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CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
SEPTEMBER 26, 2017

On September 26, 2017, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor Bonnie White in the city hall council chambers at 701 Main Street. The invocation was offered by Mayor White, followed by the Pledge of Allegiance led by Fire Chief Dannie Smith.

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
Guillermo Garcia	Executive Director of Strategic Initiatives
Sandra Yarbrough	Director of Finance
Kim Meismer	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Stuart Cunyus	Public Information Officer

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

1. **ANNOUNCEMENTS OF COMMUNITY INTEREST:** were given.

2. **VISITORS/CITIZENS FORUM:**

1. Bruce Stracke stated a tremendous amount of investment had been made recently in several businesses in Kerrville, particularly in the downtown area.
2. Richard Norat introduced himself and asked that council nominate him to the KCAD Board of Directors (Item 6D).

3. **PRESENTATIONS AND RECOGNITIONS:**

3A. Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2016. Mr. McDaniel noted the city had received this award every year for the past 33 years, since 1984.

3B. Transparency Stars Awards Certificate awarded to the finance departments by the Texas Comptroller of Public Accounts.

4. CONSENT AGENDA:

Ms. Summerlin moved to approve consent agenda items 4A through 4F; Mr. Ferguson seconded the motion, and the motion passed 5-0:

4A. Minutes of the special meeting held August 30, 2017.

4B. Resolution No. 36-2017, approving the budget for fiscal year 2018 for the Kerr Emergency 9-1-1 Network.

4C. Resolution No. 37-2017, authorizing submission of an application to Alamo Area Council of Governments for grant funding for recycling.

4D. Interlocal agreement between the County of Kerr and City of Kerrville, Texas for the housing of city prisoners.

4E. Non-exclusive license agreement between the City of Kerrville and Texas Hill Country Senior Softball League.

4F. Request for waiver of parade permit fee and deposit by the Veterans Parade Committee for the 2017 Veterans Day Parade.

END OF CONSENT AGENDA

5. ORDINANCES, SECOND AND FINAL READING:

5A. Ordinance No. 2017-17, adopting the annual budget for the City of Kerrville, Texas, fiscal year 2018; providing appropriations for each city department and fund; containing a cumulative clause; and containing a savings and severability clause.

Mr. McDaniel recommended three items be considered for budget adjustments in the general fund expense:

1. Additional water expense at the Kerrville Sports Complex	\$60,000
2. Remove Kerr County resident library fee revenue	\$21,500
3. Lifepak15 savings due to discount on purchase	<u>-\$34,000</u>
	\$47,500

This total net expense would be offset by increase in sales tax projection of \$47,500.

Also, as previously requested by council, Mr. McDaniel presented several options to balance the FY2018 budget if the council adopted the effective tax rate that would reduce revenue projections by \$159,985.

Mr. Baroody proposed to adopt the three adjustments recommended by Mr. McDaniel, and proposed additional changes:

- Transfer portion of projected FY17 budget surplus into capital fund, \$143,300
- One-time expenses to be covered by capital fund transfer, \$143,300
- Reduce city's contribution to Kerr Economic Development Corporation, \$21,500. Mr. Baroody stated that KEDC would be fully funded for FY2018 and this amount would only decrease their reserve.

Council discussed the following:

- What impact would these additional changes have on the city's future budgets?
- Unexpected things could happen for economic development that were not anticipated.

- Concern may be over projecting sales tax revenue and sales tax could drop.
- City should not draw down on its reserve fund as this could be risky.
- The city's contribution to KEDC should not be reduced.
- Kerr County was proposing to keep their tax rate the same.

The following persons spoke:

1. Delayne Sigerman recommended the proposed tax rate in the city manager's budget should be approved. The small amount of savings from the effective rate may not adequately fund services for future growth. KEDC and the Executive Director Brian O'Connor were instrumental in retaining and adding three major businesses to our community: James Avery Craftsman, Mooney International, and Fox Tank. KEDC should be fully funded and allowed to carry forward with Mr. O'Connor's plans.

