

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
AUGUST 14, 2018

On August 14, 2018, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor Bill Blackburn in the city hall council chambers at 701 Main Street. The invocation was offered by Sylvia McGinnis, followed by the Pledge of Allegiance led by City Secretary Brenda Glenn Craig.

COUNCILMEMBERS PRESENT:

Bill Blackburn	Mayor
George Baroody	Mayor Pro Tem
Vincent Voelkel	Councilmember
Judy Eychner	Councilmember
Delayne Sigerman	Councilmember

COUNCILMEMBERS ABSENT: None.

CITY CORE STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
Brenda Craig	City Secretary
E.A. Hoppe	Deputy City Manager
Cheryl Brown	Deputy City Secretary
Amy Dozier	Director of Finance
Kim Meisner	Director of General Operations
David Knight	Police Chief
Stuart Cunyus	Public Information Officer
Dannie Smith	Fire Chief
Guillermo Garcia	Executive Director of Strategic Initiatives
Drew Paxton	Director of Development Services
Ashlea Boyle	Director of Parks and Recreation

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:**

3. **PRESENTATIONS:**

3A. Presentation to Brenda Craig, City Secretary, for her retirement after 37 years of service.

3B. Proclamation proclaiming August 15, 2018 as Guard Team Day and recognition of the Kerrville Competitive Lifeguard Team for their accomplishments, and for winning the State Lifeguard Championships.

3C. Recognition of the 2018 UIL Class 3A Girls State championship Golf Team from Ingram Tom Moore High School.

4. CONSENT AGENDA:

Ms. Sigerman moved for approval of consent agenda Items 4A-4E; Ms. Eychner seconded the motion and it passed 5-0:

4A. City Council minutes for the regular meetings held on June 12, June 26, July 10, and July 24, 2018; and the workshops held on June 19, and July 23, 2018, and the joint meeting with the Convention and Visitor's Bureau held on July 12, 2018, and the Employee Benefits Trust meeting held on July 24, 2018.

4B. Resolution No. 31-2018 designating the Kerrville Daily Times as the official newspaper for the City of Kerrville, Texas; providing authority for the city manager to act as may be appropriate; providing for an effective date; repealing Resolution No. 35-2017 and any other resolutions in conflict herewith.

4C. A user agreement with Global Spectrum, LP for use of the Hill Country Youth Event Center for the 2019 Daddy Daughter Dance to be held on February 16, 2018.

4D. Agreement with Premier Courts, LC, for resurfacing of tennis courts at the H-E-B Tennis Center, through the Texas Buy Board, in the amount of \$57,304.

4E. Construction contract with Champion Infrastructure, Inc. for the 2018 Crack Seal project in an amount of \$106,852.00.

END OF CONSENT AGENDA

5. PUBLIC HEARINGS:

5A. Public Hearing regarding the annexation of an approximate 5.335 acre tract of land, located within the William Watt Survey No. 65, Abstract No. 364, Kerr County, Texas, being generally located adjacent to State Highway 173, and part of the Comanche Trace Residential Subdivision, said tract also known as Comanche Trace Section 15; proposed zoning for the tract is Planned Development (Zoning) District to authorize single family residential. Item was deferred to a future meeting.

5B. Public hearing regarding the annexation of an approximate 3.669 acre tract of land, located within the J.D. Leavell Survey No. 1862, Abstract No. 1435, Kerr County, Texas; being known as 884 Farm to Market Road 783 (Harper Highway); proposed zoning for the tract is the Gateway Zoning District. Item was deferred to a future meeting.

5C. Public hearing regarding the annexation of an approximate 0.885 acre tract of land, being located within both the Jesus Hernandez Survey No. 548, Abstract No. 189 and the M.K. and T.E. Railway Co. Survey No. 1862, Abstract No. 1435, Kerr County, Texas, being known as 874 Farm to Market Road 783 (Harper Highway); proposed zoning for the tract is the Gateway Zoning District. Item was deferred to a future meeting.

