

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
  
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13

KERRVILLE-KERR COUNTY JOINT AIRPORT BOARD

Budget Workshop

Wednesday, November 2, 2011

10:00 a.m.

Airport Terminal Conference Room

1877 Airport Loop Road

Kerrville, Texas

MEMBERS PRESENT: MEMBERS ABSENT:

Stephen King, President  
Tom Moser, Vice-President  
Mark Cowden  
Corey Walters  
Ed Livermore

AIRPORT BOARD STAFF PRESENT:  
Bruce McKenzie, Airport Manager  
Laurie DeJohn-Ermey, Executive Assistant

COUNTY STAFF PRESENT:  
Guy Overby, Commissioner Pct. 2  
Jonathan Letz, Commissioner Pct. 3  
Jeannie Hargis, Auditor

CITY STAFF PRESENT:  
Sandra Yarbrough, Assistant Director of Finance  
Sai Vongchampa, Budget and Purchasing Manager

VISITORS:  
Mark Armstrong, Kerrville Daily Times

2

I N D E X

PAGE

CALLLED TO ORDER

1. VISITORS FORUM -

2. DISCUSSION AND POSSIBLE ACTION:  
2A Budget Workshop 4

3. ADJOURNMENT 121

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

3

1 On Wednesday, November 2, 2011, at 10:00 a.m., a  
2 special budget workshop of the Kerrville-Kerr County Joint  
3 Airport Board was held in the Airport Terminal Conference  
4 Room, Louis Schreiner Field, Kerrville, Texas, and the  
5 following proceedings were had in open session:

6 P R O C E E D I N G S

7 MR. KING: All right. I'll call this meeting to  
8 order of -- do we have an agenda?

9 MR. MOSER: Budget -- just a single item, budget  
10 workshop.

11 MR. KING: Do I have to say that thing?

12 MR. MOSER: Yeah, you do.

13 MR. McKENZIE: Hang on; we'll get it for you.

14 MR. KING: Stand by.

15 MR. LIVERMORE: What are we waiting for?

16 (Discussion off the record.)

17 MR. KING: Do you know what? I might have one  
18 here.

19 MR. McKENZIE: Just read the first --

20 MR. MOSER: Here she comes.

21 MR. McKENZIE: Here you go.

22 MR. KING: I'll call this meeting to order,  
23 November 2nd, Kerr County/Kerrville -- Kerrville/Kerr County  
24 Joint Airport Board budget workshop. This is a special  
25 called meeting. Visitors forum. At this time, any person

1 with business not scheduled on the agenda may speak to the --  
2 with the Airport Board. No deliberation or action may be  
3 taken on these items, because the Open Meetings Act requires  
4 an item be posted for 72 hours before the meeting. Visitors  
5 are asked to limit their presentations to three minutes.  
6 Anyone? None being heard, we'll move to Item 2, Discussion  
7 and Possible Action, the 2012 operating budget. Gentlemen?

8 MR. LIVERMORE: Can we take action on this budget  
9 today? Are we allowed to do that? I'm just asking.

10 MR. MOSER: Oh, yeah. Yeah.

11 MR. KING: Sure.

12 MR. MOSER: We're going to pass it.

13 MR. KING: Sure. Okay.

14 MR. MOSER: We'll -- well, what we're going to do  
15 is we're going to establish and make a recommended budget to  
16 the City and to the County.

17 MR. LIVERMORE: But we don't have to bring this  
18 back at our next board meeting to affirm our action?

19 MR. MOSER: No.

20 MR. LIVERMORE: We can make that action today?

21 MR. KING: Okay. So, we're doing this -- we're  
22 going to come up with a budget, re-present it to the City,  
23 re-present it to the County, and hopefully they're going to  
24 approve it. We'll present to it both of them, get approval  
25 of it, and go on down the road. Okay? How do you want to do

1 this?

2 MR. MOSER: I think the way we did it, we just went  
3 line item by line item, started at the top and went through.

4 MR. COWDEN: Can I ask a question?

5 MR. KING: Yeah.

6 MR. COWDEN: It says 2012 City-approved budget.

7 Shouldn't that be City/County approved?

8 COMMISSIONER LETZ: The County didn't approve it.

9 MR. COWDEN: County didn't approve it.

10 MR. MOSER: He said the County didn't approve --

11 MR. KING: The County approved the 110,000. They  
12 approved the 110,000, so I think we'll start with 110,000. I  
13 think we're all in agreement -- I'm in agreement.

14 MR. MOSER: He's talking about that entire column.

15 MR. KING: Right. Right.

16 MR. MOSER: That's City-approved. That's what the  
17 column says.

18 MR. KING: I think we're all in agreement that we  
19 -- the 110,000 is the number, and we're leaving it at that.  
20 We're not asking for any more money from the City or the  
21 County, correct?

22 MR. MOSER: Not till you get to the bottom line.

23 MR. KING: Well --

24 MR. MOSER: Just hold that. You don't have to make  
25 that comment yet.

6

1 MR. KING: M-o-s-e-r, Moser.

2 MR. MOSER: Right. (Laughter.) Speaking for Steve  
3 King.

4 MR. KING: Okay. All right. We'll just start --  
5 we'll start with the income. I mean, we'll go over these  
6 numbers. Originally, we'd estimated the land lease at  
7 108,884. Now you have them at 113,969. Where does that  
8 change come from?

9 MR. McKENZIE: George Stieren's hangar.

10 MR. KING: Okay. That's George Stieren's hangar  
11 being added in there?

12 MR. McKENZIE: Yes, sir.

13 MR. MOSER: You'll notice the City had approved  
14 108, and Bruce and I spent a couple hours last week going  
15 over this thing, and it's crazy not to look at, you know,  
16 what the 2011 actual is, which is 112,000.

17 MR. KING: Yeah.

18 MR. MOSER: So I don't see any reason to reduce it.

19 MR. KING: I agree.

20 MR. MOSER: So that's what that is, a lease.

21 MR. KING: The leases are the leases.

22 MR. MOSER: The leases are the leases; that's

23 right.

24 MR. KING: Shouldn't be a different number.

25 MR. MOSER: Right. And that's moving in the right

7

1 direction.

2 MR. KING: Terminal lease, 15,513. I notice  
3 there's a little difference there. Where did y'all come up  
4 with that? Is that -- y'all took the actual lease --

5 MR. McKENZIE: The difference, Steve, is the  
6 Consumer Price Index kicks in.

7 MR. KING: Okay.

8 MR. McKENZIE: That made the difference in those.  
9 That's all that is.

10 MR. KING: It's actually less.

11 MR. COWDEN: Going down.

12 MR. McKENZIE: And we lost money on the Brinkman  
13 hangar because 33 years ago, when they did that lease, they  
14 didn't put -- they didn't put a catch clause in there. Their  
15 lease went down. That's what caused that.

16 MR. KING: That lease went down?

17 MR. McKENZIE: Yes, sir.

18 MR. KING: Okay. Okay. So that's where that  
19 number is, so we can justify --

20 MR. LIVERMORE: How much did it go down?

21 MR. McKENZIE: About \$300.

22 MS. DEJOHN-ERMEY: Almost a half.

23 MR. KING: It's not very much, right?

24 MR. McKENZIE: It was 600-something dollars. Now  
25 it's, like, three-something.

8

1 MR. LIVERMORE: You mean a month?

2 MR. McKENZIE: Yes, sir.

3 MR. LIVERMORE: Wow.

4 MR. KING: Went down how much?

5 MR. LIVERMORE: Went down 50 percent.

6 MR. McKENZIE: Yes, sir.

7 MR. KING: How come? Consumer Price Index was

8 only --

9 MR. McKENZIE: Consumer Price Index was flat. We  
10 worked it two ways -- we worked it three ways, and couldn't  
11 get it up.

12 MR. KING: I guess I'm confused.

13 MR. COWDEN: That doesn't sound right.

14 MR. KING: 'Cause we --

15 MR. LIVERMORE: Over the last 20-some years,  
16 there's been inflation.

17 MR. KING: You mean it just went -- it changed this  
18 year? Not last year?

19 MR. McKENZIE: It changed this year.

20 MR. KING: Do they have some sort of clause where  
21 they got a gift or something? I mean, they have to pay --

22 MR. McKENZIE: I'll have to read it, Steve. I  
23 don't have it in front of me.

24 MR. KING: I understand. It can't be 300 a month;  
25 that would be \$3,000 -- that would be \$3,600. It's got to be

9

1 \$300 total over the term.

2 MR. McKENZIE: Perhaps I misspoke.

3 MR. KING: Over the 12-month period, which would be  
4 about 20-something bucks a month, which I can understand  
5 that. That would probably equal --

6 MR. LIVERMORE: That would be 50 percent.

7 MR. KING: -- Consumer Price Index. Okay. All  
8 right.

9 MR. COWDEN: \$150.

10 MR. KING: Okay. It's down 150 -- \$146, which is  
11 12 -- 12 bucks a month, which is probably the C.P.I.

12 MR. COWDEN: That's probably it.

13 MR. KING: I got to be clear on this; I may have to  
14 present this to some people. I need to have all my ducks in  
15 a row. All right, the T-hangar leases. We approved 52,4.  
16 The City -- and the City said 52,4, and now we're at 47,1.  
17 What happened there?

18 MR. COWDEN: The actual is 49.

19 MR. KING: And the actual is 49.

20 MR. McKENZIE: Some of the these gentlemen pay  
21 their leases --  
22 MR. COWDEN: In advance.  
23 MR. McKENZIE: -- monthly; some pay them in  
24 advance, \$5,200 annually.  
25 MR. KING: Right.

10

1 MR. McKENZIE: \$2,850 annually. Ed's one of those  
2 gentlemen that pays them. It just -- it's all in there,  
3 Steve. It just depends on when they pay it.  
4 MR. KING: Okay.  
5 MR. MOSER: So it's just calendar time of --  
6 MR. McKENZIE: It's a time procedure.  
7 MR. MOSER: Okay.  
8 MR. KING: Well, are you telling me some of those  
9 people have already prepaid?  
10 MS. DEJOHN-ERMEY: There was a gentleman that we  
11 just found out paid his annual T-hangar lease of 2,850 to the  
12 courthouse on September 28th, so it was credited to fiscal  
13 year '11, and they will move that to fiscal year '12.  
14 MR. KING: They won't?  
15 MS. DEJOHN-ERMEY: They will.  
16 MR. McKENZIE: They will.  
17 MS. DEJOHN-ERMEY: We just found out about it  
18 yesterday.  
19 MR. KING: So, are we going to get 2,800 more than  
20 47,1?  
21 MS. DEJOHN-ERMEY: No, that's what they are when  
22 you calculate them out. But the fiscal year '11 will go  
23 down, because they'll take that out of there.  
24 MR. MOSER: 2,800 would make it 49, yeah.  
25 MR. KING: Well, no.

11

1 MR. MOSER: So that would --  
2 MR. KING: They're going to take it off.  
3 MR. COWDEN: You said 49?  
4 MR. KING: They're going to take it off the 49.

5 MR. COWDEN: 49, 50.

6 MR. KING: You're saying that some people last year  
7 paid their rent different than they pay -- than they're going  
8 to pay it this year?

9 MR. McKENZIE: They come in at different times,  
10 yes, sir, to pay their rent. Some people pay way in advance,  
11 some shortly in advance. Some pay a year in advance, even  
12 beyond what they've paid.

13 MR. KING: I know, but I have -- I don't understand  
14 how we know that's going to happen. Isn't this for next  
15 year? This is for 2012, right?

16 MR. McKENZIE: Yes.

17 MR. KING: I don't know how we know that that's  
18 going to happen.

19 MR. McKENZIE: We're going historically on what  
20 they've paid before. Everybody pays this.

21 MR. KING: Well, if they did it last year, it came  
22 to 49. If they do it all the same, why does it come to 47?

23 MS. DEJOHN-ERMEY: Because of that lease payment.

24 MR. McKENZIE: That one that was paid over here.

25 MR. LIVERMORE: One guy kind of paid twice.

12

1 MR. KING: So, you're saying the 49 is not correct?

2 MS. DEJOHN-ERMEY: Right, it's 47.

3 MR. LIVERMORE: 49 is correct; it's just not  
4 accrued correctly.

5 MR. KING: So it's going to be minus 2,850 bucks.

6 MR. LIVERMORE: And you can add that over on the  
7 other side.

8 MR. KING: All right. And what does the -- what  
9 was the reason it was 52,4? Why did we --

10 MR. MOSER: Probably the same thing.

11 MR. KING: Why did the board approve that, and why  
12 did the City approve that? Was there some sort of -- we  
13 thought we were going to get a windfall or something?

14 MR. COWDEN: Is Stieren's deal in there? The land  
15 leases or something?

16 MR. LIVERMORE: Maybe there was an increase --



17 MR. KING: I don't know.  
18 MR. LIVERMORE: -- built in.  
19 MR. KING: Y'all find out about that, 'cause I kind  
20 of wonder why we're down. 'Cause, I mean, looks like to me  
21 we're down \$5,000 -- \$5,000 on what we thought -- we even  
22 thought we were going to do. We approved that for 2012.  
23 COMMISSIONER LETZ: Steve, just a guess as to what  
24 might be happening there, is that if you take the total  
25 number of hangars --

13

1 MR. KING: Right.  
2 COMMISSIONER LETZ: -- and their monthly rents, and  
3 multiply it by --  
4 MR. KING: Maybe that's where the 52,4 comes from.  
5 COMMISSIONER LETZ: -- the 52,4, it depends on when  
6 their --  
7 MR. KING: Actual income.  
8 COMMISSIONER LETZ: And the actual income coming in  
9 from year to year, 'cause they're annual. It's based on when  
10 they sign the lease, correct, Bruce?  
11 MR. McKENZIE: That's correct.  
12 COMMISSIONER LETZ: So, someone in January --  
13 MR. KING: Yeah.  
14 COMMISSIONER LETZ: -- may pay for the next year,  
15 so part of that's always going to be off a little bit.  
16 MR. KING: I got you. Okay.  
17 MR. LIVERMORE: What do we have, 16 hangars?  
18 MR. McKENZIE: Yes, sir.  
19 MR. LIVERMORE: I don't have my calculator here,  
20 but you can really take 16 times --  
21 MR. McKENZIE: No, you can't do it that way either,  
22 because 10 of them -- 10 of them pay -- it's \$3,000 a year,  
23 'cause they pay every month. You, for example, pay 2,850 a  
24 year, so you get a break. There's --  
25 MR. MOSER: So why don't we just get Bruce to

14

1 verify that that's the difference between 52,4 and 47,1.

2 That's what --

3 MR. KING: Jonathan, you're probably right. That's  
4 probably the maximum amount of rent that we could get.

5 COMMISSIONER LETZ: Right.

6 MR. KING: If everybody just paid exactly on the  
7 same day.

8 MR. MOSER: Right.

9 MR. KING: Okay, we can do that. Okay. Rental  
10 surcharge. Any problem with that? No? T-hangar storage  
11 fee.

12 MR. LIVERMORE: What is vehicle --

13 MR. KING: That's rental car surcharge we get off  
14 of Joey renting from Avis and --

15 MR. McKENZIE: Enterprise.

16 MR. KING: -- Enterprise. And we get --

17 MR. MOSER: \$10 a day.

18 MR. KING: -- 10 bucks -- so much for every rental.  
19 T-hangar storage fees. That seems good. All right. Fuel  
20 flow fees.