2. Diane McMahan, Chairman of the Parks and Recreation Advisory Board (PRAB), spoke in support of continuing with the feasibility study of the Olympic Pool. The pool had not had significant improvements since it was built in 1970. The PRAB was concerned that the city have adequate funds for the maintenance and operations of parks and recreation facilities. Ms. McMahan presented a letter and resolution passed by the PRAB stating that the budget be supported by the current effective tax rate.

Ms. Summerlin questioned which rate the PRAB supported: the current tax rate, which had been the same for the past 9 years; or the effective tax rate, which would be lower. Ms. McMahan stated the one that enabled adequate revenue for operations of the parks.

Mayor White noted the parks budget was increased to \$1.4 million in the proposed budget.

3. John Harrison, member of the PRAB, stated he was not at the PRAB special meeting when the resolution was adopted; however he was at a previous meeting and he thought the board was trying to support the tax rate that was in the budget proposed by the city manager who was hired to do a budget, and that was what he thought the board was supporting.

4. Michael Sigerman noted the city had a professional city manager and staff who put together a budget proposal. At a previous council meeting the city manager presented several options to balance the budget if council lowered the tax rate, but stated he did not recommend the options. Mr. Sigerman wanted to know what the city manager had to say about Mr. Baroody's proposal.

Mr. McDaniel stated he delivered the proposed budget and made his recommendation to council, and the budget was now in the council's hands. Except for KEDC, all city services he proposed were funded; however, he looked at the budget in the long term and not just one year in time.

Mr. Baroody motioned to accept the proposed budget with amendments outlined by Mr. Baroody with the budget to be supported by the effective tax rate of \$.5514/\$100 tax value. Mayor White seconded the motion and the motion passed on vote of 3 - 2 on the following roll call vote:

Mayor White	<u>YES</u>
Mayor Pro Tem Baroody	<u>YES</u>
Councilmember Voelkel	<u>YES</u>
Councilmember Summerlin	<u>NO</u>
Councilmember Ferguson	<u>NO</u>

5B. Ordinance No. 2017-18, levying an ad valorem tax for the use and the support of the municipal government for the City of Kerrville, Texas, for the fiscal year 2018; providing for apportioning each levy for specific purposes; and providing when taxes shall become due and when same shall become delinquent if not paid.

Ms. Yarbrough noted the effective tax rate was \$.5514, of which \$.4779 was maintenance and operations portion of the budget and \$.0735 was interest and sinking.

Mr. Baroody moved to adopt the effective tax rate of \$.5514/\$100 property tax value to fully fund the budget adopted on the previous item. Mr. Voelkel seconded the motion and the motion passed on vote of 3 - 2 on the following roll call vote:

Mayor White	<u>YES</u>
Mayor Pro Tem Baroody	<u>YES</u>
Councilmember Voelkel	<u>YES</u>
Councilmember Summerlin	<u>NO</u>
Councilmember Ferguson	<u>NO</u>

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Purchase of four (4) cardiac monitors from Physio-Control in the amount of \$114,045.91.

Chief Smith requested authorization to purchase 4 LifePak 15 cardiac monitors replace the city's existing LifePak monitors, for which the service life will expire January 2019 and will no longer be supported under the service agreement. Physio-Control was offering a 5% discount and trade in of \$3,000 each for the city's current monitors if purchased before September 29, a total discount of \$114,045 for four new units, to be purchased in the FY2018 budget.

Ms. Summerlin moved to approve the purchase of four LifePak15 cardiac monitors at a price not to exceed \$114,045.91; Mr. Baroody seconded the motion and it passed 5-0.

6B. Fiscal Year 2018 budget for the City of Kerrville, Texas Economic Improvement Corporation (EIC).