5D. Public hearing regarding the annexation of an approximate 59.09 acre tract of land, located within both the Joseph S. Anderson Survey No. 141, Abstract No. 2, and the J.S. Sayder Survey No. 142, Abstract No. 290, Kerr County, Texas; being generally located adjacent to State Spur 98 (Thompson Drive), addressed as 1515 Knapp Road S.), proposed zoning for the tract is 7-W Zoning District. Item was deferred to a future meeting.

6. PUBLIC HEARINGS AND ORDINANCES FIRST READING:

6A. Ordinance 2018-15 amending the City's "Zoning Code" by amending Article 11-1-3 "Definitions and Interpretations of Words and Phrases" and Articles 11-1-4 through 11-1-11 to amend the land use tables for various zoning districts to add "Parking Structure" and "Parking Lot, Stand Alone", as uses that are either permitted by right or as a conditional use within each specified district; containing a cumulative clause; containing a savings and severability clause; providing for a maximum penalty or fine of two thousand dollars (\$2000.00); and ordering publication. Item was deferred to a future meeting.

6B. Public hearing, consideration and action, zoning change – public hearing, consideration and action concerning a zoning change request for 213, 215, 221 West Barnett Street, being lots 52, 53, and 54 Block 14 of Parsons Addition, from “R-1A” (single family residential district) to “PDD” (planned development district). Item was deferred to a future meeting.

7. ORDINANCE, SECOND AND FINAL READING

7A. Ordinance No. 2018-14 deleting Chapter 98, "Telecommunications," of the Code of Ordinances of the City of Kerrville, Texas; containing a cumulative clause; containing a savings and severability clause; and providing other matters relating to the subject. Mr. Hayes read the ordinance by title. He noted there were no changes since first reading. The city did not have the authority to regulate telecommunications since 2005; therefore, he recommended Ordinance No. 2018-14 be approved.

Ms. Eychner moved for approval of Ordinance No. 2018-14 on second and final reading; Ms. Sigerman seconded the motion and it passed 5-0.

8. CONSIDERATION AND POSSIBLE ACTION:

8A. Interlocal Agreement for the provision of animal services and library services. Mr. Baroody stated that the amendment proposed by the county did not affect the library services provided by the city. He suggested the issues of animal control and library be separated into two agreements and the two services not be tied together. The city had requested an increase in the hours of operation of animal control services and that animal control officers aid in handling animal control cases in municipal court without requiring a subpoena. The agreement was already in place and any modifications should not be entertained without prior approval of the city council. The city manager had been negotiating an amended agreement with the county, and he opined that any change to the existing agreement would be a change in policy, and city council sets policy. Also, the county had referred to running the animal control services according to

county codes; the city had codes pertaining to animal services, and the two codes overlapped. He requested that direction be given to the city manager that negotiations continue, and that the city and county codes be reviewed.

Council also discussed:

- Having an adoption coordinator; not enough was being done for adoption. Could use city's resources, i.e. website, and work with the county on advertising.
- Negotiations should go through the city manager. It was premature as nothing has come before council yet.
- The city manager will negotiate a contract amendment and bring a document to the city council.

Mr. Baroody stated the motion was not to adopt an agreement. He opined that as it is, the city manager did not have authority to negotiate a contract amendment as that was setting policy.

Mr. Baroody restated his motion that "council formally authorize the city manager to begin, I guess you'd say continue negotiations to amend the interlocal agreement with the goal of ensuring the relevance and validity of current city animal services issues as outlined in the City Charter Chapter 18 to make sure those are upheld.

Mr. Voelkel seconded the motion.

Motion presented for vote: To authorize the City Manager to continue negotiations for an agreement with Kerr County that ensures the relevance of current City of Kerrville Codes.

The motion failed 2-3 with Councilmembers Baroody and Voelkel voting in favor of the motion; and Councilmembers Blackburn, Eychner and Sigerman voting against the motion.

8B. A Joint Resolution No. 1-2018 of the City Council for the City of Kerrville, Texas, and Kerrville Public Utility Board wherein the city council authorizes the city manager to enter into a solar energy ground lease for the use of the city property; that KPUB acknowledges the lease and that the city will assign its rights under and management of the lease to KPUB; and that such property will be used to install, maintain, and operate a solar-powered electrical energy generating facility.