21 MR. LIVERMORE: I'm sorry to ask a question. We  
22 have T-hangar leases up here and T-hangar storage. What's --

23 MR. KING: There's a storage building.

24 MR. McKENZIE: There's three storage units in the  
25 end of two of those buildings, Ed. We lease those for \$660

15

1 annually.

2 MR. LIVERMORE: That's a separate little agreement,  
3 okay.

4 MR. McKENZIE: Yes, sir.

5 MR. LIVERMORE: I didn't know -- mine's in the  
6 middle. I didn't know that.

7 MR. McKENZIE: Yeah.

8 MR. KING: Fuel flowage fees. We're saying 32, so  
9 we dropped it down about \$3,000, or \$2,700. Are you going  
10 off historical? Is that what you're doing?

11 MR. McKENZIE: Yes, sir.

12 MR. MOSER: And that's consistent with 2011  
13 actuals.

14 MR. KING: Right, I see that. Okay. So, they're  
15 pretty close.  
16 MR. MOSER: Yeah.  
17 MR. KING: Okay, that seems like a good number.  
18 Okay, interest income, 100 bucks. All right. So, total  
19 revenues of 433,287, which is down about 3,000 -- well, it's  
20 down \$9,000 over '11. Is that what y'all are saying?  
21 MR. MOSER: Mm-hmm.  
22 MR. KING: Okay.  
23 MR. MOSER: And we went through the --  
24 MR. KING: All right. So, we verified those. All  
25 right. All right, now we'll get over to expenses. Airport

16

1 Manager. We left that the same as 2011; is that correct?  
2 MR. MOSER: Oh, there's one other thing, too. Go  
3 back on the first page. Just for clarification, the top line  
4 of Kerr County, where it's over in the average.  
5 MR. KING: Yeah.  
6 MR. MOSER: Bruce and Laurie, what they did is they  
7 averaged the actuals from 2011 back, but 2010 and some of  
8 2009 has capital funds in there, so that average is not an  
9 operating funds average. So, it's a mixed bag there. So --  
10 MR. KING: Right.  
11 MR. MOSER: -- if you get caught on this if you're  
12 explaining it, --  
13 MR. KING: Okay.  
14 MR. MOSER: -- know that.  
15 MR. KING: Y'all will be able to bail me out, I'm  
16 sure.  
17 MR. MOSER: I think I've got something to do that  
18 day, if I recall. (Laughter.) Okay.  
19 MR. KING: All of y'all will be available to help  
20 me out.  
21 MR. MOSER: Okay.  
22 MR. KING: Captain and his first mate, right? All  
23 right, expenses side here. Airport Manager. We said that  
24 was the same as 2011.  
25 MR. MOSER: Mm-hmm.

1 MR. KING: Office personnel staff. That looks like  
2 the same number; down a little bit, actually. What's the  
3 reason that's a little bit different?  
4 MR. McKENZIE: It's the same.  
5 MR. KING: Oh, it is. You're right.  
6 MR. MOSER: Oops.  
7 MR. KING: I don't know why, but okay. Any  
8 reasoning there? No? Just multiply it out.  
9 MR. COWDEN: Math error.  
10 MR. KING: Math error or something? Okay. FICA.  
11 That should be the same.  
12 MR. MOSER: Right.  
13 MR. KING: Pretty much the law. Group insurance.  
14 MR. LIVERMORE: Where is that?  
15 MR. MOSER: Wait, there's some confusion on group  
16 insurance. Excuse me.  
17 MS. HARGIS: I think they're flipped. If you  
18 really want to know the truth, I think they're flipped.  
19 MR. KING: Between what?  
20 MS. HARGIS: The blue numbers are flipped. That  
21 should be -- the 7,860 should be with the 7,860, and the 11  
22 should be down -- I think they got flipped.  
23 MR. KING: Oh, really?  
24 MR. MOSER: They did.  
25 MR. KING: I've been wondering about that for about

1 a month.  
2 MR. MOSER: Yeah, both the Board-approved and City.  
3 Those -- those two rows should be interchanged to make it  
4 right.  
5 MR. LIVERMORE: So -- oh, so the 12,587 should be  
6 under the blue column, and the 11,566 --  
7 MR. MOSER: It should be under -- just change --  
8 change the rows, okay?  
9 MS. HARGIS: Just --  
10 COMMISSIONER OVERBY: Flip them.

11 MS. HARGIS: -- flip them.

12 MR. KING: Flip them. Is that everybody? Well,

13 that's just for City and the --

14 MR. MOSER: Right, just for the City and the

15 Board-approved. They're entered incorrectly.

16 MR. KING: Okay.

17 MR. MOSER: Oh, there's Corey.

18 MR. KING: Why was ours going to be high? Why is

19 it high? Why did the Board approve 27 -- 26,300?

20 MS. HARGIS: Because the year before we had 10,500

21 as our estimate on our premium, and it didn't -- and then we

22 changed our total coverage at the end because we couldn't

23 afford that. So, it's a budget situation we didn't have the

24 answer to until September the 29th or the 30th.

25 MR. KING: Okay.

19

1 MS. HARGIS: Our group insurance doesn't renew

2 until December, so we can't get a strong bid until the very

3 end of September.

4 MR. KING: Okay.

5 MS. HARGIS: So that's a moving target number when

6 we give it to y'all.

7 MR. KING: Right. Right. Well, 26,000 was a big

8 number.

9 MS. HARGIS: Well, two people, 10,500 each. That

10 would be about right.

11 MR. KING: I see.

12 MR. MOSER: But that's what they gave us.

13 MR. KING: 26 was on the top, okay. And 12 is on

14 the bottom. Okay. All right.

15 MR. MOSER: So those are all okay.

16 MR. KING: So those are okay now. Workman's comp,

17 that should be -- that's what it is, isn't it?

18 MS. HARGIS: 2,599 is what it was last year.

19 MR. KING: Mm-hmm.

20 MS. HARGIS: And I told them to add 5 percent,

21 because if salaries increase or something, we have -- and

22 they always go back and audit.

23 MR. KING: They audit, give you a check back.

24 MS. HARGIS: Right.

25 MR. KING: So, that's an audited number, so it

20

1 doesn't really --

2 MR. MOSER: Okay.

3 MR. KING: And if you're under, they charge you  
4 back anyway.

5 MS. HARGIS: If they give us credit, we give it  
6 back to all the different departments.

7 MR. KING: Right, I understand. Right. Okay. All  
8 right. End of the budget here, Line 008, professional  
9 development. What is that, Bruce? Somehow, I remember  
10 getting asked that.

11 MR. McKENZIE: Architectural services, surveying,  
12 analysis --

13 MR. KING: Do you have a sheet --

14 MR. MOSER: No, professional development. That's  
15 your training.

16 MR. McKENZIE: I'm sorry. I'm sorry.

17 MR. KING: What is that?

18 MR. McKENZIE: My mistake. That's the three  
19 conferences that we usually attend. The board all attended  
20 one last year at the Texas Aviation Conference.

21 COMMISSIONER LETZ: Continuing education.

22 MR. KING: It's continuing education meetings, is  
23 what you're saying?

24 MR. McKENZIE: Continuing education. That's what  
25 it is.

21

1 MR. KING: Thank you very much.

2 MR. McKENZIE: All training, educational training.

3 MR. LIVERMORE: Is this part of your -- I don't --  
4 I hope the word "development" sounds right -- your

5 development as an airport manager, where you --

6 MR. McKENZIE: That's not only myself, but all  
7 airport managers.

8 MR. LIVERMORE: Mm-hmm, right.  
9 MR. McKENZIE: That's correct.  
10 MR. KING: What's -- so, what we -- we spent last  
11 year how much?  
12 MR. MOSER: 66.  
13 MR. KING: 66.  
14 MR. MOSER: 6,700.  
15 MR. COWDEN: Did we do all of these? The F.A.A.  
16 regional conference that was in Fredericksburg?  
17 MR. McKENZIE: No, this is going to be in Fort  
18 Worth next week. This is the big one we went to in May.  
19 MR. COWDEN: That everybody went to?  
20 MR. McKENZIE: Triple A conference I go to once a  
21 year.  
22 MR. COWDEN: That's how long?  
23 MR. McKENZIE: It's a three-day conference.  
24 MR. COWDEN: Central chapter --  
25 MR. McKENZIE: Of the Triple A; that's the Texas,

22

1 Louisiana, Oklahoma area.  
2 MR. COWDEN: So that's for travel, hotel --  
3 MR. McKENZIE: Travel and hotels.  
4 MR. LIVERMORE: Where will that May conference be  
5 this year, and do you have a date on it?  
6 MR. McKENZIE: On the -- which? On the Texas --  
7 MR. LIVERMORE: TexDOT.  
8 MR. McKENZIE: Going to be in Galveston. I do have  
9 a date -- we have a date on that.  
10 MR. COWDEN: In May.  
11 MR. KING: Okay.  
12 MR. COWDEN: Can we do -- can we get all that in  
13 for 6,000?  
14 MR. McKENZIE: Yes.  
15 MR. KING: Okay. Local meeting expense, there's  
16 nothing in there.  
17 MR. MOSER: Are you on professional services now?  
18 MR. KING: Yeah, I'm going to go to professional  
19 services.

20 MR. MOSER: Okay. I've got -- I've got --  
21 MR. KING: What are those?  
22 MR. MOSER: On professional services, I want to say  
23 something there. That's -- you know, we've put on the table  
24 that we want to develop hangars, T-hangars and box hangars.  
25 MR. KING: Mm-hmm.

23

1 MR. MOSER: We've got our master plan. The next  
2 step is to do preliminary engineering so we can define  
3 what -- what has to be done on any activity, anything that we  
4 want to develop.  
5 MR. KING: Mm-hmm.  
6 MR. MOSER: If we want to develop 30 T-hangars on  
7 the west side, there's engineering work to be done. That's  
8 where this would be covered, unless we put those kinds of  
9 expenses in capital. And I don't know, Jeannie, if -- if  
10 that kind of work goes in capital expenditures or not.  
11 MS. HARGIS: The pre-engineering, probably not.  
12 MR. MOSER: That's what I thought. It did not.  
13 Looking at some of the -- the cost estimates from Garver, to  
14 do the site prep was like a half a million dollars. And 10  
15 percent -- and that's kind of a good rule of thumb; 10  
16 percent of the cost is preliminary engineering. That's  
17 \$50,000. So, this is 10,000. So, if we're going to move  
18 ahead, we can make a decision not to move out this next year  
19 on developing the hangars, and we can just leave it where  
20 it -- right where it is. It's probably okay, but if we want  
21 to proceed, we're going to need about \$50,000 to do the  
22 preliminary engineering so we can then go get bids and  
23 proceed with what -- how we want to implement this. Or we  
24 can wait another year, you know. But the challenge is, we  
25 need to increase revenue out here, so some time or another we

24

1 need to bite the bullet and say we need to do the next step  
2 of definition, of take -- define the thing so we can get a  
3 price and so we can decide how to do them.  
4 MR. COWDEN: Now, in that \$600,000 -- and this is



5 my memory: I'm not sure if it's right or not. Probably not.  
6 But there was a mistake in that bid Garver had, 'cause they  
7 put all the lime in there. Remember, we questioned about  
8 that: we said, "Oh, no, that's too high. That must be a  
9 mistake." So, I'm not sure that 600 for site prep is the  
10 right number.

11 MR. MOSER: It may or may not be. It's probably  
12 going to be somewhere in the neighborhood, and depends -- do  
13 you do site prep for just the west side, or some of the east  
14 side too where we have box hangars? And that's a decision we  
15 have to make. But we -- and we're not ready to make that  
16 decision, 'cause we haven't seen the final master plan, and  
17 we haven't gone through the debate of what's the best way to  
18 proceed with this, whether it's a condominium project or  
19 whether it's a land lease or whether it's the City/County do  
20 the development. I mean, there's a lot of work to be done.  
21 My only point is, if we don't put something in the budget,  
22 we're not going to do it. We're doing nothing for a whole  
23 year. That's my point.

24 MR. KING: I -- I agree with that. I mean, I think  
25 -- but the problem I see with that is, I don't think you have

25

1 to have -- there's no funding for this project.

2 MR. MOSER: That's correct.

3 MR. KING: No funding for that project, and I think  
4 the City and the County both -- if I put \$50,000 in there,  
5 they're going to say, "Well, what's that for?"

6 MR. MOSER: Right.

7 MR. KING: That's for the T-hangar project. "Well,  
8 could we look at that T-hangar project? Could you show it to  
9 us?" And there's nothing to show. There's nothing there. I  
10 think --

11 MR. MOSER: Yeah, there is something to show.

12 MR. KING: There is something to show, but there's  
13 no -- there's no presentable project that will show a return  
14 on investment.

15 MR. MOSER: Right.

16 MR. KING: And a funding source for that project.

17 MR. MOSER: That's correct.  
18 MR. KING: And so I would rather -- what I'd rather  
19 do is say -- is say, "Okay, we're going to spend some money  
20 on development." We have another choice, is we go to the  
21 City and the County; we present a project to them, and it may  
22 be the project's not completely finished, but we have a  
23 project, and we ask them to either fund it separately, out of  
24 budget, or fund it -- or allow us to fund it out of reserves,  
25 which is what we did -- I believe we did on the water

26

1 project, is we budgeted the preliminary part of the water  
2 project; the engineering, I believe.

3 MR. McKENZIE: Engineering.

4 MR. KING: We funded the preliminary engineering  
5 out of reserves.

6 MR. MOSER: Out of reserves?

7 MR. KING: Out of reserves.

8 MR. MOSER: That's okay.

9 MR. KING: And therefore it gives them the option  
10 to ask the questions about the project to see if the project  
11 would stand up. And, I mean, that's my biggest fear about  
12 putting stuff in this budget, that we cannot --

13 MR. MOSER: Can't quantify it.

14 MR. KING: We can't quantify yet, because that  
15 project's -- we don't know the funding sources for it. I  
16 mean, we -- at some point, we need to sit down with TexDOT  
17 again and ask Michelle, you know, what -- give us some  
18 percentage of our chances on -- on some of this funding that  
19 she's told us about, you know, and then we can decide whether  
20 it's going to be a public project, with a request from the  
21 City and the County or E.I.C., for a loan from E.I.C., or  
22 it's going to be a public/private project. You know, if we  
23 can take public money from TexDOT, and take it with private  
24 also, and put private on top of it and do that. So, I  
25 would --

27

1 MR. MOSER: I personally don't have any problem

2 with what you're saying. I think that's a good way to do it,  
3 because therefore we can say, "See, here's where it is.  
4 Here's what it will be. Here's what it would cost. Here's  
5 the options of how to do it. And, by the way, the next step  
6 is to do the preliminary engineering."