Mr. Hoppe noted that city council met on September 12 and the vote to approve the EIC FY2018 budget failed. EIC reconsidered its budget on September 18 and approved their FY2018 budget without change. The budget allocated at \$4,799,153, including projected revenue of \$3,476,206, use of \$1,307,947 from the reserve account. The FY2017 projected unrestricted fund balance was \$2,259,612.

The following persons spoke:

1. Pat Patillo, supported approval of the EIC budget as proposed, without amendment. Council was micromanaging the EIC budget that was put together by competent business professionals and approved by the EIC.

2. Tom Moser, Kerr County Commissioner, supported the proposed EIC budget and allowing KEDC to maintain a reserve. He noted that reserve funds could give KEDC flexibility to act quickly on things that may come forward. Mr. Moser noted that economic development was important and didn't just happen. KEDC worked over a year to negotiate the location of James Avery Craftsman's \$15 million facility with over 500 employees. KEDC also worked to relocate Fox Tank and to keep Mooney International in Kerrville. The KEDC board was made up of professionals. Economic prospects would not come to the city directly. Mr. Moser also asked if the effective tax rate affected the county's fee for library services. Council noted the fee was taken out.

Mayor White noted that procedures were addressed in Texas Local Government Code:

- The powers of a development corporation, such as EIC, shall be subject at all time to the control of the city council. The city shall approve all programs and expenditures of its development corporation and shall review any financial statements of the corporation.
- Gave the city authority to alter structure, the organization, the programs or activities of the development corporation at any time. The authority may be limited where there is a contract in place. The existing contract is the grant agreement between KEDC and EIC, which stated that KEDC was eligible to receive an amount up to \$180,000 for each of the remaining two years of the agreement, which started October 2015. The contract does not require that KEDC be funded \$180,000 for 3 years. Council had authority to approve EIC's budget, specifically, the allocation, expenditures and amendments.

Mayor White noted that KEDC's operations would be fully funded at \$140,000 as requested by Brian O'Connor, KEDC's Director. The council nor EIC would approve or obligate public funds without a designated purpose. The \$40,000 in KEDC's reserve fund was undesignated, and KEDC was not subject to open meetings. When KEDC has a proposal to recommend, immediately the Council and EIC will be open to the proposal.

Mr. Baroody moved to adopt the proposed EIC budget with amendment of the line item for KEDC's annual contribution to be changed from \$180,000 to \$140,000. The motion was seconded by Mr. Voelkel.

Ms. Summerlin noted a conversation by Councilmember Baroody at an EIC meeting about eliminating KEDC, now the council majority was cutting EIC's budget \$40,000, and the city's budget \$21,000 for KEDC. She questioned if this was a gradual defunding of KEDC, and noted KEDC was an independent organization, not government, and was the preferred method of negotiation for businesses and economic development. EIC recommended their same budget twice, and this sends the message that council would be making EIC's budget decisions. A majority of the current councilmembers have been opposed to projects and decisions of EIC in the past. Immediately after the election the

majority replaced three EIC members. The council majority did not have a majority on EIC now so when they have a problem, they move the decisions to city council where they have a majority. Removing \$21,000 from the city budget and \$40,000 from EIC budget will affect KEDC's operations.

The motion passed 3-2 with Councilmembers Baroody, Voelkel, and White voting in favor of the motion, and Councilmembers Summerlin and Ferguson voting against the motion.

6C. Resolution No. 38-2017 amending the City of Kerrville Fee Schedule by revising fees charged for various services and uses provided or offered by the city.

Ms. Yarbrough presented changes to the fee schedule.

Mr. Baroody opined that the municipal use fee for reuse water for the sports complex and golf course was too low at \$0.38. Mr. McDaniel noted that the municipal use fee was adopted at \$0.38 by a prior council.

Mayor White stated the motion to approve Resolution No. 38-2017. Ms. Summerlin moved the motion as stated; Mr. Ferguson seconded the motion, and it passed 5 – 0.