Mr. Hoppe noted KPUB proposed leasing 11 acres of city property on Spur 100 for 20 years. KPUB would contract with a solar developer to install, operate, and own the on-site solar energy system to generate power. KPUB would contract with the provider to purchase all power generated; the provider would sell power exclusively to KPUB. The solar power would help reduce KPUB's peak demand periods and result in lower electric rates for the city; the initial annual reduction in transmission costs was estimated at \$208,000. The property lease would provide an annual revenue stream estimated to be \$14,619, and the estimated annual savings to the city would be \$30,714. Also, the city would not use the area designated in the landfill for more than 35 years.

Mayor Blackburn noted he currently served on the KPUB Board, but had not voted on the concept; however, Former Mayor White voted three times to support this project.

Ms. Eychner moved to approve Resolution 1-2018 and authorize the city manager to enter into the solar agreement. Mr. Baroody seconded the motion and it passed 5-0.

8C. Fiscal Year 2019 (FY2019) budget for the City of Kerrville, Texas Economic Improvement Corporation (EIC).

Mr. Hoppe noted that EIC approved their FY2019 budget on July 15, and revenues were projected to exceed expenditures by \$31,365. The EIC budget allocated \$3,482,686 for the following expenditures:

- Administrative: \$370,500, included \$140,000 contribution to the Kerrville Economic Development Corporation; \$180,000 administrative services fee to the city; and \$50,000 one-time transfer to create a set-aside fund for things such as economic development consultant studies or outside professional consultants.
- Business Development: \$500,000 set-aside.
- Quality of Life: \$1,362,186, included debt service payments for river trail and athletic complex projects; net set-aside item at \$250,000.
- Public Infrastructure: \$1,250,000, included \$250,000 for workforce housing project; \$1,000,000 for the Legion lift station project.

Council also discussed the following:

- Were any funds allocated for taking over property? Mr. Hoppe noted there had been no discussions regarding any condemnation.

Mr. McDaniel added: "The City cannot use condemnation for economic development. It's prohibited by state law."

Mr. Baroody responded: "That's good to hear, I don't think that is being explained to those on EIC, because that isn't what they said at one EIC meeting (July 16, 2018). The comment was made by one of the EIC members...I believe he said...it's his feeling that if you've got some rundown housing on, that's residing on infrastructure the City might want to create a program to take that over, and flip it. You might want to have that educational discussion with EIC."

- Since EIC had a significant reserve, and the Legion lift station project was considered to be an economic development project, more money should be allocated to LLS to reduce the money the city was borrowing for the project. Mr. Hoppe noted that EIC funded a portion of the project that was attributable to increased capacity for economic development. Mr. McDaniel noted the total LLS project was estimated at \$9-10M and the EIC/Council had already approved the funding agreement.

Mr. McDaniel noted that to use any funds, EIC must first have a funding agreement with City Council.

Council allowed the following person to speak:

1. Peggy McKay noted the economic development portion of the EIC budget through 2023 was \$4.5M and questioned if funds were available for any economic project that might come up, and did EIC have any project in mind. She questioned if EIC was funding the proportionate amount of the LLS project, noting the Loop 534 and Peterson Farm Road projects in the past could not be developed without the LLS project.

Ms. Eychner moved to approve the FY2019 EIC budget; Ms. Sigerman seconded the motion and it passed 5-0.

8D. Presentation of the Kerrville Economic Development Corporation (KEDC) and funding request to also include business plan and budget.

Mike Whittler, President of the KEDC Board, and Walt Koenig, Executive Director of the Chamber of Commerce (C of C), presented the KEDC FY2019 budget and business plan. The KEDC partnership with the Kerrville C of C would continue to maintain separate boards, budgets, and staffing. The chamber would provide services to KEDC through a one year agreement, including providing free office space; however, either party could exit the partnership if necessary. The FY2019 budget assumed the same allocations as last year: \$140,000 from EIC, \$24,500 each from the City, County, and KPUB; the FY2019 budget would be the same as FY2018.

Mr. Hoppe noted the City's and EIC's FY2019 budgets included the KEDC allocation of \$24,500 and \$140,000, respectively. A service agreement would be necessary to effectuate the contractual relationship with KEDC for economic development services.