7 MR. KING: And we need money.

8 MR. MOSER: If they give us permission to do that  
9 out of reserve, that's fine. You can either take it out of  
10 reserve, which I think is good, as opposed to putting in a  
11 budget which, you know, then can be shot at continuously. I  
12 don't have any problem with that at all.

13 MR. KING: Okay. I --

14 MR. MOSER: That's good.

15 MR. KING: But I agree. At some point here in the  
16 next couple months, --

17 MR. MOSER: Couple months, right.

18 MR. KING: -- we need to decide. We need to get  
19 Michelle back down here, and we need to go over --

20 MR. MOSER: Okay.

21 MR. KING: We need to come up with a plan to get  
22 this thing moving forward.

23 MR. MOSER: I'm cool with that.

24 MR. KING: Move it forward, and let's present  
25 something to the City and the County so that we can at least

28

1 present a -- you know, a number.

2 MR. MOSER: That's good.

3 MR. KING: That can be out there that we can kind  
4 of figure out some different funding sources and figure out  
5 if -- if the City and the County or E.I.C. want to help us on  
6 the project. But, you know, it's pretty much been -- been  
7 told to me that when it's presented, it needs to be a  
8 complete plan that shows --

9 MR. MOSER: Yeah.

10 MR. KING: -- return on investment, who's going to  
11 get their money back, who's going to put their money to it,  
12 and what the revenue fund -- revenue streams are for the  
13 next, you know five, ten years.

14 MR. MOSER: And that's cool. I love that.  
15 MR. KING: And a great -- and a great part of that  
16 is using the old T-hangar project.  
17 MR. MOSER: Right.  
18 MR. KING: Because I think the old T-hangar project  
19 was very successful. It shows -- it's got a \$5,000 a  
20 month --  
21 MR. MOSER: Mm-hmm.  
22 MR. KING: What did you tell me, Bruce?  
23 MR. McKENZIE: 4,000 a month.  
24 MR. KING: 4,000 a month, yeah.  
25 MR. McKENZIE: Net cash flow. You know, so that's

29

1 50,000 a year, basically, that we're -- we're taking in from  
2 that deal. And, you know --  
3 MR. LIVERMORE: Can we -- may I ask a question?  
4 Can we go into that a little bit?  
5 MR. KING: Sure, fire away.  
6 MR. LIVERMORE: As you all know, several years ago,  
7 I -- I was working with a project out here -- this is before  
8 Bruce. And we were approaching it on the basis of  
9 pre-selling before we really moved forward, before we turned  
10 dirt. Is it possible, either taking commitments for leasing  
11 or commitments for purchasing, to get a serious commitment,  
12 maybe with a little bit of money put up in -- in a reserve  
13 fund?  
14 MR. KING: Sure.  
15 MR. LIVERMORE: Which would really show the  
16 viability if we had people who literally put down a \$5,000  
17 deposit, or a \$1,000 --  
18 MR. KING: We need to have a meeting and talk about  
19 that. That's a great idea.  
20 MR. LIVERMORE: And that way, you go -- and that's  
21 kind of your feasibility study right there.  
22 MR. MOSER: Mm-hmm.  
23 MR. COWDEN: Right. People have to put money up.  
24 MR. KING: Okay. Let's have a meeting on that next  
25 time and actually talk about that some more and get that

1 moved forward. Because --

2 MR. MOSER: I think we get the master plan at,  
3 like, Thanksgiving time frame, so right after that's when we  
4 ought to --

5 MR. KING: We just need to add -- we know what it's  
6 going to cost to do it.

7 MR. MOSER: Right.

8 MR. KING: Fairly close. We've seen a couple --

9 MR. LIVERMORE: Well, that cuts through an awful  
10 lot of studying.

11 MR. KING: And then just basically --

12 MR. MOSER: Well, all I wanted was us to have the  
13 capability to move, and that's the way to do it. Just ask --  
14 ask for --

15 MR. LIVERMORE: I understand.

16 MR. MOSER: Take it out of reserve; get permission  
17 to do that. That's cool.

18 MR. KING: I agree with that. I think your point  
19 is we need to move forward with that, because that is a  
20 revenue source.

21 MR. MOSER: Okay.

22 MR. KING: Okay.

23 MS. HARGIS: Can I ask a question? Are you taking  
24 it out or leaving it in?

25 MR. MOSER: No, going to leave it at 10.

1 MR. KING: Leave it at 10. And what does the 10  
2 cover, by the way?

3 MR. MOSER: Covers -- go ahead, Bruce.

4 MR. KING: Covers the engineering.

5 MR. McKENZIE: Covers electrical services,  
6 inspection services, surveying, environmental services,  
7 appraisal fees, design, and any other professional services  
8 we might require.

9 MR. KING: Okay. What did we spend last year,  
10 including engineering?

11 MR. MOSER: 8,000.  
12 MR. McKENZIE: 8,307.  
13 MR. MOSER: And a couple years ago, we spent  
14 17,000. A couple years before that, we spent 50.  
15 MR. KING: Right.  
16 MR. MOSER: So that's a good -- that's a good --  
17 it's not high.  
18 MR. KING: Okay. All right. Next, office  
19 supplies, \$1,500. We spent --  
20 MR. MOSER: 1,000.  
21 MR. KING: -- 1,000 bucks last year.  
22 MR. LIVERMORE: Probably workable.  
23 MR. KING: Probably workable?  
24 MR. LIVERMORE: Mm-hmm.  
25 MR. KING: So, a 33 percent increase. Do we have

32

1 any justification for it?  
2 MR. MOSER: Well, the year before that -- well,  
3 look at the average. Go over and look at the average; it's  
4 1,900. So --  
5 MR. KING: What does that cover, Bruce? I'm just  
6 -- I'm not trying to be argumentative; I'm trying to be  
7 informed.  
8 MR. McKENZIE: Everything in the office. Copy  
9 paper, pens, pencils, whatever. The things that make all  
10 these copying machines work.  
11 MR. KING: All right.  
12 MR. McKENZIE: Corey, did you have a question a  
13 while ago?  
14 MR. WALTERS: I'll ask you about it later.  
15 MR. KING: Okay, we'll go over that. Small tools  
16 and supplies. What is that?  
17 MR. McKENZIE: It's hand tools, power tools that we  
18 have to have. When we started on our own last year, we knew  
19 we were going to have to have several things we didn't have  
20 on our initial list. That's what that's for, and that's what  
21 that's to cover.  
22 MR. KING: Do we buy those every year, buy new ones

23 every year?

24 MR. McKENZIE: Oh, yeah. Not the same thing, but

25 different things every year.

33

1 MR. KING: Okay. Okay. All right.

2 MR. LIVERMORE: These are small items?

3 MR. McKENZIE: Generally, yes, sir.

4 MR. LIVERMORE: How do we make sure that those

5 things are still here?

6 MR. McKENZIE: Well, we've got one employee up

7 there now, and I watch it. So, I mean --

8 MR. LIVERMORE: Yeah.

9 MR. KING: I think we should do an inventory of

10 these every year. We should do an inventory -- have an

11 inventory, at least of what we actually have bought as far as

12 small tools, 'cause the County and the -- the County --

13 MR. McKENZIE: We have an inventory list.

14 MR. KING: Y'all have an inventory of stuff we

15 bought?

16 MS. HARGIS: We have your entire inventory. In

17 March, my staff came in and did it.

18 MR. KING: Okay, we have an inventory.

19 MS. HARGIS: Tracy has all of that.

20 MR. KING: Okay, that's good.

21 MR. McKENZIE: That's fine, absolutely.

22 MR. LIVERMORE: Amazing how small tools can have

23 legs. They all have legs.

24 MR. KING: Amazing how you keep buying the same

25 small tools over and over. Okay, that's fine. Chemical and

34

1 medical supplies.

2 MR. McKENZIE: That's for the herbicide, Roundup,

3 that we buy, and for Sahara, which is the soil sterilant that

4 we use when it rains.

5 MR. KING: And the medical supplies? Is that the

6 -- to get over the chemicals?

7 MR. McKENZIE: Could be.

8 MR. MOSER: That's for applying the chemicals.

9 MR. KING: That's for applying the chemicals?

10 MS. HARGIS: Probably -- if you got a little

11 medicine cabinet here, you probably --

12 MR. McKENZIE: We put a defibrillator out here, and

13 we have to maintain that.

14 MR. KING: That's a good thing.

15 MR. McKENZIE: Just things like that.

16 MR. KING: I can go with that. So, we spent \$4,000

17 last year --

18 MR. MOSER: Mm-hmm.

19 MR. KING: -- on chemical and medical supplies?

20 MR. McKENZIE: Yes, sir.

21 MR. WALTERS: We should probably break those two

22 categories out.

23 MR. MOSER: That's probably a county designation,

24 is it not?

25 MR. KING: Chemical and medical?

35

1 MS. HARGIS: No, that's what came off of Sandra's

2 roll. No, that's -- that was consistent with what you'd had

3 in the past.

4 MR. MOSER: Okay. I'm with Corey.

5 MR. KING: I'm with Corey.

6 MR. WALTERS: Split both of those; make one

7 chemical and one medical.

8 MR. MOSER: Right.

9 MR. McKENZIE: Can we do that, Jeannie?

10 COMMISSIONER LETZ: Why don't you just combine

11 medical with office supplies and small tools?

12 MS. HARGIS: Just make it --

13 MS. DEJOHN-ERMEY: Just make it chemical supplies,

14 and take the medical --

15 MR. MOSER: Since most medical is chemical.

16 MR. KING: Yeah, I think you're --

17 MR. LIVERMORE: Hmm?

18 MR. KING: I'd just put it up with the office

19 supplies, 'cause all that is is, like, little stuff like



20 that.

21 MR. MOSER: Band-aids.

22 MR. KING: Okay, I can live with that.

23 MR. MOSER: Okay. \$4,000 for oil and fuel -- fuel

24 and oil. What's that?

25 MR. McKENZIE: For all the lawnmowers that we have

36

1 now, string trimmers.

2 MR. KING: How many do we have?

3 MR. McKENZIE: Two pickups. We've got four

4 lawnmowers.

5 MR. KING: Four?

6 MR. McKENZIE: One push and three riders.

7 MR. KING: For one guy?

8 MR. McKENZIE: We had two guys, but the last two

9 months we've just had one guy.

10 MR. KING: Those are the lawnmowers -- we bought us

11 how many of those lawnmowers?

12 MR. McKENZIE: That's the lawnmowers the County

13 bought.

14 MR. KING: The County still owns those; is that

15 correct?

16 MS. HARGIS: No, we gave them to you.

17 MR. McKENZIE: I think the airport owns them.

18 MR. KING: That was a question that was asked to me

19 by someone. So they've been actually deeded to us?

20 MR. McKENZIE: They are ours, that is correct.

21 MS. HARGIS: We gave them to you.

22 MR. McKENZIE: You gave them to us.

23 MS. HARGIS: We had to purchase supplies with that

24 refund that we had, so that was your money.

25 MR. KING: So, we own those lawnmowers now. All

37

1 right.

2 MR. LIVERMORE: When we have --

3 MR. KING: I knew that. So, these lawnmowers are

4 in our building?

5 MS. HARGIS: Mm-hmm.

6 MR. LIVERMORE: When we have the campus mowed out  
7 here, if it ever would rain, that costs 65 --

8 MR. McKENZIE: It's going to cost a little over  
9 7,000.

10 MR. LIVERMORE: Who owns that vehicle?

11 MR. McKENZIE: That's an individual contractor.

12 MR. LIVERMORE: Individual contractor.

13 MR. KING: Okay.

14 MR. MOSER: He provides that.

15 MR. KING: So, fuel and oil, so that's basically  
16 for all those lawnmowers.

17 MR. McKENZIE: And two pickups.

18 MR. KING: And two pickups, okay. Okay. All  
19 right.

20 MR. WALTERS: It's -- but I'm just curious. I  
21 mean, the average is 1,500, yet we have a \$4,000 number in  
22 here.

23 MR. McKENZIE: Here's why, Corey. This is the  
24 first year we did it. It didn't rain in the last year.

25 MR. MOSER: But look at the previous years. It was

38

1 zero, because we didn't have the equipment.

2 MR. McKENZIE: We didn't have it.

3 MR. MOSER: The City did it.

4 COMMISSIONER LETZ: It was in the management  
5 contract.

6 MR. McKENZIE: It looks strange because we just --  
7 we had to mow, but not as much as we normally would in normal  
8 rain cycles.

9 MR. WALTERS: Yeah.

10 MR. KING: So we spent --

11 MS. HARGIS: And the last -- the reason for the two  
12 trucks, that was part of the city contract last time, and so  
13 now you're paying for the gasoline. You have two trucks  
14 instead of one truck.

15 MR. KING: Yeah. So, we actually spent \$3,603 last  
16 year.

17 MR. McKENZIE: Mm-hmm.  
18 MR. KING: Okay.  
19 MR. MOSER: So that's a 10 percent increase, so  
20 that's good.  
21 MR. KING: Okay. All right. Food supplies. We  
22 got rid of that.  
23 MR. McKENZIE: Cookies are gone.  
24 MR. KING: No cookies?  
25 MS. DEJOHN-ERMEY: I'll still make them for you.

39

1 MR. KING: We can make, like, a donation from the  
2 board.  
3 COMMISSIONER OVERBY: Pass the hat.  
4 MR. KING: Janitorial supplies, 2,200 bucks.  
5 MR. McKENZIE: Mm-hmm.  
6 MR. KING: You know, what's -- what is our tenant,  
7 Kerrville over here, what's his -- what's his responsibility  
8 for his lease? I thought when we made that lease, he -- he  
9 does the janitorial for us.  
10 MR. McKENZIE: He cleans the floors, empties  
11 trashcans, keeps the towels in the bathrooms, the toiletries  
12 in there; that's correct.  
13 MR. KING: We just bring the supplies?  
14 MR. McKENZIE: We take -- no, he does that. We  
15 take care of all these windows, these floors. We have the  
16 floors cleaned.  
17 MR. KING: Mm-hmm.  
18 MR. McKENZIE: All of the UniFirst. We have all  
19 these floor mats that are changed every week around the  
20 terminal building. We have towels in the pilot's lounge,  
21 things like uniforms, things like that coming out of that.  
22 MR. KING: Okay, uniforms for who?  
23 MR. McKENZIE: Not uniforms. I'm sorry, we have  
24 one man in uniform, but that's -- I misspoke there. But  
25 that's what the janitorial supplies is for.

40

1 MR. KING: About 150 bucks a month -- 180 bucks a

2 month. Okay. Okay.

