

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JANUARY 11, 2011

On January 11, 2011, the Kerrville City Council meeting was called to order by Mayor Wampler at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Reverend Tom Murray, St. Peter's Episcopal Church, followed by the Pledge of Allegiance led by Ed Nail of the Military Officers Association of America.

MEMBERS PRESENT:

David Wampler	Mayor
R. Bruce Motheral	Mayor Pro Tem
Gene Allen	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Brenda G. Craig	City Secretary
Travis Cochran	Director of Information Technology
Mindy Wendele	Director of Business Programs
Mike Erwin	Director of Finance
Kevin Coleman	Director of Development Services
Kim Meisner	Director of General Operations
Charlie Hastings	Director of Public Works

VISITORS PRESENT: List on file in city secretary's office.

1. VISITORS/CITIZENS FORUM: No one spoke.

2. CONSENT AGENDA:

Mr. Motheral moved for approval of items 2A and 2B; Ms. Keeble seconded the motion and it passed 5-0:

2A. Approval of the minutes of the special city council meeting held December 14, 5:00 p.m., and the regular meeting held December 14, 2010, 6:00 p.m.

2B. Resolution No. 002-2011 changing the regular meeting time of the City Council scheduled for March 8, 2011.

END OF CONSENT AGENDA

3. ORDINANCE, SECOND AND FINAL READING:

3A. Ordinance No. 2011-01 repealing Ordinance No. 2002-04 which created a "Planned Development District" on an approximately 2.99 acre tract of land generally located at the southeast corner of the intersection of Yorktown Boulevard and Stadium Drive, for indoor sports, recreation, and physical fitness activities and

other uses generally associated with a community center; changing the zoning classification for said tract from the Planned Development District (PDD) to the Gateway District (GTW); containing a cumulative clause; containing a savings and severability clause; and ordering publication. Mayor Wampler read the ordinance by title only.

Kevin Coleman noted the council held the public hearing on December 14, 2010; with approval of the change in zoning, council could proceed with Item 4A.

Ms. Keeble moved for approval of Ordinance No. 2011-01; Mr. Gross seconded the motion and it passed 5-0.

4. CONSIDERATION AND POSSIBLE ACTION:

4A. Resolution No. 001-2011 granting a Conditional Use Permit for an approximate 1.50 acre tract of land, being Lot 23 of the G.N. Free Addition, a subdivision within the City of Kerrville, Kerr County, Texas, generally located at the southeast corner of the intersection of Yorktown Boulevard and Stadium Drive, and located within the gateway district; by permitting said property to be used for a vehicle maintenance and repair facility; and making said permit subject to certain conditions and restrictions.

Kevin Coleman noted the resolution would adopt a CUP for the property rezoned in Item 3A to allow a vehicle maintenance and repair facility under the conditions stated in the resolution.

Mr. Allen moved for approval of Resolution No. 001-2011 and the concept plan; Mr. Motheral seconded the motion and it passed 5-0.

4B. Plans and preparations for a 2011 Fourth of July celebration.

Ms. Wendele noted the 4th of July planning committee was establishing a 501(c)3 and preparing marketing and advertising packages for various levels of sponsorship and had tentatively booked entertainment. The committee understood that the city's only financial participation would be staff in kind services. Kerr County Market Days volunteered to organize downtown activities scheduled for 9:00-4:00 p.m. There would be a charge to attend the event in the central park area from 5:00-9:30 p.m. The budget was designed to cover expenses, and any profit would be split three ways as previously directed by council.

4C. Abandonment of a portion of Rodriguez Street between SH27 and Water Street and a portion of the alley. (Crenwelge Motors)

Jeff Carroll, representing Crenwelge Motors discussed the survey, traffic study, and appraisal and requested preliminary approval of the abandonments before Crenwelge Motors (CM) would proceed with their detailed conceptual plan and subdivision replat. He noted the utility plan and site plan for the project had been submitted to staff. CM owned all frontage of both sides of Rodriguez Street and had received letters from adjacent property owners regarding the alley.