6D. Resolution No. 39-2017 nominating a candidate(s) to Kerr Central Appraisal District Board of Directors. Ms. Craig reported that KCAD requested nominations from the city by October 15; KCAD will prepare a ballot for entities to cast their votes. Based on the city's tax levy, the city will have 704 votes out of 5,000. The ballot will be scheduled on the November 14 agenda for council to cast its votes. William Morgan currently served as the city's representative.

Mayor White stated that Mr. Morgan had served to complete a vacant term, and he told her he would be happy if council wanted to nominate someone else.

Mr. Ferguson moved to nominate Judy Eychner; Ms. Summerlin seconded the motion and it passed 5-0.

6E. Resolution No. 40-2017 authorizing the waiver of various fees and authorizing a License Agreement for the use of the City's downtown pavilion for the Kerrville Farmers Market (KFM) to be held in Downtown Kerrville the First Friday evening of each month.

Mr. Hoppe noted the city was requested to be a co-sponsor for farmers market events: 1) Waive fees, i.e. pavilion rental and permit/application fees; 2) Allow use of equipment such as tents, tables and chairs; 3) Provide in-kind marketing and advertising in the city's annual activity guide, press releases, and website; 4) Provide barricades, access to electricity, and use of downtown restrooms. The agreement did not waive any associated fees such as police officers for security. The sponsors had garnered support for the events from downtown businesses and the owners of the adjacent parking lot.

The following persons spoke:

1. Delayne Sigerman asked if this was the same group that held the Farmers Market at with the county. Council noted it was a different group with different vendors.

2. Justin Graham, organizer of the KFM, noted the pavilion provided a centralized location to bring agricultural vendors into the downtown area. He was working with others to establish branding, logo, and website. Events would be held the first Friday of each month beginning October 6.

Mr. Baroody moved to approve Resolution No. 40-2017 as presented; Mr. Voelkel seconded the motion and it passed 5-0.

6F. Amendment to Procedural Rules for Meetings of the Kerrville City Council, Rule 7.5(c).

Councilmember Voelkel requested council amend Rule 7.5(c) to allow councilmembers to attend any city board meeting provided adequate notice was provided to staff so that an agenda may be posted if required.

Council discussed the following:

- Anyone could access the recordings of board meetings; however, the recordings were not always immediately available on the website.
- Councilmembers attending should strictly watch and not participate; however, members may participate in discussions if they were a participant or had personal business in the matter being discussed.

Upon question of council, Mr. Hayes noted his concern was if a councilmember participated in the discussion of an item at a board meeting, and that item was later brought before council for consideration, the question of due process could be raised.

Mr. Voelkel moved to amend the Procedural Rules with statement “councilmembers may attend board meetings provided no participation unless the member has personal business at that meeting. Mr. Ferguson seconded the motion and it passed 4 – 1 with Councilmembers Voelkel, Ferguson, Baroody, and White voting in favor of the motion, and Councilmember Summerlin voting against the motion.

7. INFORMATION AND DISCUSSION:

7A. Budget and economic update.

Ms. Yarbrough gave the financial report year to date for the period ending August 31, 2017: general fund revenues totaled \$27,742,466 and expenditures \$24,962,627; water and sewer fund revenues totaled \$10,741,037 and expenditures \$10,320,076; hotel/motel fund revenues were \$1,133,962 and expenditures \$1,012,700. Eight permits were issued in August for residential construction and commercial construction was \$1,162,000. She reviewed the community investment capital projects in progress and noted sales tax collections were exceeding projections, and utility accounts were growing at about .5%.

8. ITEMS FOR FUTURE AGENDAS: None.

9. EXECUTIVE SESSION: None.

10. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY. None.

ADJOURNMENT. The meeting adjourned at 7:59 p.m.

APPROVED: November 14, 2017

ATTEST:

Bonnie White, Mayor

Brenda Craig City Secretary