3 MR. COWDEN: City said 2,400; we said 2,200. Spent  
4 2,000 last year.

5 MR. McKENZIE: Yes, sir.

6 MR. MOSER: Just increase the actual by 10 percent.

7 MR. KING: Wearing apparel. What would that be?

8 MR. WALTERS: Zero.

9 MR. MOSER: Zero.

10 MR. KING: Okay.

11 MR. MOSER: That's Chico's.

12 MR. KING: Postage, 200 bucks. Is that y'all's  
13 postage meter? Y'all have stamps?

14 MR. McKENZIE: Postage meter.

15 MR. KING: Postage meter. How much do y'all pay a  
16 month for that postage meter?

17 MS. DEJOHN-ERMEY: \$30.

18 MR. KING: Call them up and tell them you're  
19 getting ready to cancel; they'll give it to you for 15.

20 MS. DEJOHN-ERMEY: Every three months, we get \$90  
21 of free postage.

22 MR. KING: Oh, really?

23 MS. DEJOHN-ERMEY: So it offsets it for, like,  
24 three years, and then we have to pay out for it.

25 MR. KING: Who is it through, Pitney Bowes?

41

1 MS. DEJOHN-ERMEY: Pitney Bowes.

2 MR. KING: If you threaten those guys, they'll cut  
3 your rate in half. Tell them you're going to quit.

4 MS. DEJOHN-ERMEY: I'll do that.

5 MR. KING: Tell them you need to cancel it 'cause  
6 you're going to go to --

7 MR. MOSER: Tell them Steve said so.

8 MR. KING: Don't ever buy one of those things,  
9 'cause they're illegal to own.

10 MR. LIVERMORE: Are they really?

11 MR. KING: I bought one on eBay, and then I found  
12 out it's illegal; you can't own it. They're owned by --  
13 they're owned by the Postal Service or something, like

14 they're -- Pitney Bowes has a deal with the Postal Service  
15 now. They cannot be owned by individuals; they have to be  
16 rented. I still got it. It's hardly used.

17 MR. LIVERMORE: Well, you know, your mailbox at  
18 home is technically owned by the --

19 MR. KING: Okay. We got zero for Fed Ex, zero for  
20 software. Sod, seed, and planting. Vehicle parts. Why is  
21 there vehicle parts? 'Cause we're still under warranty.

22 MR. McKENZIE: It's zero.

23 MR. KING: Okay. Land. Land? What's land? That  
24 must be mowing the grass.

25 MR. McKENZIE: That's mowing the grass, yes, sir.

42

1 MR. KING: Okay.

2 MR. McKENZIE: The mowing at the airport.

3 MR. KING: Right. How much is it a time?

4 MR. McKENZIE: It was 5,200; now it's up to a  
5 little over 7,000 under the new contract.

6 MR. KING: Seven grand?

7 MR. McKENZIE: Yes, sir.

8 MR. MOSER: I'll take that contract.

9 MR. McKENZIE: That's everything.

10 MR. LIVERMORE: Outside of this -- this grass here?

11 MR. KING: If he doesn't mow next year, it'll be  
12 10.

13 COMMISSIONER LETZ: Steve, we're going to change  
14 that to mowing contract, so it's --

15 MR. KING: I agree.

16 COMMISSIONER LETZ: -- so it's clear what that item  
17 is.

18 MR. KING: That's a very good idea.

19 COMMISSIONER LETZ: Instead of defining "land."

20 MR. MOSER: Oh, I see.

21 COMMISSIONER OVERBY: Makes a whole lot more sense.

22 MR. KING: Okay.

23 MR. LIVERMORE: So that really isn't land.

24 MR. KING: No, it's mowing contract.

25 MR. COWDEN: I'm sorry. Okay.

1 MR. KING: And that's just an estimate based on the  
2 previous years. Is that what you tried to do?

3 MR. LIVERMORE: We didn't have to mow much this  
4 year.

5 MR. MOSER: No. That's the reason it's 25 as  
6 opposed to 29 from the previous year.

7 MR. KING: Right.

8 MR. MOSER: And the rate's going up.

9 MR. KING: Okay.

10 MR. MOSER: That's a lot to mow. Gosh, \$7,000.

11 MR. KING: But you looked at it, didn't y'all?  
12 Jonathan, didn't y'all look at mowing? That maybe we could  
13 get the County to mow it and pay you guys to --

14 COMMISSIONER LETZ: We've looked at it. It's not a  
15 bad deal.

16 MR. KING: I know y'all looked at it. It was  
17 expensive to do.

18 COMMISSIONER LETZ: Once you figure in the capital  
19 cost for the equipment.

20 MR. KING: Yeah. Yeah, that's what I figured. All  
21 right. Buildings and structures. This is obviously  
22 maintenance on buildings and structures; is that right? Is  
23 that correct?

24 MR. McKENZIE: Yes, sir.

25 MR. KING: Maintenance.

1 MR. McKENZIE: Pest control, floodlines, fire  
2 alarm, sprinkler system, light bulbs, et cetera, et cetera,  
3 et cetera.

4 MR. KING: I think that's a good sheet to have if  
5 you ever go before City Council.

6 MR. COWDEN: You need to have that.

7 MR. KING: Be a nice one to have.

8 MR. McKENZIE: I've got it all written down right  
9 here.

10 MR. MOSER: Might be nice for everybody to have a

11 copy of that.

12 MR. KING: In retrospect, it would be really nice

13 to have. Where were y'all? Okay. So, buildings and

14 maintenance, 20,000. All right. Is that a wild guess? Is

15 that an estimate?

16 MR. McKENZIE: No, sir. We went back and took a

17 historical average.

18 MR. KING: Okay.

19 MR. McKENZIE: And that's what we plugged in. The

20 City approved 10,000. That one I changed to --

21 MR. KING: What are we fixing there? Do you have

22 anything on the horizon that we're fixing to -- you know,

23 specifically, what do we have?

24 MR. McKENZIE: No, sir. It's just --

25 MR. KING: Just a --

45

1 MR. McKENZIE: -- every -- it's just things that

2 evolve.

3 MR. KING: The whole --

4 MR. McKENZIE: Over the --

5 MR. KING: It's a "think we might have to use it"?

6 MR. LIVERMORE: Well, and the actual is consistent

7 to some degree with what we've spent in the past.

8 MR. KING: Right.

9 MR. MOSER: The average is on the right side,

10 20,200.

11 MR. LIVERMORE: Yeah, right there.

12 MR. KING: Why did we spend so much?

13 MR. COWDEN: Maintenance, I see it's \$2,000. Are

14 these contracts?

15 MR. McKENZIE: No. We just call them once a year

16 to keep these carpets clean.

17 MR. KING: I notice in 2010, we spent 33,000. Is

18 there something more -- more that we did in 2010?

19 MR. McKENZIE: We spent a lot of money on 1700

20 Airport Loop Road to prepare our building to utilize. We put

21 new doors in, --

22 MR. KING: Yeah.

23 MR. McKENZIE: -- fixed the bathroom. We spent  
24 some money over there.  
25 MR. KING: Okay, that's 1700.

46

1 MR. McKENZIE: And then this -- in this building,  
2 the mistake that was made was there was no sink in the  
3 pilot's lounge. I put that in.  
4 MR. KING: Right.  
5 MR. McKENZIE: That's one reason it spiked.  
6 MR. LIVERMORE: Yeah.  
7 MR. KING: So --  
8 MR. MOSER: So, the buildings that this includes is  
9 the terminal, the two buildings along the road out there --  
10 MR. McKENZIE: Yes, sir, there's two buildings.  
11 MR. MOSER: And that's it, right?  
12 MR. McKENZIE: And all of our T-hangars.  
13 MR. MOSER: And all the T-hangars?  
14 MR. McKENZIE: Yes, sir.  
15 MR. MOSER: Yeah. So, what did this building cost,  
16 a million dollars?  
17 MR. McKENZIE: A million bucks.  
18 MR. MOSER: A million bucks, so you take a  
19 percentage of that -- Corey's probably got a number in the  
20 back of his head that says maintenance of facilities, "X"  
21 percentage of the cost of the facility. I used to use, like,  
22 5 to 10 percent in the facilities that I had, so that's less  
23 than -- less than that, so it's in the ballpark.  
24 MR. WALTERS: Too low.  
25 MR. MOSER: Huh?

47

1 MR. WALTERS: Ten was definitely too low.  
2 MR. MOSER: Yeah.  
3 MR. KING: Well, I mean, I'm just trying to  
4 figure -- we got to justify these.  
5 MR. COWDEN: Got to justify the --  
6 MR. KING: Got to justify it. It's not --  
7 MR. MOSER: Well, I think you look -- I think in



8 that, just look at historical.

9 MR. KING: Okay.

10 MR. MOSER: And the value of the buildings that you  
11 have.

12 MR. KING: We spent 14,000 last year, so we wanted  
13 to increase it by 30 percent. 30 percent over last year,  
14 basically. 30? 10 -- 40 percent.

15 MR. LIVERMORE: You're only talking about 2 percent  
16 of the possible value of this building here.

17 MR. MOSER: That's right. Just of this building,  
18 right. Does that include the T-hangars and -- I mean, so if  
19 you added all that -- all that in, you've got a million and a  
20 half dollars worth of buildings.

21 MR. KING: Well, okay. All right. I think -- I'm  
22 just trying to figure out --

23 MR. LIVERMORE: It would have been nice if we spent  
24 2 percent on Mooney along the way.

25 MR. KING: Okay, I can live with that.

48

1 MR. MOSER: That's a good point.

2 MR. KING: Office equipment, 1,500 bucks. What be  
3 that? What's that for, copiers? Postage meter?

4 MR. LIVERMORE: If you need a computer?

5 MR. KING: Computer?

6 MR. McKENZIE: I'm thinking malfunctions in there.

7 MR. MOSER: He's saying what's office equipment?

8 Does it include --

9 MR. KING: What it does.

10 MR. McKENZIE: The computers, what we use for the  
11 machines.

12 MR. MOSER: We spent 1,700 bucks last year.  
13 Average was 1,458. We're saying 1,500. All right, I can  
14 justify that. Instruments and apparatus. What is that, the  
15 AWAS?

16 MR. McKENZIE: Calibrations. AWAS calibrations.

17 One of the most significant expenditures we've had on that  
18 line item in the last two years has been our electronic X's

19 that we use to close the runway. One of those malfunctioned,

20 and it cost a considerable amount of money to fix it a couple  
21 years ago.  
22 MR. KING: But it's fixed now?  
23 MR. McKENZIE: Yes, sir, it's fixed, but the other  
24 ones --  
25 MR. MOSER: That's the reason it was 17,000 in

49

1 2011, and it's down to 8,000.  
2 MR. KING: Right.  
3 MR. McKENZIE: But the other one may take a like  
4 amount.  
5 MR. KING: We spent 14,000 last year. Did that  
6 include that X breaking? We spent \$14,000 last year.  
7 MR. McKENZIE: Yes.  
8 MR. MOSER: Yeah.  
9 MR. KING: Did that include fixing that thing?  
10 MR. McKENZIE: Fixing that X.  
11 MR. KING: Fixing that X.  
12 MR. WALTERS: Spent 7,500 last year.  
13 MR. KING: Did we?  
14 MR. MOSER: No, 14,7 last year. 2011 actual.  
15 MR. KING: Actual.  
16 MR. WALTERS: Okay.  
17 MR. KING: Yeah.  
18 MR. WALTERS: For 2010.  
19 MR. LIVERMORE: The City estimated five. There's  
20 something going to break. I mean, it just happens.  
21 MR. MOSER: Well, look at the average, 9,000. So,  
22 it's --  
23 MR. KING: I mean, what's the deal, Jonathan, on  
24 these things -- on these expenses like this? I mean, I don't  
25 know if it's going to break or not.

50

1 COMMISSIONER LETZ: I think the only thing you can  
2 do on that is look at your historical average. And  
3 historically, I think you know that if you own something --  
4 it's just like your house. If you own a house, you're going

5 to have repairs on that house every year. You may not know  
6 January 1 what they're going to be. It may be a heater, may  
7 be a water heater. Historical average is how we look at it  
8 in the county. I mean, that's the number you have to go by.

9 MR. KING: Okay.

10 MR. MOSER: Especially when you have --

11 COMMISSIONER LETZ: Only thing off that is like,  
12 for example, we knew that at the jail, after eight years, we  
13 were going to have -- air-conditioners were going to start  
14 going out, probably. And we got on a plan of looking at that  
15 each year, replacing them, and we -- you know, because, I  
16 mean, there's something like 20 air-conditioners in the jail.

17 MR. KING: Yeah.

18 COMMISSIONER LETZ: And we knew we couldn't afford  
19 to have them all start going out at one time, so we started  
20 looking at the ones that we've had the most trouble with; we  
21 replaced them. Started getting about five a year until we  
22 got them all replaced. So that's, I mean, historical  
23 average, plus anything you know that's probably going to go  
24 out because of age.

25 MR. KING: Okay. All right.

51

1 MR. LIVERMORE: It's kind of an insurance policy,  
2 really, insurance premium, just a little bit of a sinking  
3 fund for insurance repairs.

4 MR. COWDEN: Yeah, funding depreciation.

5 MR. LIVERMORE: If it's some catastrophe that costs  
6 20,000, we got to have a discussion.

7 COMMISSIONER OVERBY: That's right.

8 MR. KING: Right. Okay. If it's based on  
9 historical average, I can -- I can agree with that. Traffic  
10 control devices. I give up, what are those?

11 MR. MCKENZIE: Barricades, solar-powered lights  
12 that go on the barricades, traffic cones that I have to have  
13 around here.

14 MR. KING: Mm-hmm.

15 MR. MCKENZIE: Whenever we shut a runway -- not a  
16 runway, but a taxiway down, I have to have low-profile

17 barricades. That's only thing you can use on aviation  
18 facilities.

19 MR. KING: Do we rent those or buy them?

20 MR. McKENZIE: No, sir, I've got them. I don't  
21 have to wait for them.

22 MR. KING: Don't have to buy them any more?

23 MR. McKENZIE: No, sir.

24 MR. KING: So, we're -- so, the \$1,000, that's the  
25 reason it's less than last year.

52

1 MR. LIVERMORE: We had 5,000 last year.

2 MR. KING: You already got them?

3 MR. McKENZIE: I've got them in storage.

4 MR. KING: This is to buy some extra ones?

5 MR. McKENZIE: For maintenance, yes, sir.

6 MR. KING: Okay, I can live with that.

7 Repairs-general. That seems like a pretty general category.

8 MR. McKENZIE: Well, if our pickups need some work  
9 on them, it's just kind of a catch-all.

10 MR. KING: Your truck --

11 MR. McKENZIE: Parts and labor, the two pickups.

12 MR. KING: Is your pickup still under warranty?

13 MR. McKENZIE: Let's see. Three years old, so yes,  
14 it's still -- I don't know how many miles it's got on it.

15 MR. KING: Where did we get that truck? Where did  
16 we get it?

17 MR. McKENZIE: The --

18 MR. KING: The one that guy's driving.

19 MR. McKENZIE: It was bought out of some company  
20 somewhere down around Beaumont, Port Arthur.

21 MR. KING: Used?

22 MR. McKENZIE: No, but --

23 MR. KING: Bought new?

24 MR. McKENZIE: Yes, sir.

25 MR. KING: So it's an '08?

53

1 MR. McKENZIE: An '07.

2 MR. KING: '07?

3 MR. McKENZIE: Mm-hmm.

4 MR. MOSER: But a lot of those repairs and things  
5 are not covered by warranty.

6 MR. KING: Oh, I agree. I am -- all I'm trying to  
7 do is justify that.

8 MR. MOSER: Yeah, right. I understand.

9 MR. KING: Got to figure it all up.

10 MR. MOSER: I be helping you justify it.

11 MR. KING: I know you be helping me. The average  
12 is 1,000. We had \$2,600 used last year. I think it would be  
13 helpful if we could figure out what we spent the \$2,600 on at  
14 some point, if we can.