Council discussed creating benchmarks for the metrics that define success.

Ms. Sigerman moved to direct staff to create a new services agreement that would include a few things that would satisfy Councilmember Baroody later. Ms. Eychner seconded the motion and it passed 5-0.

Mr. Baroody clarified that council had directed staff to enter into negotiations for a new funding agreement. Mayor Blackburn affirmed.

8E. Official presentation of the FY2019 Proposed Budget and Resolution No. 32-2018 setting the proposed 2018 tax year ad valorem tax rate and calling a public hearing prior to the adoption of the FY2019 budget.

Mr. McDaniel noted the effective tax rate was higher than the proposed tax rate and discussed the following:

- Noted major improvements and projects in the FY2019 budget.
- General Fund and Water and Sewer Fund exceeded reserve policy requirements.
- General, Water and Sewer and Water and Sewer capital projects were 79% of spending in the FY2019 budget.

GENERAL FUND:

- Balanced budget with \$27.2M in revenues and expenditures.
- Property tax and sales tax contributed 61% of revenue.

Property tax rate proposed to be unchanged at \$0.5514 per \$100 of assessed value, which was LOWER than the effective tax rate of \$0.5538. The assessed value increased 2.2%, and the net taxable value increased 1.5%; this was the smallest increase in five years.

- Sales tax FY2019 proposed budget was a 2.6% increase over FY2018. August 2018 sales tax was up 5.5% compared to August 2017.
- EMS revenue included \$200K for ambulance supplemental payment program.
- Street use fee increased from 2% to 3% of water and sewer revenue with additional 1% (\$126K) going directly to street paving budget.
- Ending reserve balance projected at 26.2%.
- General fund proposed expenditures projected at \$27.2M.
- Public safety and streets were 63.1% of expenditures.
- Salary and pay plan adjustments for public safety to address compression and market competitiveness.
- Added six new positions: 4 in parks (created a new position, tourism and event coordinator to be partially funded by HOT tax); 1 engineering; and 1 project manager in general operations.
- Development services department split into a separate fund.

GENERAL CAPITAL PROJECTS FUND:

-General fund capital projects included: tennis center renovation, \$1.5M funded by EIC; downtown and garage streetscape improvements, \$765K funded by EIC; landfill expansion permitting, \$181K; development services software, \$79K; public safety complex study, \$150K; rewrite of development codes, \$300K; enclose clock tower elevator, \$210K; drainage master plan, \$200K; and pavement master plan, \$100K.

GENERAL ASSET REPLACEMENT FUND:

-General fund vehicle asset replacement included: pumper truck, \$650K; 2 ambulance box remounts; \$149K each; 2 vehicles for fire \$87K both; 3 patrol vehicles, \$36K each; 2 parks maintenance trucks, \$30K each; 1 streets truck, \$30K; 1 building services truck, \$27K.

-General fund asset replacement, equipment expenditures included: one automated chest compression device for EMS, \$20K; one mower and one top-dresser for Kerrville Sports Complex, \$55K; 2 mowers and one cart for Kerrville-Schreiner Park, \$25K; and 2 servers and a wireless controller, \$41K.

GENERAL DEBT SERVICE FUND:

-Debt service model presented for FY2019 through FY2028. No tax rate increase anticipated to cover debt.

-Potential bond election in May 2019.

WATER AND SEWER FUND/WATER AND SEWER CAPITAL PROJECTS/WATER AND SEWER ASSET REPLACEMENT FUND:

-Balanced budget with \$12.5M revenue and expenditures.

-Volumetric rate increases of 4% for water and 2% for sewer.

-Full year of estimated revenues from new reuse customers.

- New debt service for Legion lift station loan from Texas Water Development Board (TWDB).
- Legion lift station expansion estimated at \$9.85M; funded by \$2M from EIC and remainder funded by debt from TWDB.
- Trihalomethane (TTHM) mitigation estimated at \$4.1M funded with TWDB debt.
- Included \$1.8M for other capital projects: rehabilitate water reclamation oxidation ditch, rehabilitate water production clarifier, potential new well, wastewater master plan update, additional system looping, and long range water plan.
- Vehicle replacement for water and sewer department totaled \$496,600.
- One new position to water distribution.
- \$250K contingency for large repairs, if needed.
- Included 3% street use fee transfer to general fund.