The city council discussed the following issues:

- Traffic study. Mr. Carroll noted the study was performed by counting vehicular traffic on Rodriguez Street during morning and afternoon rush hours; most of the traffic was attributed to CM. Abandonment of Rodriguez Street would eliminate the dangerous situation of “direct traffic” across Water Street where there was no traffic signal.
- Fire equipment/access. Mr. Carroll noted CM proposed to widen the alley and provide two fire lanes within the property and two fire lanes that would pass through to the streets; also, there would be two fire hydrants located off Lemos Street as recommended by the fire marshal at the development review committee meeting.
- Fire lanes not to be used for vehicle parking. Tim Crenwelge acknowledged that fire lanes could not be used for any purpose other than a fire lane, including vehicle parking.
- Property appraisal methodology. 1) The appraisal was heavily discounted because of the overhead utilities; however, most of those utilities were being removed. 2) The appraisal did not consider the added value of the abandonment of the street and alley, if granted; the appraiser should address these two points.
- The additional value of the improvements to the property will increase the city’s ad valorem tax base and sales tax.

Mr. Allen moved to grant preliminary approval. Mr. Gross seconded the motion and it passed 5-0.

4D. Existing interlocal agreements and proposals for negotiations with Kerr County representatives on new or revised interlocal agreements for joint City and County operations and functions.

Mr. Parton provided a synopsis of existing city/county agreements and noted the current three-year funding agreement would expire the end of FY2011 for fire, emergency medical services, animal control, and airport; unless either party terminated the three-year funding agreement, funding would continue under that agreement with a 3% escalation annually for library services. He proposed the city provide notice of termination to the county with intent to renegotiate the contracts, such negotiations should include funding allocation, guarantee to fund agreed allocation, and establish service levels; such negotiations should be completed by March 31, 2011. Mr. Parton noted the county had requested a joint meeting.

Ms. Keeble moved to direct the mayor to provide written notice by January 14, 2011, to the County Commissioners’ Court of the city’s intent to terminate operational agreements for fire, emergency medical services, airport, and animal control operations in addition to the outstanding provisions of the three-year funding agreement, and that appropriate notice be provided to Kerr County to cease to provide services by October 1, 2011; further, to offer to negotiate new or revised agreements for fire, emergency medical services, animal control, library, and airport operations and related funding commitments for those agreements. These agreements and funding commitments should be concluded by March 31,

2011, and stating how to proceed with negotiations. Mr. Allen seconded the motion and it passed 5-0.

4E. Proposal to construct a multi-purpose meeting facility for the City of Kerrville.

Mr. Parton reviewed the history of the project and noted that Hunter Equity provided their report on December 14, 2010, including the evaluation of three specific sites, and estimated the cost to construct the proposed facility and hotel from \$35-49 million. He noted the city council had previously established the financial exposure of the city to be limited to the amount of debt that could be leveraged with no more than \$500,000 of 4B funds and no more than \$150,000 of hotel occupancy tax (HOT) funds annually not to exceed 30 years. Based on Hunter's report, staff estimated the city's participation would range from \$18-30 million, requiring a debt service that far exceeded that limit and would significantly impact operations that were dependent upon 4B and HOT funding. Although the process provided valuable information, he recommended termination of the process at this time; however, to leave the option open for the city to evaluate future proposals that included more private sector financing.

Council discussed the following:

- To achieve long term economic viability, the city needed a more diversified tax base; the city should continue to seek economic development opportunities that would shift the tax burden from residential ad valorem tax.
- Council and staff had the responsibility of studying the proposal; after due diligence it had been determined that this project was not economically viable.
- City should investigate other opportunities to expand the established tourism market to ensure viability and future growth.
- Rumors that the city was terminating negotiations with Hunter Equity in order to begin negotiations with another firm were unfounded.

Pete Moore, representative for Hunter Equity, noted the council's decision was probably the right decision for the community under the current economic climate; however, he hoped there would be other opportunities for economic growth in Kerrville in the future.

Mr. Gross moved to put the multi-purpose meeting facility project on indefinite hold; the motion died for lack of a second.

Mr. Motheral moved to terminate the agreement with Hunter Equity, but to leave open the possibility of future considerations that may arise; Mr. Gross seconded the motion and it passed 5-0.

4F. Strategic plan to address economic development needs for the City of Kerrville.

Mr. Parton reviewed the city's overall strategic concept, noting tools and resources available to accomplish economic development, e.g. 4B sales tax, hotel occupancy tax, economic development incentives, and capital improvements. The 4B tax was

approved by voters in 1995 to fund economic development, public safety, infrastructure improvements, and parks projects; however, public safety projects no longer qualified. 4B revenues averaged \$2.2 million annually the past ten years, and he estimated \$10-12 million of working capital could be leveraged by 4B sales tax over the next five years, and still leave EIC \$500,000-900,000 annually for projects. Mr. Parton noted the city had been investing heavily in infrastructure improvements since 2005; however, with recent downturn in economy, the city had deferred bond sales that required debt service to be paid by ad valorem property tax, and many of those capital improvement projects qualified for 4B funding. In order to fund capital projects and have minimum impact on city taxpayers, he proposed a 2011 EIC debt issuance to fund projects that would also accomplish economic development objectives. He proposed a Council/EIC joint meeting to discuss capital improvement plan projects that qualified for 4B funding, possible EIC debt issuance in 2011, and opportunities to achieve economic development objectives. He noted that EIC's final payment for the 1999 bond issue would be 2014, and EIC would not have any outstanding debt service in 2015.