15 MR. McKENZIE: Maintenance on our -- maintenance on  
16 our lawnmowers.

17 MR. KING: Yeah.

18 MR. McKENZIE: Which we have quite a bit of. I  
19 mean, it's -- we work it, and it has to be maintained.

20 MR. MOSER: What he's saying, if you have an  
21 itemized for last year --

22 MR. KING: An itemized list, I could do it. The  
23 problem -- the situation I run into is, average is 1,000.

24 MR. McKENZIE: We can give that --

25 MR. KING: Last year we spent 2,600.

54

1 MR. MOSER: But all the other previous years, it  
2 was zero.

3 MR. KING: Zero. And the City proposed 1,000, and  
4 we approved 1,500, and now we're up to 2,500, so we're 1,000  
5 more than what we approved -- than what we approved.

6 MR. McKENZIE: I'll give you an itemized.

7 MR. KING: I'm just trying to figure out a way  
8 to --

9 COMMISSIONER LETZ: Steve, we can do -- y'all may  
10 have it, but if not, we can print an itemized list for every  
11 expenditure last year, for every line item. It's coded, so  
12 you'll know every penny that was spent.

13 MR. KING: Okay.

14 MS. HARGIS: If you'll come by my office, I'll give  
15 you a detailed list.

16 MR. KING: That's a great idea.

17 COMMISSIONER LETZ: That way, if they ask a  
18 question for Commissioners Court, you can just open it up and  
19 say, "Here they are," and read them off.

20 MR. LIVERMORE: Bruce, I don't know if you know  
21 this. Jesse Mingel, who works over here for Kennedy, he's a  
22 small engine repair guy.

23 MR. McKENZIE: I've used him before. Yes, sir,  
24 I've used him. Yes, sir, thank you.

25 MR. KING: So, equipment rental, what would that

55

1 be? We didn't used to rent any equipment. Now we rent it.  
2 I guess we didn't rent it before 'cause the City was  
3 providing it in the management contract.

4 MR. MOSER: 305?

5 MR. McKENZIE: I'll tell you what I used that for.  
6 I used it twice, and it's expensive. When we have the X's  
7 deployed --

8 MR. KING: Mm-hmm.

9 MR. McKENZIE: -- and we have to utilize the  
10 lighting system on them, sometimes that alternator will go  
11 out, and it's a specialized alternator. I go down to Five  
12 Star Rental and rent a generator.

13 MR. KING: Okay.

14 MR. McKENZIE: And they are pretty expensive to  
15 rent, by the way.

16 MR. KING: How big a generator?

17 MR. McKENZIE: A hundred bucks a day.

18 MR. KING: How big a generator is it?

19 MR. McKENZIE: I don't know what kw it is; I'd have  
20 to go and look.

21 MR. KING: We should probably look at buying one of  
22 those.

23 MR. McKENZIE: And that way --

24 MR. KING: You can buy one for 800. I just bought  
25 two. You can buy one for 800 bucks that's as good -- as big

1 a generator as you probably need.

2 MR. MOSER: The only thing is you need to start

3 them every month, or when you need them it won't start.

4 MR. KING: I have two of those light -- these big

5 light deals. I have two of those, and they have a generator

6 on them that's a 5 kw. And I don't think that that thing

7 you're running is even running 5 kw.

8 MR. MOSER: No, it's not.

9 MR. KING: Probably, you know, 1,000 watts or

10 something like that. So, why don't you find out what the

11 requirements for that are, and look at the value, look at the

12 price of one of those. Let's think about buying one of

13 those, and not renting those things. 'Cause we --

14 MS. HARGIS: What line are you on?

15 MR. McKENZIE: 305.

16 MR. MOSER: But I'm serious.

17 MR. KING: I know.

18 MR. MOSER: You got to start them all the time, or

19 they won't start when you need them.

20 MR. KING: But, I mean, if we're spending -- if

21 that's the main -- if that's the main expenditure on that

22 thing, then, you know, we don't need to give Five Star \$500;

23 you can buy one for 750 bucks. I use two of them. I mean,

24 you're just using it for a backup, basically?

25 MR. McKENZIE: Yes, sir.

1 MR. KING: As a spare?

2 MR. McKENZIE: Yes, sir, in case it goes out.

3 MR. KING: Give me the itemized; let's see how much

4 we did on that.

5 MR. McKENZIE: What we're doing now is I'm not

6 turning those lights on those X's at night any more.

7 MR. KING: You're not?

8 MR. McKENZIE: If I've got a runway closed, I kill

9 the lights to the PAPI's. If the runway's closed, it's

10 NOTAM'd out of service; it's on the AWAS.

11 MR. KING: Yeah.  
12 MR. McKENZIE: Runway's closed.  
13 MR. KING: Okay.  
14 MR. McKENZIE: Lights are all out. I've got to  
15 issue a NOTAM officially closing the runway, but the X's are  
16 off; the lights are off at night. It's closed.  
17 MR. LIVERMORE: No one legitimate is going to land.  
18 MR. McKENZIE: But they are. We've had them land  
19 at night.  
20 COMMISSIONER OVERBY: Lights out?  
21 MR. McKENZIE: Yes, sir, lights out.  
22 COMMISSIONER OVERBY: Good night.  
23 MR. KING: Isn't there another runway? Why don't  
24 they land on the one that has lights on?  
25 MR. McKENZIE: That's a good question. I don't

58

1 know why.  
2 MR. LIVERMORE: Kind of hard to off-load the dope.  
3 MR. KING: Okay. All right. We'll get an itemized  
4 on that; we'll take a look at it. Advertising. What are we  
5 advertising for?  
6 MR. McKENZIE: The telephone book.  
7 MR. KING: Oh, telephone book. We're in the  
8 telephone book.  
9 MR. McKENZIE: Telephone book. What else?  
10 MS. DEJOHN-ERMEY: Board vacancy.  
11 MR. McKENZIE: And whenever there's a board  
12 vacancy -- thank you -- we have to advertise that in the  
13 newspaper.  
14 MR. KING: I won't say anything about that. I had  
15 a funny joke I was going to say, but --  
16 MR. MOSER: No, just hold it.  
17 MR. KING: So --  
18 MR. LIVERMORE: Do we have security cameras?  
19 MR. McKENZIE: No, sir, we don't.  
20 MR. WALTERS: But we talked about it.  
21 MR. McKENZIE: We're talking about it. We can't  
22 talk too much about it in public. It's a good question.



23 Corey and I have talked about it.

24 MR. LIVERMORE: Okay.

25 MR. KING: Okay. Management contract, 158,524.

59

1 MR. MOSER: To the dollar.

2 MR. KING: Do you think we can get those guys to go  
3 down, like, 20 grand? Okay. Reimburse --

4 COMMISSIONER LETZ: On that, just that's a number.

5 If it's not used, it's not spent.

6 MR. KING: I know.

7 COMMISSIONER LETZ: Just so the board knows.

8 MR. LIVERMORE: Are we under the new thinking on  
9 that to buy these things item by item?

10 MR. KING: It's a budget number.

11 COMMISSIONER LETZ: The County is going to prepare  
12 a -- a budget alternative basically eliminating the  
13 management contract, except for certain professional services  
14 like payroll, things like that. And then at the January --  
15 what are we called?

16 MR. KING: Planning Committee.

17 COMMISSIONER LETZ: Planning Committee meeting, the  
18 City will look at that, and if -- based on what they want to  
19 do and y'all want to do, we'll either go that way or not go  
20 that way.

21 MR. KING: Okay.

22 MR. MOSER: Hey, Jeannie, what's that asterisk on  
23 the 2011 -- on the 158,524, 2011 budget approved? What's  
24 that asterisk for? Do you know? If you don't, that's okay.

25 MS. HARGIS: I'm sorry, I don't.

60

1 MR. MOSER: Okay. Nevermind.

2 MR. KING: Okay. Go down to legal services, 10,000  
3 bucks. What did we spend last year, 7,900?

4 MR. MOSER: Mm-hmm.

5 MR. LIVERMORE: Can --

6 MR. WALTERS: Let me make a comment. Is that for  
7 Ilse?

8 MR. McKENZIE: That's right.

9 MR. MOSER: Yes, sir.

10 MR. McKENZIE: Things that I ask her to help to do,  
11 like this contract we just drew up with this -- she does  
12 things for us periodically.

13 MR. KING: I know. I agree.

14 MR. WALTERS: I think Steve and I have talked about  
15 this sometimes. I would suggest, other than the regular  
16 meetings -- but there's some meetings that we've had where  
17 she has attended where I didn't think that she was -- it was  
18 necessary for her to be here, and it was just kind of a --  
19 you know.

20 MR. LIVERMORE: I wondered about that.

21 MR. WALTERS: So, you know, I think, you know, for  
22 the regular meetings is fine, but I think if we have a  
23 special meeting, probably I would suggest that you ask Steve  
24 when we have an unscheduled meeting, or un -- not our regular  
25 monthly meetings, ask Steve whether you want Ilse to attend.

61

1 MR. KING: Thanks.

2 MR. WALTERS: Excuse me, ask our president.

3 MR. KING: I would think maybe even on the regular  
4 meetings, I'd look at the agenda. I just -- I don't know.  
5 I'm just trying to figure out what -- we spend how much an  
6 hour?

7 MR. MOSER: 125.

8 MR. McKENZIE: 125. She usually charges about --

9 MR. KING: About a two-hour meeting, it's going to  
10 cost us \$250. We don't ever ask -- I don't know how many  
11 times we ask her a question.

12 MR. WALTERS: I agree. I mean, really, for the  
13 most part, she's really been --

14 MR. KING: I'm thinking about the Mooney lease or  
15 something like -- or --

16 MR. WALTERS: Exactly.

17 MR. KING: -- we got a tenant or something, or we  
18 got something we want to talk about. Maybe somebody wants to  
19 rent the B.A. Products hangar, something like that. I agree.

20 I'm not trying to, you know, cut her out of any money or  
21 anything; I'm just trying to figure out -- that's a place we  
22 could save some money. It's all about trying to save a  
23 little bit of money. If we can save 250 bucks a meeting, if  
24 we do that 10 meetings, that's \$2,500. It's a lot of money.  
25 I mean, and I don't think -- it's not any reflection on the

62

1 job or anything. It's just a reflection on the fact that  
2 it's --

3 MR. MOSER: A need.

4 MR. KING: It's a need, that we need to save 2,500  
5 bucks. And we'll probably use her on some of those meetings,  
6 so it probably won't be 2,500. But, you know, I mean, if  
7 we --

8 MR. McKENZIE: Sure. Absolutely.

9 MR. KING: You know, if we need legal counsel, I  
10 think we need to have her here, but if not, I don't think we  
11 need to have -- spend the money on it. Okay?

12 MR. McKENZIE: Yes, sir.

13 MR. MOSER: Okay.

14 MR. KING: So --

15 MR. COWDEN: Change that?

16 MR. KING: Well, I'm going to put an asterisk next  
17 to that, 'cause I have some questions I want to get to the  
18 bottom of here.

19 MR. MOSER: One of the reasons for leaving it there  
20 relative to what we had last year is the potential for the  
21 Mooney stuff.

22 MR. KING: No, I agree. But I --

23 MR. MOSER: And I think there's -- and, you know,  
24 we're trying to get rid of the paint hangar and blah, blah,  
25 blah, blah. So, I don't think -- I don't think it's

63

1 excessive.

2 MR. KING: I'm not going to say we change it, but  
3 when we get to the bottom here, I know you guys have got some  
4 thoughts: I've got some thoughts on the bottom line, and that

5 may be a negotiating position.

6 MR. MOSER: Okay.

7 MR. KING: So, phone service, cell phones only, 900  
8 bucks. Did you get a better deal or something?

9 MR. McKENZIE: They charge us \$75 a month for our  
10 cell service. That's why we broke it out into two different  
11 phones.

12 MR. KING: Did you really?

13 MR. McKENZIE: Yes, sir.

14 MR. KING: We spent 1,748 last time. Is that  
15 'cause we had an extra phone or something?

16 MS. DEJOHN-ERMEY: No. The reason for that is --  
17 is because the first year with the County, the I.T. takes  
18 money out of our budget for phones, and they were taking it  
19 out of this account instead of the terminal account.

20 MR. KING: Okay. Okay. All right. So, 900 bucks;  
21 I don't think anybody can argue with that.

22 MR. MOSER: See, 'cause on the next page, there's  
23 phone service.

24 MR. LIVERMORE: He's going to ask why it's down so  
25 much. You need to know the answer.

64

1 MR. MOSER: It's on the next page.

2 MR. KING: Okay. All right. Next is light and  
3 power, \$12,000. We have in the budget -- we put 10,000 last  
4 year.

5 MR. McKENZIE: We verified with KPUB, that's going  
6 to go up 9 to 10 percent. That's gone into effect, so we  
7 adjusted accordingly.

8 MR. KING: Mm-hmm. But that doesn't include  
9 terminal; that's just the runway lights, the taxiways and  
10 stuff?

11 MR. McKENZIE: That's everything out away from this  
12 building.

13 MR. KING: Out away from this building.

14 MR. McKENZIE: The signs, the lights, everything.

15 MR. KING: Okay. So --

16 MR. McKENZIE: AWAS.

17 MR. KING: Telephones are where? I'm writing it  
18 down, where they were. The other side?  
19 MS. DEJOHN-ERMEY: They should have been taken out  
20 of the terminal budget.  
21 MR. KING: Should have been in terminal, okay. I'm  
22 writing that down. What about this light up here? I notice  
23 when I taxi in here at night, this light's on sometimes, not  
24 on sometimes.  
25 MR. McKENZIE: We have that light on a switch. The

65

1 reason we put that light up there is because this ramp area  
2 is extremely dark at night.  
3 MR. KING: I agree.  
4 MR. McKENZIE: That's just used at night.  
5 MR. KING: Okay.  
6 MR. McKENZIE: In the daytime, they flip that light  
7 off.  
8 MR. KING: I know. But at night, you're leaving it  
9 on now at night?  
10 MR. McKENZIE: Most of the time they leave it on.  
11 Sometimes the night crew, when they leave at 9 o'clock, will  
12 turn it off. If they're not expecting any arrivals, they'll  
13 leave the light off.  
14 MR. KING: Okay. Okay.  
15 MR. McKENZIE: But I put that light up.  
16 MR. KING: I agree. I like that light.  
17 MR. McKENZIE: And Kerrville Aviation is covering  
18 the electricity for that light, so it's a push.  
19 MR. KING: Okay. No, I like that light. I think  
20 it should be on a lot more, because if you come in here late  
21 at night, you come up in here at night and you leave, it's  
22 like pitch dark here. You know, with our open-gate policy,  
23 we have -- you know, the people could get in that one gate  
24 and get in the airplane. So, I like that light. Okay.  
25 12,000, okay. So, it's just basically increasing electric

66

1 costs; is that right?

