

CITY COUNCIL MINUTES
BUDGET WORKSHOP

KERRVILLE, TEXAS
JUNE 19, 2018

On June 19, 2018, the Kerrville City Council budget workshop was called to order at 10:00 a.m. by Mayor Blackburn in the city hall council chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bill Blackburn	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Judy Eychner	Councilmember
Delayne Sigerman	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
Amy Dozier	Director of Finance
Kim Meisner	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.

DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED FISCAL YEAR 2019 BUDGET

Ms. Dozier noted the certified tax roll was scheduled to be provided by the Kerr Central Appraisal District by July 25, 2018.

General Fund:

Ms. Dozier discussed the following:

- 61% of revenue is from property tax and sales tax.
- 63% of expenditures are public safety and streets.
- Unassigned fund balance goal is 25% of operating expenditures per city financial policy.
- Regarding FY2018: revenues will slightly exceed expenditures; revenues anticipated to be \$307,000 below budget due to lower sales tax receipts than forecasted; expenditures \$524,000 below budget due to staff vacancies and spending controls; and proposed \$900,000 fund balance draw down to cover golf fund balance (\$200,000), asset replacement and new capital project budgeted items.

- Proposed FY2019 budget is balanced, ending reserve of 26.2%, and development services department to be a separate fund.
- Five year fiscal forecast for FY2020-2023 growth assumptions: 2.5% annual property tax, 2.0% annual sales tax, 2.5% annual other revenues, 3/0% annual personnel expenditures, and 1.5% annual other expenditures.

Revenue:

- Property tax revenue from KCAD assumes 2.9% increase in taxable assessed value; city budget does not assume a property tax rate change in 2019.
- FY2019 sales tax budgeted at 2.75% growth over FY2018.
- \$200,000 revenue anticipated for ambulance supplemental payment program, reimbursement for unrecovered costs associated with Medicaid patients during 2017.
- \$84,000 anticipated revenue for new oversize load escort fee.
- Street use fee increased from 2% to 3%; resulting additional \$126,000 to go directly to paving budget. This fee is for the water/sewer fund to pay the general fund for using city streets; this would cover infrastructure repairs.
- Small increases in Kerrville Schreiner Park fees and solid waste per ton tipping fee.
- Revenues transferred in from water/sewer fund to pay for city support services.
- Revenues transferred in from water/sewer fund for parks maintenance mowing at well sites and lift stations and staff support (public works and engineering).

Expenditures:

- Total proposed FY2019 expenditure of \$27.3 million.
- Public Safety expenditures included: salary and step adjustments to address compression and market competitiveness; 2% overall increase; restructured step plan to eliminate compression issues between steps; 4% step increase for eligible employees. Total budget: Police: \$6.0M, up 4.1%; Fire: \$7.8M, up 5.7%.
- Salaries included: Public safety (above); 3% average merit increase for general employees.
- \$50,000 salary vacancy savings budgeted (new item).
- Staffing level proposed to increase from 254 to 260, same level as FY2010.
- Staff reorganization will bring KSP maintenance under parks maintenance division.
- Sports Complex included two additional maintenance workers; however, expenditures were projected to be lower due to change to reuse water.
- Propose a new Community Events Department and add one new position, tourism and event coordinator to support tourism industry, and added/expanded events, marketing and sports opportunities; \$25,000 partial funding from HOT revenue.
- Engineering added construction inspector position to focus on public infrastructure inspections.
- Added project manager position in general operations to be responsible for main street program, economic development support, and workforce housing initiatives; partially funded (\$30,000) by EIC.

Development Services Fund:

FY19 budget proposed moving development services to a separate fund in order to focus on that department more closely. Expenditures included: \$79,000 for software, \$300,000 for code rewrite, and fee study to evaluate simplification and equity with comparison cities.

ADJOURNMENT. The meeting adjourned at 11:46 a.m.

APPROVED: 08/14/2018

ATTEST:

Bill Blackburn, Mayor

Brenda Craig City Secretary