The following issues were also discussed by council:

- From its inception, EIC had been in reactive mode, responding to projects and opportunities presented to them; however, there would be advantages to having a joint strategic plan in place.
- Benefits of having \$9 million available to leverage in a way that could build projects and lay ground work for economic development.
- Council was responsible to the citizens to set policy and determine how city funds should be used.
- Improving infrastructure would enhance the possibility of industry locating and expanding in Kerrville; industries cannot expand without infrastructure, and the city could lose industries if they had to relocate to other areas.

The following persons spoke:

1. Bill Crumrine, EIC president, understood that infrastructure was necessary for economic development; however, asked that council not impair EIC's financial ability to respond to future economic prospects. EIC had anticipated being the funding mechanism for the meeting facility; however, council voted to terminate negotiations for that project (Item 4E). He noted that staff's information did not contemplate projects that may be presented to EIC in the next five years. Also, if bond indebtedness was paid out of EIC funds, that would leave only \$900,000 annually, significantly limiting EIC's ability to fund projects for 20 years. The city needed jobs and more commercial development to improve the city's tax base, and the best way to accomplish that was through EIC. Infrastructure was needed to support economic development; however relying on EIC to fund infrastructure improvements would limit EIC's ability to fund projects.
2. Jack Pratt, EIC vice president, noted that since 1995 most of EIC's projects were infrastructure, not economic development. The city and EIC were spending money but not bringing in jobs; the city needed new jobs to create tax revenue;

without more jobs, the tax burden would further shift to an aging population. KEDC was in the process of hiring an executive director; KEDC's major goal will be to bring businesses with jobs to Kerrville.

3. Greg Appel, member of EIC, noted it was important that available resources be funneled to projects that would allow opportunity for growth and increase economic development opportunities. EIC welcomed opportunities that would bring businesses to Kerrville and create jobs, but those opportunities had not been presented to EIC. He welcomed an opportunity to visit with city council and discuss a plan that would help create opportunities.

4. Robert Naman noted an EIC expenditure of \$500,000 to the Salvation Army Kroc Center. As a nonprofit entity, the city will not receive tax revenue from the Kroc Center, and the Kroc Center competed with existing businesses. Therefore, he was confused why tax funds could be spent to help bring in a competing nonprofit business, but could not be used to pave streets and provide infrastructure; there were a lot of projects that could be done to benefit citizens.

5. Jimmie Spradling noted that until the city was clean, the city would not attract economic development. He noted high weeds and thistles in sidewalks, fire hydrants covered up, and dead trees. He questioned how much money was generated from projects funded by EIC in the past. The infrastructure was let go many years ago; if the city does not have infrastructure and is not a clean city, people and businesses will not come, and EIC cannot use 4B money for what is needed. He heard the same thing about economic development every year, but the city did not know how to do it.

Mr. Gross moved to direct staff to set up a joint meeting between the city council and the economic improvement corporation; Mr. Allen seconded the motion and it passed 5-0.

4G. Proposal for public roadway improvements on IH-10 to provide access to the Town Creek Development (TCD) and adjacent property.

Chuck Coleman, representing TCD, proposed a plan to build exit ramps along I-10 midway between SH16 and SH783 connecting to Holdsworth Drive via Town Creek Parkway to provide access to 470 acres on the south side of IH-10 including the area known as TCD. He presented financial data that, upon build out of TCD in 7-10 years, estimated \$4.8 million in additional sales tax to the city, \$2.4 million to EIC, and \$2.4 million to the county; and an additional \$305 million in ad valorem tax value adding \$1.7 million annually to the city's general fund. He reviewed the TCD site plan and land use plan and stated that TCD would donate the right of way for the ramps and Town Creek Parkway (four lanes), 25 acres for a hotel site, and 10 acres for trails and green space.

Chuck Coleman stated the improvements would require permits from TxDOT; however, TxDOT funding for construction was not likely within 10-15 years,

although some reimbursement may be available upon completion of the project. He felt that TxDOT permits and funding participation were more likely to occur with community support.