2 MR. McKENZIE: Yes, sir.

3 MR. KING: Okay. Water and sewer, 1,000. Is that  
4 an increase in water and sewer costs?

5 MR. COWDEN: Mm-hmm.

6 MR. KING: That's up 40 percent -- 30 --  
7 30-something percent; is that right? Or -- I'm just trying  
8 to figure out where y'all came up with 1,000.

9 MR. McKENZIE: I left it at 1,000, because  
10 that's -- the City came back and said they would use 1,000,  
11 so I left that one alone.

12 MR. KING: Well, that was -- that was yesterday.  
13 They may not be that generous if I go back there.

14 MR. McKENZIE: I concur.

15 MR. KING: I mean, I think we ought to put that at  
16 750. I don't -- I don't think sewer and water has changed  
17 that much.

18 MR. MOSER: I agree.

19 MR. KING: It was 686 last year. I think we should  
20 maybe take a run at that and look at it.

21 MR. McKENZIE: 750?

22 MR. KING: Take a run at it; look at it over a  
23 year. If we miss it, we can go back up.

24 MR. McKENZIE: Okay.

25 MR. KING: I mean --

67

1 MR. MOSER: We can change that.

2 MR. KING: We can go back up. Okay, dues and  
3 subscriptions. Evidently, we canceled some magazines.

4 MR. McKENZIE: We canceled a bunch of things.

5 MR. MOSER: Cut it in half from what it was actual,  
6 and half of what the City said.

7 MR. KING: And less than the average.

8 MR. WALTERS: These are magazine subscriptions?

9 MR. McKENZIE: No, that's my membership to the  
10 Triple A; that's the NBAA. It's just some things that we  
11 think is -- that's all that is. We don't -- I subscribe to  
12 no magazines.

13 MR. COWDEN: How about the Kerrville Daily Times?

14 Cancel that?

15 MR. KING: You can get that online.

16 MR. COWDEN: Mark's not paying attention.

17 MR. ARMSTRONG: I don't work circulation.

18 (Laughter.)

19 MR. MOSER: Okay. Other charges.

20 MR. KING: Okay, contingency. We don't have a  
21 contingency.

22 MR. MOSER: No, go to other charges, 505. Is that  
23 zero?

24 MR. WALTERS: What is other charges?

25 MR. KING: Oh. What are other charges?

68

1 MR. MOSER: Because we had an actual of 2,500 last  
2 year, and an average of -- huh?

3 (Low-voice discussion off the record.)

4 MR. McKENZIE: We take it out -- that's right, the  
5 AWAS comes out of the RAMP grant now. That's correct.

6 MR. MOSER: Is that what other charges were?

7 MR. McKENZIE: Yes, sir.

8 MR. KING: Let's change that to AWAS.

9 MR. McKENZIE: And stormwater permit; I'm taking  
10 that out of RAMP grant now as well. That comes due every  
11 five years; this is the year. It's about a \$3,500 expense.

12 MR. KING: Where is that in the budget?

13 MR. McKENZIE: It's in the RAMP -- I put it in the  
14 RAMP.

15 MR. KING: RAMP grant. But as far as this 505, we  
16 can change that name to AWAS? Why not?

17 MS. DEJOHN-ERMEY: Except it's now in RAMP.

18 MR. KING: Oh, you got rid of it. Okay. Now  
19 you're taking it out of RAMP, okay. Okay. So, it's -- what  
20 is it? Other charges is just not there, so we can eliminate  
21 that?

22 MR. MOSER: Just eliminate the line.

23 MR. KING: There's no --

24 MR. LIVERMORE: Well, if they've eliminated it,  
25 it's zero.

1 MR. MOSER: Eliminate the --  
2 MR. KING: Why do we even need it?  
3 MR. McKENZIE: It's gone.  
4 MR. MOSER: Just take the whole line out.  
5 MR. LIVERMORE: Except for the historical data.  
6 MR. MOSER: Well, but --  
7 MS. HARGIS: You can't really take the line items  
8 out, the history.  
9 MR. KING: Leave it as-is.  
10 MR. MOSER: Yeah, you can hit delete.  
11 MS. HARGIS: No, you can't.  
12 MR. MOSER: Jeannie, you can't win.  
13 MS. HARGIS: I know. I'm trying.  
14 MR. MOSER: I know, but you're not going to.  
15 MR. KING: So, now we go over to --  
16 MR. LIVERMORE: Poor Jeannie.  
17 MR. MOSER: No, no, no. Don't forget contingency.  
18 MR. KING: Well, there's no contingency.  
19 MR. MOSER: I know, but I want to talk about it.  
20 MR. KING: All right. I've already had my talk  
21 about that.  
22 MR. MOSER: Okay. So, we've got zero contingency.  
23 We got a restriction on going line item by -- to line item,  
24 okay, of \$20,000 -- huh?  
25 MS. HARGIS: Not good.

1 MR. MOSER: It's not good. So, I think we need to  
2 say, do we want to have any contingency in here because of  
3 that restriction, or not? And I would propose that you want  
4 to have 5 percent contingency, and 5 percent contingency is  
5 \$20,000. Or if you don't, where do you -- if you have --  
6 MR. KING: Go back to the City and go back to the  
7 County.  
8 MR. MOSER: Every time we want to do something.  
9 MR. LIVERMORE: Makes it a two-month decision.  
10 MR. KING: Did Jonathan leave?



11 MS. HARGIS: He did.  
12 MR. KING: He's not coming back?  
13 MS. HARGIS: No.  
14 MR. MOSER: I think it's --  
15 MR. KING: I thought they were going to put  
16 something in there about where we could go to reserves or  
17 something. I mean --  
18 MR. MOSER: If they do that, fine.  
19 MS. HARGIS: You're budgeting for your expenses,  
20 whether that be out of reserve or out of your income.  
21 MR. KING: Yeah.  
22 MS. HARGIS: So, when you eliminate something, you  
23 eliminate it off your budget; then you can't spend it at all  
24 unless it's an emergency.  
25 MR. LIVERMORE: Even out of reserve?

71

1 MS. HARGIS: No. You've got to --  
2 MR. KING: No, you can't.  
3 MR. MOSER: Got to be an emergency.  
4 MS. HARGIS: So, you need to put a line item in  
5 there and explain that you intend to use it out of reserves  
6 if something happens. But you've got to show line items  
7 where you might have a possibility of spending some money.  
8 MR. KING: But do you have contingency in your  
9 budget?  
10 MS. HARGIS: Yes, we do.  
11 MR. KING: The City doesn't.  
12 MS. HARGIS: They used to have it.  
13 MR. KING: Y'all have contingency in your --  
14 MS. HARGIS: Everybody has to have contingency.  
15 MR. KING: What percentage do you have out of your  
16 budget for contingency?  
17 MS. YARBROUGH: We don't do it on a percentage  
18 basis. We do it on historical things that --  
19 MR. MOSER: The City Manager has contingency;  
20 departments do not, I think is what is --  
21 MS. YARBROUGH: In the general operations, we have  
22 a contingency.

23 MR. KING: So you have a contingency, but, like,  
24 the water department doesn't have a contingency --  
25 MS. YARBROUGH: Yes, they do.

72

1 MR. MOSER: -- in their budget. They do in their  
2 budget? What is your name?

3 MS. YARBROUGH: Sandra Yarbrough.

4 MR. MOSER: Hi, Sandra. I guess you're from the  
5 City. I thought Todd told me that the departments didn't,  
6 but you're saying they do. Okay. That's -- and I'm --

7 MS. HARGIS: She's been here a long time; she knows  
8 it all, believe me.

9 MR. LIVERMORE: Then I think Tom's point is valid.

10 MS. YARBROUGH: That reserve fund balance, that's  
11 totally different than contingency.

12 MR. COWDEN: Okay.

13 MR. LIVERMORE: What did you just say, ma'am?

14 MS. YARBROUGH: Your reserve fund balance is --  
15 he's talking --

16 MR. COWDEN: I'm talking three, six months.

17 MS. YARBROUGH: That's different than the  
18 contingency.

19 MR. KING: So, the scenario would be, okay, we can  
20 move 20 --

21 MR. MOSER: We can move 5 percent. You can move  
22 \$20,000.

23 MR. KING: You move \$20,000 around in your budget.

24 MR. MOSER: Right.

25 MR. KING: But if we go over the budget, then we

73

1 have to go back to the City and the County for approval,  
2 unless it's an emergency item -- or we still have to go back  
3 to them, probably.

4 MR. MOSER: Post facto.

5 MR. KING: Post facto. But on an emergency, like  
6 safety issues, we can move that out of reserve, I would  
7 assume?

8 MR. MOSER: That's right.

9 MS. HARGIS: You'd have to create a line to spend  
10 it, and then you'd create the reserve -- to spend in the  
11 reserve. But that's not a real good way of doing it, because  
12 emergencies are really kind of frowned upon in budgeting.  
13 That's why you put a little bit of contingency in there, so  
14 that you don't have that problem.

15 MR. LIVERMORE: So, if you have a contingency, then  
16 you can go there without going through lots of process.

17 MR. MOSER: That's right.

18 MS. HARGIS: Right.

19 MR. LIVERMORE: As long as you can justify --

20 MS. HARGIS: If you've got an emergency, you need  
21 to spend that money now. If you go -- have to go back to us,  
22 you got to go to two different meetings, and then you're out  
23 of a line item; you have to put the line item back in there.  
24 I mean, when Mike and I were discussing this, we didn't have  
25 a problem with contingency. We both know, as budget people,

74

1 that you have to have somewhere to go for emergencies.

2 MR. LIVERMORE: Of course, it might not be spent,  
3 either.

4 MS. HARGIS: It may not be spent. A budget is a  
5 management tool, and you generally don't use all your money  
6 in a budget. We hope that -- we all hope that we spend less.  
7 But you put a line item in there so you can spend. If you  
8 don't have a line item, then you can't spend anything.

9 MR. KING: So, we could put a contingency in for  
10 emergency items?

11 MS. HARGIS: You can put a contingency in for  
12 emergencies or anything else.

13 MR. MOSER: Anything.

14 MR. KING: Yeah, but I think we're going to run  
15 into a roadblock there, because I've been told by the Council  
16 that if you spend over this budget, if it's other than an  
17 emergency, I need to come back to the Council.

18 MS. HARGIS: Well, but it's a budgetary item if you  
19 put contingency in there. Not just for emergencies or, you

20 know, just for something that -- that may need to be  
21 purchased that's -- that you don't have any line items left  
22 that doesn't fit.  
23 MR. KING: I know, but that's -- then you don't  
24 have to go back to the Council.  
25 MS. HARGIS: No.

75

1 MR. KING: Well, then that's not in line --  
2 MS. HARGIS: If they --  
3 MR. KING: That's not what I was told.  
4 MS. HARGIS: See, I don't know what you were told.  
5 MR. MCKENZIE: They told us we couldn't spend the  
6 contingency unless we went back to them.  
7 MS. YARBROUGH: It's your reserve fund balance you  
8 can't spend.  
9 MR. KING: We can't spend our reserve fund balance.  
10 MR. MOSER: They didn't say you can't spend  
11 contingency. They said they didn't want us to have a  
12 contingency.  
13 MR. KING: But I guess I'm a little bit hard -- I  
14 don't understand. If revenues and contributions do not equal  
15 the budget --  
16 MS. YARBROUGH: Then you have to go to your  
17 reserve.  
18 MR. KING: Then you're \$20,000 -- if you're \$20,000  
19 over the number at the bottom, it has things around it, and  
20 it says \$20,000. Where's that money come from?  
21 MS. HARGIS: Your reserve.  
22 MR. KING: Which you have to have permission from  
23 the City and County to spend if it's not an emergency.  
24 MS. HARGIS: Yeah, I think we've said that.  
25 MR. KING: It's in the interlocal agreement. It's

76

1 in the interlocal. It says that you -- you can't go -- I  
2 don't know; you have to get a copy of it. You can go there  
3 for an emergency. If an electric -- if lightning strikes the  
4 AWAS, you can't wait two weeks; you have to fix it yesterday.

5 You have to fix it right now, or you're in -- you know, if  
6 some guy crashes out here 'cause the AWAS is not here --  
7 MR. MOSER: Interlocal agreement says you can use  
8 -- the president can spend the money, then go back and say,  
9 "I had to do this." And --  
10 MR. KING: Right.  
11 MR. MOSER: And then Jeannie's talking about if you  
12 do that, then you have to do something, and establishing a  
13 line item.  
14 MR. LIVERMORE: We need to have a number in this  
15 square; that's what you're saying.  
16 MR. MOSER: What I'm saying is, it's -- it's unfair  
17 to put on the board, and onto Bruce in particular, the  
18 restriction that you cannot go line item by line item. And  
19 when we're cutting every line item to the bone, we think,  
20 okay, and then you don't have that flexibility to do that,  
21 then you ought to have contingency. And I think a 5 percent  
22 contingency is not excessive.  
23 MR. WALTERS: I agree.  
24 MR. MOSER: In operations.  
25 MR. WALTERS: I think 5 percent -- this would be

77

1 the first budget I was ever associated with that didn't have  
2 a contingency.  
3 MR. MOSER: Right. Right.  
4 MR. WALTERS: I've never seen a budget without a  
5 contingency.  
6 MR. MOSER: I think 5 percent is not excessive.  
7 MR. KING: How much is that?  
8 MR. MOSER: \$20,000, ballpark. It's -- as a matter  
9 of fact, it's a little bit less than 5 percent. You've got  
10 400-something thousand dollars.  
11 MR. LIVERMORE: Do we need a motion, Tom?  
12 MR. MOSER: No, just we establish --  
13 MR. LIVERMORE: Just put it in there?  
14 MR. MOSER: Like we're doing every other line item.  
15 MS. HARGIS: I think that's a little high.  
16 MR. KING: Here's my -- my next thought on that is,

17 you don't need a contingency item for -- why do you need a  
18 contingency number for an emergency if it's in the interlocal  
19 agreement that you can spend it? There's no -- there's no  
20 need for a contingency item on emergency items, 'cause it's  
21 in the interlocal agreement that you can spend it. Now, the  
22 money -- it's going to have to be decided whether that's  
23 going to come from a -- when we go back to the -- when I go  
24 back to the Council and Commissioners there, they've got to  
25 decide where they want to take that out of. What do you call

78

1 it, another contribution, where we ask you guys to put in a  
2 little more money? I mean, you guys can do it two ways. We  
3 can spend it out of our reserve balance, or we can ask for a  
4 supplemental -- supplemental --

5 MR. MOSER: Funding.

6 MR. KING: -- funding from the City and the County  
7 on the emergency deal. On the emergency. But what I'm  
8 saying, I don't know why you have to put the emergency part  
9 in there. If we spend \$100,000, if the whole AWAS gets  
10 knocked out, it costs \$50,000 to put it in, it's going to get  
11 spent, and somebody's going to have to fund it. So, I  
12 don't --

13 MR. MOSER: But contingency is not just for  
14 emergencies.

15 MR. KING: I'm trying to divide them in two  
16 separate items.

17 MR. MOSER: Okay.

18 MR. KING: Because I don't think you need a  
19 contingency for an emergency, 'cause it's written in the  
20 interlocal agreement. Are you saying I have to -- you need  
21 it in the budget? It needs to be in the budget?

