None.

CITY STAFF PRESENT:

Mark McDaniel	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	Police Chief
Dannie Smith	Fire Chief
Kaitlin Berry	Public Information Officer

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

DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED FISCAL YEAR 2018 BUDGET

General Fund--Including but not limited to the following departments: City Council, City Secretary, City Attorney, Administration, Human Resources, Finance, Information Technology, Municipal Court, Police, Fire (Fire, Fire Marshal, Emergency Medical Services), Solid Waste, Planning, Inspections, Code Enforcement, Parks and Recreation (Tennis, Swimming Pool, Parks Maintenance, Kerrville Schreiner Park, Athletics Complex), Engineering, Streets, Library, and General Operations.

Mr. McDaniel stated that staff would begin to develop a strategic plan and preliminary FY2018 budget around the goals and priorities from the May 22 retreat; he noted the following:

General Fund Revenue:

- Balanced budget with \$26M in revenues and expenditures.

- Property tax revenue up 4.6% based on the preliminary role, certified role should be received by the end of July. 27% of assessed value increase was from new value; 73% of assessed value increase was due to reevaluation of existing properties.
- A 1¢ change in property tax would result in \$123,000 impact to property tax revenue.
- Sales tax revenue was forecasted to increase by 4.0% due to growth. A 1% change in growth equaled \$75,000 change in sales tax revenue.
- \$1.5 million for street maintenance, an increase of \$250,000 over FY2017.
- Included three (3) full time positions: construction inspector, evidence technician for body cameras, and one full time parks maintenance worker to replace three part-time positions.
- Estimated general fund reserve balance of 27% at FYE2018, goal by council policy was 25%.
- Property tax and sales tax accounted for 61.5% of the total revenue.
- Transfer from utility fund to the general fund included:
 - Reduced reimbursement from the water/sewer (W/S) fund based on revised allocation methodology.
 - Total transfer decreased 2% from \$1.90 million in FY2017 to \$1.86 million in FY2018.
 - New 2% street use fee (franchise fee), estimated at \$240,000 from the W/S fund; most cities have this fee.

Emergency Medical Services revenue was projected at \$2.4 million, an increase of \$100,000 above FY2017 due to proposed fee increase and growth, 2.8%.

Chief Smith provided a comparison of Kerrville EMS rates to other providers.

- Kerr County participated in funding the Fire and EMS operation at \$1.2 million annually with increases adjusted based on CPI. This was the fourth year of a ten year contract.
- The city began outsourcing EMS billing to Intermedix in 2016.

General Fund Expenditures:

- Public safety accounted for 49.2% of the general fund budget.
- Personnel was the largest expense category.
- Most departments would maintain current service levels and programs.
- Average 3% merit based pay increase for general government positions.
- Public safety personnel: In the past four years, pay increases were based on the 2013 compensation study, which resulted in an increase of 20.75% for police and 19.75% for fire, using a step plan with 4% raises every other year. Every 1% pay adjustment for public safety, including benefits, equaled \$100,000.
- The CPI increase was 1.7% this year.
- Group insurance was currently out for bid; may be an increase in FY2018.
- Departments that would have increased service levels were:
 - Streets: \$1.5 million for street maintenance plan (increase from \$1.25 million in FY2017).

- Parks: Full year of operations at sports complex including utilities, one time purchase of equipment (\$308,000); added one new maintenance position to the parks maintenance budget to replace three part-time position (\$6,000).
- Engineering: new construction inspector position (\$53,000).
- Police: new evidence technician position to support
- Public Information: Newsletter printing and distribution (\$4,000)
- Comprehensive Plan: \$75,000 in FY2018 general fund budget; \$300,000 accumulated during FY2016-2017, additional \$75,000 budgeted in the utility fund.
- Kerrville Sports Complex: Soccer side scheduled to open in fall 2017; baseball side to open in spring 2018.
- General Fund Debt Service: \$0.0735 of property tax revenue went directly to fund debt service (used to fund street improvements, parks, fire station, and two fire trucks).
- Debt service for the river trail and sports complex was funded by EIC sales tax revenue.

Council requested staff provide a list of budget amendments and transfers made during FY2017, and a list of vehicle and equipment replacements. Council reviewed general fund expenditures by line item.

ADJOURNMENT. The meeting adjourned at 12:45 p.m.

APPROVED: 07/25/2017

ATTEST:

/s/

Bonnie White, Mayor

/s/

Brenda Craig City Secretary