Chuck Coleman presented a cost proposal prepared by Matkin Hoover Engineering that estimated the cost of the I-10 east- and west-bound access ramps and construction of Town Creek Parkway at \$11,519,200. He requested council consider the city's interest in the project and whether the project should be included in the city's capital improvement program and economic development strategic plan. He stated he had presented this proposal to the county for inclusion on the Alamo Regional Rural Planning Organization's (ARRPO) transportation list for the Kerr County area. County Judge Tinley seemed amenable to including the project on the ARRPO list, and the next ARRPO meeting was scheduled for January 26.

Council also discussed the following issues:

- City, county, state, and the developer should all be contributors to the project.
- Project may qualify for state funding or reimbursement over time.
- Council and staff should investigate the project in more depth.
- Lack of participation by the city and/or county may lessen the likelihood of the state's participation.
- City should wait and see a return on the investment already spent on Holdsworth Drive and the extension to the James Avery Campus on Harper Road before participating in another infrastructure project in this area.
- The only commercial business on Holdsworth Drive to date was the Salvation Army Kroc Center, and that property did not provide ad valorem tax.
- The existing two intersections of I-10 at SH16 and SH783 already had utilities, roads, and ramps and nothing was happening at those intersections; no guarantee that this project would be different.
- Holdsworth Drive from SH16 to SH783 was on the state's plan for 25 years before it was funded and constructed.
- City was lacking in large developable commercial tracts.
- Need to determine the interest and level of participation of all parties.

The following person spoke:

1. Robert Naman questioned if the \$11.5 million for the project would have to be paid up front before the project was constructed, what entities were included in the proposed \$19 million revenue, and who would pay for the construction of infrastructure inside TCD? Mr. Coleman noted the \$11.5 million had to be paid up front but funding could be in phases; the estimated annual \$19 million revenue was split between all local taxing entities; TCD would pay for construction of infrastructure inside TCD.

Mr. Motheral moved to enter into discussions and move forward to gather the information needed to make a decision. The motion was seconded by Mr. Gross and passed 4 to 1 with Messrs. Motheral, Gross, Allen, and Wampler voting in favor of the motion and Ms. Keeble voting against the motion.

4H. Revisions to the Alamo Regional Rural Planning Organization (ARRPO) transportation list and map as it pertains to the Kerrville area.

Mr. Hastings noted that council had previously authorized staff to submit a list and map of thoroughfare needs for inclusion in ARRPO's transportation list and map. Chuck Coleman attended ARRPO's December 2010 meeting and presented Town Creek Development's plan for proposed access to I-10 (Item 4G above). Mr. Hastings recommended council authorize staff to revise the list and map previously submitted to ARRPO to include TCD's proposed access to I-10 and Town Creek Parkway as presented in Item 4G.

Mayor Wampler stated his opinion that the county supported revising the list and map previously submitted to ARRPO as stated.

Mr. Motheral moved to authorize staff to revise the list of priorities and map submitted to ARRPO to include a public roadway improvement plan to provide east and west I-10 frontage roads, an I-10 overpass, and a parkway through Town Creek Development connecting I-10 to Holdsworth Drive. Mr. Allen seconded the motion and it passed 4 to 1 with Messrs. Motheral, Gross, Allen, and Wampler voting in favor of the motion and Ms. Keeble voting against the motion.

4I. Proposed annexation path from City limits north to the James Avery Craftsman campus.

Kevin Coleman discussed the annexation path beginning at the intersection of Morris Road and Town Creek Road extending generally along Town Creek Road, Old Harper Road, and north of I-10 to the James Avery Craftsman Campus. He noted development agreements with property owners along the path included voluntary annexation petitions for that area where utility easements were located; however, the city had been unable to secure a petition for the Higgins property. On the next agenda, staff will present council with a resolution to officially accept the petitions for voluntary annexation, and a resolution to initiate involuntary annexation of the Higgins property. Staff also needed direction from council on whether to pursue annexation of the section of the I-10 corridor currently outside the city limits. Mr. Coleman also noted a voluntary annexation had been received for the Hilburn property; however, staff proposed that it be deferred until a future annexation with Phase 2 of the utility extension project.

Mr. Motheral moved to approve the annexation path as presented and to move forward with the annexation plan as stated by Mr. Coleman but with the inclusion of the Hilburn property, and to include the section of I-10 between the Avery annexation and the current city limits; the motion was seconded by Mr. Gross and passed 5-0.