22 MS. HARGIS: I think you need a contingency in your  
23 budget, but I don't think you need \$20,000. But I think you  
24 need \$5,000 or \$10,000.

25 MR. MOSER: Why?

79

1 MS. HARGIS: For going over line items. What if

2 you --

3 MR. KING: I'm trying to divide it in two spots.

4 One, I agree there needs to be a contingency for going over

5 line items, okay? Going over line items. But I don't think

6 you have to have a contingency in your budget for emergency

7 items that you go over, because its sets out in the

8 interlocal agreement that you can spend anything you want on

9 an emergency.

10 MS. HARGIS: Okay. We use our contingency, and I

11 think the City does the same, for unexpected items. For

12 instance, if we have a claim. I mean, if somebody wrecks

13 trucks or cars, and -- and we have to pay the deductibles,

14 and they don't have it in their budgets. We mostly make them

15 take it out of theirs if they have it. We have a little bit

16 different situation than they do. If we have an unexpected

17 trial or a capital murder that we don't have budgeted, then

18 we have a little bit of extra money to -- to fund that.

19 Because we truly do have to declare an emergency if we go

20 over our bottom line, but we can move around in our line

21 items. But if we go over the bottom line, we do that. But

22 you set those lines up for unexpected legal fees or something

23 that comes along that you don't expect, that -- you know,

24 that are within the whole system. It doesn't necessarily

25 mean it's an emergency.

80

1 MR. MOSER: Okay.

2 MS. HARGIS: You know, and that's basically the

3 term "contingency," for contingent items that you can't

4 budget. Things that you can't foresee.

5 MR. LIVERMORE: So, if we --

6 MS. HARGIS: Not necessarily an emergency.

7 MR. LIVERMORE: So, if we have -- the AWAS crashes

8 or something like that, that's an emergency, and that can be

9 done under the interlocal agreement.

10 MR. MOSER: Just do it.

11 MR. LIVERMORE: So, this is for something that's

12 less than that.

13 MR. MOSER: This is if somebody backs a truck into

14 the hangar door.

15 MR. LIVERMORE: Right.

16 MR. MOSER: Okay? I mean, you got a million and a  
17 half dollars worth of buildings here, and you got a \$400,000  
18 budget.

19 MR. KING: We don't own --

20 MR. MOSER: And I think that 5 percent --

21 MR. KING: Just the T-hangars.

22 MR. MOSER: A 5 percent contingency -- yeah, a 5  
23 percent contingency is reasonable.

24 MR. WALTERS: I think 5 percent is reasonable, but  
25 I don't think we need to add a 5 percent contingency on the

81

1 City's contract of 158,000. I think we can deduct out \$7,500  
2 there.

3 MR. MOSER: Well, that's okay.

4 MR. COWDEN: On the County's contract.

5 MR. WALTERS: On the County's, excuse me.

6 MR. MOSER: If you do that, that's cool.

7 MR. KING: Do what, now? Say it again?

8 MR. WALTERS: I don't think we need to have a  
9 contingency on the contract that we have with the County,  
10 158,000.

11 MR. MOSER: Yeah, I see what you're saying.

12 That --

13 MR. COWDEN: So, the number is --

14 MR. MOSER: Take the 400-something thousand and  
15 take 158,000 out of it, so now you're now -- you're 250,000.

16 So, 5 percent of that is \$12,000.

17 MR. WALTERS: Exactly.

18 MR. MOSER: Well, that's -- that's logical, yeah.

19 That's a good point. So, \$10,000 contingency. That's what  
20 Jeannie's saying.

21 MS. HARGIS: Five or 10. They had five. We had --  
22 originally, you had 15. We spent 76. You spent 16 and 10 in  
23 the past, so -- you know, but that's up to y'all. I mean --

24 MR. LIVERMORE: Let's put 10,000 in there.

25 MR. WALTERS: I think that's fair.



1 MR. MOSER: I can go with that.

2 MR. KING: I agree. I think it's reasonable, but I

3 think it's a problem; I really do. I think --

4 MR. MOSER: There's going to be some discussion.

5 MR. KING: You guys are going -- there's going to

6 be a negative balance on the budget to start with. Where's

7 that --

8 MR. COWDEN: It's going to make it worse.

9 MR. KING: Where's that funded out of? Say we come

10 to -- it's November, and we come to September, and we're --

11 we run out of money. You're going to run out of money

12 because you're behind by \$12,000. At least --

13 MR. MOSER: Let's just see where we come out.

14 MR. WALTERS: It's like I said, you know, last --

15 or a couple of weeks ago when we talked about it. We need to

16 prepare a budget that we feel like it will take to operate

17 the airport. If the City doesn't approve it and the County

18 doesn't approve it, if they want to give us something else,

19 that's up to them.

20 MR. KING: I know.

21 MR. MOSER: And I'm with Corey.

22 MR. KING: I agree with you, Corey, but we've

23 already got two parts of this number already established, the

24 revenue and the input.

25 MR. MOSER: Well, no, you don't have revenues

1 established.

2 MR. KING: No, I've been told the revenue is

3 established, okay? You can jump up and down and spin around

4 in a circle all you want, but the revenue is established.

5 MS. HARGIS: The 110 is done.

6 MR. KING: No more money. There's no more money

7 from the County and no more money from the City. That's --

8 that number is --

9 MR. MOSER: That number just came --

10 MR. KING: -- is written in concrete.

11 MR. MOSER: -- came in. It went from 175 to 110  
12 with no rationale.

13 MR. KING: No. But my other thought on this  
14 thing --

15 MR. MOSER: I thought what we're trying to do is  
16 establish a rational budget. That 110 was irrational, okay?  
17 I mean, it may have some rationality. I don't know what it  
18 is. We don't have the visibility into that, but it went from  
19 175 to 110 with no rationale explained to us. So, what we're  
20 trying to do is come up with a rational budget, period. So,  
21 there may be -- there may be inconsistencies.

22 MR. KING: I agree. But my other thought is, if  
23 you run out of money, and you can justify running out of  
24 money, then whose fault is that? Is that my fault that you  
25 ran out of money? Is that my -- it's not my fault.

84

1 MR. MOSER: Well, if you don't -- I don't want to  
2 sign onto any budget you don't think you can meet. That's  
3 not --

4 MR. WALTERS: I agree.

5 MR. KING: You're going to be negative to start  
6 with. There's no way you guys --

7 MR. MOSER: Not when you say 110; it should be 120.

8 MR. KING: It's not going to be.

9 MR. LIVERMORE: It can be made up from reserves.

10 MR. MOSER: Steve, I hear you, but I don't know  
11 that.

12 MR. KING: I know that. You just talk to Jeannie;  
13 there's half of it right there.

14 MS. HARGIS: The budgets are done. Both our  
15 budgets are locked in.

16 MR. KING: No more money. There's Guy. He's the  
17 guy that voted on it. It's 110.

18 MR. MOSER: You got contingency, though.

19 MR. KING: No, we have a contingency. We have a  
20 contingency, and --

21 COMMISSIONER OVERBY: I got to go, guys; I got an  
22 11:30. Appreciate it.

23 MR. MOSER: Wait, this is an important subject for

24 you.

25 COMMISSIONER OVERBY: See y'all. Thank you.

85

1 MR. KING: I'm not trying to be hard on this. I'm

2 just telling you that that is the number. That's the number

3 from both sides, so when we come up in the end of the budget

4 and we're behind by \$20,000, that money is coming out of

5 reserve. That will come out of reserve when we go to the

6 Council to talk to them about it. Now, if we want to put --

7 I know --

8 MR. LIVERMORE: Well, I think we have to do that.

9 And we might not spend that 10 grand, you know.

10 MS. HARGIS: May I make a suggestion, Steve? When

11 you -- if you're going to maintain that, the 10,000 or 20,000

12 negative, then you ask, at that point, both the City and the

13 County whether or not you can use your reserves to cover this

14 if -- if needed.

15 MR. KING: Yeah.

16 MS. HARGIS: And get that permission, and then

17 you're done. As long as they don't feel like they're --

18 either party's going to pay out of their own -- I mean,

19 you're at the point that you've got a pretty healthy reserve

20 right now.

21 MR. KING: Yeah.

22 MS. HARGIS: And so you probably won't spend all of

23 this money, and you probably won't have to use your reserve,

24 but at least you have permission up front. And if they knew

25 they weren't going to have to come up with it, that would be

86

1 the way to go in with it.

2 MR. KING: No, that's what I plan on doing, but I

3 think there's one fallacy. I think we'll spend all of this

4 money, every bit of it. I think these numbers are cut down

5 to almost -- almost irrational numbers. I mean, I don't

6 think -- I'm not really sure that these numbers -- some of

7 these numbers are just right on the -- right on the deal.

8 Now, we may come up on the other side of it. I tried to get  
9 that in the interlocal agreement, was that, you know, we  
10 could -- we could tap into the reserves and reconcile it at  
11 the end of the budget. At the end of the budget, reconcile  
12 with the City and the County; ask them if they'd like to add  
13 money to reserve, if we'd like to build the reserve back up,  
14 but nobody wanted to do that.

15 MS. HARGIS: It's been my -- you know, and I'm sure  
16 Sandra can say the same thing. We've both been tasked with  
17 reducing budgets to the -- to the bottom line. And we're  
18 worried, after we leave these meetings, that our staffs are  
19 not going to be able to maintain them. What I find is that  
20 the staff not only maintains it, but they come under it,  
21 because when you know what you have to spend, you stay within  
22 that, unless there is something that's unforeseen.

23 MR. KING: Yeah.

24 MS. HARGIS: And you've gone under every year. We  
25 -- last year I thought -- I just knew we were going to have a

87

1 terrible year. And even with our health insurance being over  
2 a million dollars, our people didn't spend the money. I  
3 still came out with about a \$650,000 amount to put in my  
4 reserves, because everyone's aware of -- Bruce has worked on  
5 the budget for many, many years; he knows what he's got to  
6 spend there. And when you're looking at this number and  
7 you're getting close, then you say to yourself, you know,  
8 we're done. And that's the way government works.

9 MR. KING: I've got a great idea. Why don't we put  
10 that 10,000 number down, and let's go through and add it up,  
11 see where we're at.

12 MR. MOSER: Okay. I have another --

13 MR. KING: Then I've got a couple places we can cut  
14 some money out of.

15 MR. MOSER: I do too.

16 MR. KING: That I don't think anyone can dispute.

17 MR. MOSER: I agree with you. And I've got --

18 MR. LIVERMORE: Santa Claus.

19 MR. MOSER: I've got a place to take it out, too.

20 I've already found the 10,000.

21 MR. LIVERMORE: I've got a question on something I  
22 meant to bring up way back, and it's just a quick question on  
23 property insurance. Does the City and County self-insure?

24 MS. HARGIS: No.

25 MR. LIVERMORE: What if the building burned down?

88

1 MS. HARGIS: We have insurance with -- we have --  
2 your property's with Texas Association of Counties.

3 MR. LIVERMORE: What?

4 MS. HARGIS: Texas Association of Counties, and  
5 your liability is with the Texas Municipal League.

6 MR. LIVERMORE: That's why there is a zero, because  
7 it's a larger --

8 MS. HARGIS: These assets belong to the City and  
9 the County, not to you.

10 MR. MOSER: We got a plan. Put 10,000 in there.

11 MR. KING: I'll put a contingency, and then we'll  
12 see where that goes.

13 MR. MOSER: Right. We'll figure out how to get  
14 within -- we'll figure out how to balance it.

15 MR. KING: Did the City have any contingency in  
16 this?

17 MR. COWDEN: Five.

18 MS. HARGIS: Five.

19 MR. KING: Oh, really? Okay. Let's work with  
20 that.

21 MR. MOSER: Okay.

22 MR. KING: So, now we go to the terminal side here  
23 real quick. Phone services, supplies, zero. Phone services  
24 terminal phones and fire alarm, 2,191. Last year it was  
25 \$331.

89

1 MR. MOSER: Okay.

2 MR. COWDEN: That's why we were talking about cell  
3 service, cell phones.

4 MR. MOSER: Let me put it in perspective, if I can.

5 Let's go to phone services on the previous page, and on this.

6 Okay? If I -- and I'm going to do two things. I'm going to

7 look at actuals. Actuals for those two -- oops, I made a

8 mistake here.

9 MS. HARGIS: When did you pull these actuals?

10 MS. DEJOHN-ERMEY: They came off of the August.

11 MS. HARGIS: When?

12 MS. DEJOHN-ERMEY: The August financials.

13 MR. MOSER: Okay. If I -- if I total the actuals

14 for both line items for phone -- I'll wait till Jeannie

15 finishes.

16 MS. DEJOHN-ERMEY: That should say eight. No,

17 that's -- hold on, let me look.

18 MR. MOSER: Jeannie?

19 MS. DEJOHN-ERMEY: It should be eight, right?

20 Eight? What was presented at the last board meeting? That's

21 what they came off of.

22 MS. HARGIS: You still had bills outstanding that

23 we paid in October that went back to September, okay? So, I

24 just want to be sure that you have the actual numbers.

25 MR. MOSER: Let me -- Jeannie and Laurie, if I look

90

1 at phones, both terminal and non-terminal, and I look at

2 actuals, the total actuals was \$2,080, okay? If I look at

3 what's proposed, okay, for those two line items, it's \$3,100.

4 That's a 50 percent increase. That doesn't compute. So,

5 somehow -- somehow, someplace, we're increasing phones by 50

6 percent. That's too much.

7 MR. McKENZIE: Okay, that's a good point. In that

8 is our internet service. Our internet service went up this

9 year because Hill Country Telephone Company put in a

10 completely fiberoptic system out here, and we locked into

11 that, so it went up. So, our service was better; therefore,

12 it increased.