GOLF FUND:

- Proposed \$200K FY2018 transfer to reset negative cash balance position.
- FY2019 included: \$80K transfer (\$70K from general fund and \$10K from HOT); additional Toro equipment under new lease; overseeding of greens; net replacements; and drainage improvements.

HOTEL OCCUPANCY TAX AND HOT RESERVE FUNDS:

- FY2019 included: Convention and Visitors Bureau, \$942K (3% increase); Arts Coop (CVB), \$60K; 4th on the River, Festival of the Arts, Triathlon, \$25K each; Playhouse 2000, \$50K for operations and \$50K grant match; events coordinator, \$25K; golf tournaments, \$10K; and contingency, \$101K.
- Fund balance in both funds earmarked for tourism facilities.

Ms. Eychner moved to adopt Resolution No. 32-2018 setting forth the ad valorem tax rate to be considered for adoption for the 2018 tax year and calling a public hearing prior to the adoption of the fiscal year 2019 budget as required by both the City Charter and state law. Ms. Sigerman seconded the motion and it passed 5-0.

8F. Resolution No. 34-2018 creating the City of Kerrville Code Review Committee (CRC) pursuant to the City's adoption of the Kerrville 2050 Comprehensive Plan.

Mr. McDaniel recommended creating a citizens committee to review development topics: zoning, landscape and tree preservation, signs, short-term rentals, subdivisions, park dedications, sidewalks, night sky, water conservation, and other topics cited in the Kerrville 2050 Comprehensive Plan related to development. A consultant would be hired in October and the CRC should be in place before then. He recommended adopting the resolution now and each councilmember appoint three persons to the CRC. The resolution calls for: all appointees to be residents of Kerrville; at least one of each councilmember's appointees be a member of the steering committee or a subcommittee; and the mayor appoint the chair. Councilmembers should submit their appointees to him by the end of August. He proposed the CRC have their first meeting in September.

- Set the meeting time now so potential appointees would know what time they were expected to attend.

- Not all appointees should be required to be residents of the city because subdivision regulations extend into the extraterritorial jurisdiction.

Mr. Baroody moved to approve Resolution No. 34-2018, creating the code review committee, with two amendments: 1) Requirement that persons selected from the steering committee or a subcommittee may live within the extraterritorial jurisdiction; all other members be required to live within the city limits; 2) time of meetings be set at 4:00 p.m. Mr. Voelkel seconded the motion and it passed 5-0.

8G. City Council Procedural Rules for Meetings and Ethics Policy.

Ms. Sigerman rescinded her previous recommendation to amend the ethics policy as presented on July 24, but would like to have a workshop to review council policies and procedures and the city ethics policy at a later date, possibly early 2019. The purpose would be to review what the city has now, but not with the intent of making changes. The purpose of the workshop would be to discuss and have a understanding as a group what the policies are, and how to have productive meetings.

Ms. Sigerman moved to set a workshop in the future to discuss the ethics policy and the rules and procedures policy. Ms. Eychner seconded the motion.

Mr. Baroody stated if council was not expecting to make changes, why have a meeting. He read and understood the policies and suggested each councilmember read them and if they have questions then come to a workshop.

The motion passed 4-1 with Councilmembers Sigerman, Eychner, Blackburn, and Voelkel voting in favor of the motion; and Councilmember Baroody voting against the motion but said he would attend.

9. CITY MANAGER'S REPORT: None

10. ITEMS FOR FUTURE AGENDAS

Mr. Baroody suggested three items: 1) Ownership of Tivy Mountain; 2) Repair of railing at the downtown pavilion; 3) Memorial Park at Water and Broadway, flag be replaced and what was stated on the plaques that used to be on the benches. Mr. McDaniel stated that staff would respond to the questions.

11. EXECUTIVE SESSION: None.

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

ADJOURNMENT: The meeting adjourned at 8:57 p.m.

APPROVED: 10-09-2018

ATTEST:

Bill Blackburn, Mayor

Cheryl Brown, Interim City Secretary