4J. Authorization to submit an application to the City of Kerrville, Texas Economic Improvement Corporation for funding of the Harper Road utility extension project – Phase 2.

Ms. Ondrias reported that during the project to extend utilities to James Avery Craftsman, several property owners in the area had requested utilities also be extended to Harper Road and I-10. She proposed a Phase 2 utility construction project at \$1.2 million that would serve a 50 acre area with potential of serving an additional 170 acres in the future. She requested authorization from council to submit a grant application to EIC to provide utilities for economic development opportunities in the Harper Road/I-10 commercial corridor area.

Council also discussed the following:

- The Heights subdivision had been platted for individual septic systems; providing lines to Harper Road would allow The Heights access to city sewer when it develops. Mr. Hayes noted the possibility existed to renegotiate the development agreement with The Heights if utilities were available.
- Availability of utilities would open the I-10 corridor for commercial development.

The following person spoke:

- Robert Keeble questioned extending utilities to Harper/I-10 before completion of the Birkdale project which had been #1 on the city's project list for years, and questioned whether the city would be diverting funds from the Birkdale project to the Harper Road/I-10 project. Ms. Ondrias stated that the Harper Road/I-10 project would not affect the construction timetable for the Birkdale project.

Mayor Wampler noted the Birkdale project was a priority and was currently under design and funding was in place through a bond issue. Both projects could proceed concurrently and the Harper/I-10 project would not inhibit the Birkdale project which would proceed on schedule.

Mr. Motheral moved to authorize staff to submit a grant application to EIC for the construction of the Harper Road utility project phase 2. Mr. Gross seconded the motion and it passed 5-0.

4K. Renovation of the Butt-Holdsworth Memorial Library building.

Ms. Ondrias noted a meeting with HEB staff, foundation staff, and project architect, and proposed a re-phasing of the renovation project using funds currently available. Mr. Butt agreed to provide \$950,000 funding now so that the project could proceed; available funds also included: \$500,000 donated to the city for library use; \$86,000 energy grant for library roof; \$56,000 in the 433 Water Street fund; \$55,000 donated from the 2011 Charity Ball event; for a total of \$1,647,000. The foundation would continue to raise funds for the remaining project, estimated at \$6 million. If approved, staff will schedule a budget amendment for council consideration at a future meeting, in anticipation of contract bid in May and construction startup in June. First phase of the project would include: removal and relocation of the building at 433 Water Street, roof and mechanical replacement, enclosing the second floor balcony, renovation of the first and second floors, and some grounds work; reopening of the library was anticipated for January 2012.

Council expressed sincere appreciation to Mr. Butt for his continued support and contribution to the Butt-Holdsworth Memorial Library and excited about the opportunity to begin the renovation of this tremendous community asset.

Mr. Gross moved to authorize staff to proceed as presented; the motion was seconded by Mr. Allen and passed 5-0.

5. INFORMATION AND DISCUSSION:

5A. Update regarding Lower Colorado River Authority Transmission Services Corporation's (LCRA-TSC) application for the proposed McCamey D to Kendall to Gillespie CREZ project (PUC Docket No. 38354).

Mr. Hayes reported the hearing before PUC would be held Thursday, and the opinion should be issued by January 24.

5B. Economic update.

Mr. Erwin reported December sales tax down 1% and HOT revenue down 5%. The general fund and water/sewer fund were on target as projected.

6. BOARD APPOINTMENTS:

6A. Appointments to the Food Service Advisory Board.

Mr. Gross moved to reappoint Robbie Crocker, Jacques Duhr, and Melissa Southern; and to appoint Abel Vazquez, all with terms to expire December 1, 2012. Mr. Motheral seconded the motion and it passed 5-0.

6B. Appointments to the Planning and Zoning Commission.

Mr. Motheral moved to reappoint Tony Roberts and T. Justin MacDonald to regular board member positions; and to reappoint Michael Sigerman to the alternate member position; all with full terms to expire January 1, 2013; Mr. Allen seconded the motion and it passed 5-0.

7. **ITEMS FOR FUTURE AGENDAS:** No items were proposed.

8. **ANNOUNCEMENTS OF COMMUNITY INTEREST:**

- Mr. Parton reminded council of the cowboy breakfast to be held January 14.

9. **EXECUTIVE SESSION:** None

10. **ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:** None.

ADJOURNMENT. The meeting adjourned at 9:44 p.m.

APPROVED: _____

David Wampler, Mayor

ATTEST:

Brenda G. Craig, City Secretary