13 MR. MOSER: 50 percent?

14 MR. McKENZIE: It's \$135 a month.

15 MR. KING: For what?

16 MR. McKENZIE: For internet service.

17 MR. KING: Internet service?  
18 MR. McKENZIE: Yes.  
19 MR. MOSER: It increased from what to 135?  
20 MR. McKENZIE: From this -- this building.  
21 MR. MOSER: No, but it increased from what to 135?  
22 Was it 100, or --  
23 MR. McKENZIE: I don't have that number in front of  
24 me, Tom, I'm sorry.  
25 MR. MOSER: Well, but, see, that's the thing. It's

91

1 a 50 percent increase, and that's a big increase. So, we got  
2 -- we have to be able to explain that.  
3 MR. McKENZIE: Okay.  
4 MS. HARGIS: Can you --  
5 MR. McKENZIE: Here's what we did. The phones that  
6 we have in our terminal building -- and there's five of them  
7 we're responsible for.  
8 MR. KING: Right. Who are those five phones?  
9 MR. McKENZIE: My office, Laurie's office. This  
10 room has a phone for it.  
11 MR. KING: Why?  
12 MR. McKENZIE: Because sometimes we have conference  
13 calls in here.  
14 MR. KING: Okay. That's right, we do. Okay.  
15 MR. McKENZIE: We have two phones that we serve the  
16 pilots with out here.  
17 MR. LIVERMORE: Weather.  
18 MR. KING: For weather.  
19 MR. McKENZIE: Weather in the prep area. That's  
20 the five phones.  
21 MR. KING: Okay.  
22 MR. McKENZIE: The 22.60 a month, that's what those  
23 five phones --  
24 MR. KING: \$22.60?  
25 MR. McKENZIE: Per month.

92

1 MR. KING: Okay.

2 MR. McKENZIE: And our internet's 135 a month. Our  
3 fire alarm system is \$75 a quarter. That's where this number  
4 came from.

5 MR. KING: 75 a quarter?

6 MR. McKENZIE: 75 bucks a quarter for the fire  
7 alarm system that's in the attic.

8 MR. KING: Right, 20-something bucks a month.

9 MR. McKENZIE: Little over 20.

10 MR. KING: 25. 25. What's that, 182.60 a month?

11 MR. McKENZIE: Here's what it costs us. The phones  
12 cost us \$271 annually. The internet, \$1,620.

13 MR. MOSER: Can I interrupt you for just a second?

14 That's all five phones, 271?

15 MS. DEJOHN-ERMEY: Yes.

16 MR. McKENZIE: In the terminal building.

17 MR. MOSER: That's all five phones?

18 MR. McKENZIE: Yes, sir.

19 MR. MOSER: Let me ask you one other question. We  
20 don't have a phone in here, so we pay for that phone. It's a  
21 separate line in here?

22 MS. DEJOHN-ERMEY: Yes.

23 MR. MOSER: Why is it a separate line in here?

24 MR. COWDEN: You got to plug in.

25 MR. MOSER: But that's an extension. I have

93

1 extensions all over my house; I don't pay for a separate  
2 phone line for --

3 MR. KING: Is it a separate number here?

4 MS. DEJOHN-ERMEY: Yes.

5 MR. MOSER: Oh.

6 MR. McKENZIE: Different room.

7 MR. MOSER: Why don't we kill that? Why don't we  
8 kill this phone in here?

9 MR. KING: We don't need another number in here.

10 Who knows it?

11 MR. MOSER: Nobody.

12 MR. McKENZIE: We use it to call out with, anyway.

13 MR. MOSER: We'll just use the other line.



14 MS. DEJOHN-ERMEY: The way --  
15 MR. MOSER: How many lines you got over there? Two  
16 lines over there?  
17 MR. McKENZIE: There's two in my office and two in  
18 her office.  
19 MR. KING: No, no, no. Different phone numbers.  
20 MS. DEJOHN-ERMEY: We only have one phone number,  
21 except for out here; we have a different number. But the  
22 way --  
23 MR. COWDEN: So, if you have a conference call in  
24 here, you can't use the phone?  
25 MS. DEJOHN-ERMEY: Yes. We have different lines,

94

1 but one number.  
2 MR. COWDEN: Okay.  
3 MR. KING: Must have more than one number. You got  
4 to have more than one number.  
5 MS. DEJOHN-ERMEY: We have one number.  
6 MR. KING: Is this that county deal?  
7 MS. DEJOHN-ERMEY: It's through the County's -- the  
8 way John explained it in here is that they pay a flat rate of  
9 \$1,200 a month county-wide.  
10 MR. KING: Yeah.  
11 MS. DEJOHN-ERMEY: And then they take the number of  
12 lines in each department, and that's how they figure how much  
13 each department pays.  
14 MR. KING: They've got a whole bunch of lines down  
15 there. They're on the county system now. If you call, it's  
16 like a 2215 number out here. It's like one of these -- like,  
17 if Laurie calls me from here, it doesn't come up as 896.  
18 MR. MOSER: Right.  
19 MR. KING: It comes up as a county number. But if  
20 you call 896, whatever the number is, it comes here. So,  
21 they're charging -- they're dividing up a line, so if we  
22 do -- it's actually like having multiple lines.  
23 MS. DEJOHN-ERMEY: Right.  
24 MR. KING: I don't -- I don't know. We can -- I  
25 mean, I can tell them we only -- but then you don't get a

1 phone in here.

2 MS. DEJOHN-ERMEY: It's \$22.60 a month for all five  
3 phones.

4 MR. KING: Okay. We're talking for all five  
5 phones, \$22?

6 MS. DEJOHN-ERMEY: A month.

7 MR. MOSER: Forget it.

8 MR. KING: Man, that internet is expensive.

9 MR. McKENZIE: Internet's 1,620 bucks.

10 MS. DEJOHN-ERMEY: It's 135 a month for the  
11 internet.

12 MR. KING: Who is this through?

13 MR. LIVERMORE: I think mine is --

14 MR. COWDEN: Hill Country Telephone.

15 MR. MOSER: Mine's 80-something a month.

16 MR. KING: Is that a government rate they're giving  
17 us?

18 MR. McKENZIE: That's the rate we pay.

19 MR. MOSER: How much is it, Bruce?

20 MR. McKENZIE: 135 a month.

21 MR. KING: Is that a T-1 line?

22 MR. MOSER: It's fiberoptic. We tied into  
23 fiberoptic. They ran everything out here; took about three  
24 months to get all this put in.

25 MR. KING: I know. It seems expensive to me. I

1 mean, I pay --

2 MR. McKENZIE: At no cost to us. We just -- we  
3 just hooked onto them, because it's a whole lot better  
4 service.

5 MR. KING: No, I agree, but who were we with  
6 before?

7 MS. DEJOHN-ERMEY: Windstream.

8 MR. KING: Why'd you have to hook on to get to  
9 them?

10 MR. MOSER: Comes in on the phone line. Just

11 another --

12 MR. KING: How much was that?

13 MR. MOSER: 80.

14 MR. McKENZIE: It was less than that, but it's not

15 fiber.

16 MR. KING: Call Hill Country Telephone; tell them

17 you're thinking about switching back to Windstream 'cause

18 they're 80 and you're 135. Give up. I mean --

19 MR. LIVERMORE: Yeah, try. Might save 30, 40

20 bucks.

21 MR. COWDEN: The package I get at home was a long

22 distance service, internet, and phone service.

23 MS. HARGIS: This is commercial. You can't --

24 MR. COWDEN: Commercial, you can't do that?

25 MS. HARGIS: No, this is commercial. You can't

97

1 compare it to your home phone. It's commercial.

2 MR. KING: Maybe threaten to quit.

3 MS. HARGIS: Like our J.P. in the jail. We can't

4 get her on the -- she has a separate phone. Her phone is

5 100-something dollars a month. She only has one, but we

6 can't get her on the Hill Country line, so we have to pay a

7 separate internet service for her. Commercial is high.

8 MR. KING: I agree. I've learned one thing in

9 life; if you don't ask, you don't get. So, let's ask, and if

10 they say no, that's no big deal. But use a little

11 coerciveness or something. You got two -- if you got two

12 providers out here, you got to get competitive. It's like

13 gasoline. You got two providers --

14 MR. MOSER: What they'll do is they'll probably --

15 the thing you had with Windstream is a different speed than

16 what he's getting --

17 MR. KING: I agree.

18 MR. MOSER: -- from Hill Country, and if you ask --

19 well, if you ask Windstream for the same speed, it's probably

20 not going to be too different.

21 MR. KING: Blame it on the board. Blame it on the

22 City Manager. Tell them we cut a couple budgets out here;

23 you really need a good deal. Ask them if they can give you a

24 better deal.

25 MR. McKENZIE: I will.

98

1 MR. KING: If you don't ask, you never get.

2 MR. MOSER: Okay. So, what did we put in the

3 budget over there? Okay, we still have a 50 percent

4 increase.

5 MR. KING: Do we?

6 MR. MOSER: Yeah, over actuals, for both phones.

7 We went from 2,080 to 3,100.

8 MR. COWDEN: You don't have cell -- you have cell

9 service?

10 MR. KING: You're going to have the actual change

11 to something other than 331, aren't you? I mean, 'cause it

12 wasn't actually 331 last year; it was in that other line

13 item, wasn't it?

14 MR. MOSER: The actual here is 330. The one in the

15 previous line item was 1,750.

16 MR. KING: That's what I mean.

17 MR. MOSER: Okay, so that's 2,080. Okay. And

18 what's proposed is 3,100.

19 MR. KING: I got 2,100.

20 MR. MOSER: 3,100. 2,200 plus the 900 from the

21 previous page.

22 MR. McKENZIE: Cell phones are 900.

23 MR. KING: You're going to move that over.

24 MR. McKENZIE: Two different line items. This

25 one's justified right here. This is exactly what we're

99

1 paying now, with no fluff, the 2,190.

2 MR. MOSER: I would suggest we get it down to a

3 total for both line items of 2,200, like it was last year.

4 MR. KING: How do you do that?

5 MR. MOSER: Why'd it go up 50 percent? That's the

6 way to get it back.

7 MR. COWDEN: Aren't the bills -- didn't you tell us

8 earlier some of these bills weren't right from last year, the  
9 actual? This is real low. The phone service was low, 'cause  
10 it was over here.

11 MR. KING: Somebody's got to change this from 331;  
12 move that other item over.

13 MR. MOSER: I think there's just some confusion in  
14 what's covered by what.

15 MR. KING: I know, but what -- when I look at it,  
16 it looks really bad.

17 MR. MOSER: That's the reason I went to actuals and  
18 proposed. I just said forget that; I'm looking at total.

19 MR. KING: Saving money over here. We're saving  
20 from 17 to 9. And over here, we're going from 331 to \$2,100.

21 MR. COWDEN: The expenses weren't being accounted  
22 for, --

23 MR. KING: I know.

24 MR. COWDEN: -- so I don't know.

25 MR. KING: That's what I mean. They need to be

100

1 moved around. Okay. Well, I think Tom's right. We got to  
2 have another number there. What would you propose?

3 MR. MOSER: It was 2,100 last year, total, so I  
4 would say, you know --

5 MR. KING: 22?

6 MR. MOSER: 22.

7 MR. KING: And what would you make this line item?

8 MR. MOSER: Depends on what it makes the others. I  
9 don't want to get into that.

10 MR. KING: But they're separate.

11 MR. MOSER: I know, so fix them so that the totals  
12 come out.

13 MR. KING: To 2,200? So, you have nine on the  
14 other one over there. Nine?

15 MR. MOSER: We have nine on that.

16 MR. MCKENZIE: Yes, that's correct.

17 MR. KING: So, it's like 13.

18 MR. MOSER: Yeah, 13.

19 MR. KING: So make this one 13?

20 MR. MOSER: Yeah.  
21 MS. DEJOHN-ERMEY: How are we going to do that?  
22 'Cause these are the numbers from I.T. I mean, we can't  
23 change them. We don't have an option of saying, "We don't  
24 want all of that, so just charge us for half of it."  
25 MR. KING: I don't know how it's going to happen,

101

1 but --  
2 MR. MOSER: But you see my point, though, Laurie.  
3 It's just -- it's gone up 50 percent.  
4 MR. KING: We can't explain it.  
5 MR. MOSER: No reason to go up 50 percent, so I  
6 think it's some accounting or how it was costed or whatever.  
7 I don't know. And I don't know if we can sort it out here or  
8 not.  
9 MR. LIVERMORE: What happened to the two ladies?  
10 Sandra is here. I couldn't see Sandra; she's behind you.  
11 MS. DEJOHN-ERMEY: Jeannie's pulling up some stuff  
12 on Incode for us.  
13 MR. KING: I just don't know. I'm trying to figure  
14 out how you justify the 50 percent increase if you can't  
15 explain it. If you can explain it, I can justify it, but if  
16 I can't explain it --  
17 MS. DEJOHN-ERMEY: Now, Windstream was overpaid  
18 when we were with the City. Windstream was grossly overpaid.  
19 MR. MOSER: But you're arguing the wrong direction,  
20 then.  
21 MS. DEJOHN-ERMEY: No.  
22 MR. MOSER: If they were overpaid -- if they were  
23 overpaid, then you should be able to reduce it even further.  
24 MS. DEJOHN-ERMEY: No, because in turn, we didn't  
25 have to pay as much, because they credit -- we had a credit

102

1 on our account.  
2 MR. MOSER: Oh, I see. Okay. Oh.  
3 MR. KING: Let her pull something up.  
4 MS. DEJOHN-ERMEY: I have a whole stack of papers,

5 and I fought with them for months.

6 MR. MOSER: Maybe that's it. Maybe there was  
7 credits.

8 MS. DEJOHN-ERMEY: But not that many. Because what  
9 happened there is, when the City paid --

10 MR. MOSER: Yeah.

11 MS. DEJOHN-ERMEY: When they paid, they had already  
12 -- Windstream had sent a bill that included the previous  
13 thing, so they were paying two and three months at a time.

14 MR. MOSER: Okay. So, what you're saying is  
15 really, the actuals really weren't 2,080. They should have  
16 been more than that, because you got credit because of  
17 overpayments.

18 MS. DEJOHN-ERMEY: From the previous year.

19 MR. MOSER: Oh, okay.

20 MR. KING: Why don't you pull the actuals, and I  
21 can get a Windstream bill. It shows you what the actual  
22 billing was; then it shows you the credit. Then it instructs  
23 you to pay --

24 MS. DEJOHN-ERMEY: I have all those copies.

25 MR. KING: Put those in a spreadsheet with 12

103

1 numbers on them, 12 numbers.

2 MS. DEJOHN-ERMEY: I think I have a spreadsheet.

3 MR. MOSER: Okay, that may be the answer.

4 MS. DEJOHN-ERMEY: I have it in a spreadsheet  
5 somewhere.

6 MR. KING: Light and power on this terminal  
7 building.

8 MR. MOSER: Cool.

9 MR. KING: It's 11,000 bucks. It's been 99  
10 average. It was 94 last year, and we're going with what, a  
11 10 percent increase or something?

12 MR. MCKENZIE: Yes, sir.

13 MR. COWDEN: What KPUB's telling us.

14 MR. KING: We really don't know that.

15 MR. MCKENZIE: That's --

16 MR. MOSER: I've seen some stuff that says it's

17 even going up higher than that.  
18 MR. LIVERMORE: Hard to believe, because natural  
19 gas is going down. But we don't use any of that.  
20 MS. DEJOHN-ERMEY: When we called, they didn't have  
21 a firm number.  
22 MR. KING: Coal and oil. Coal and oil.  
23 MR. MOSER: And they're changing to -- to San  
24 Antonio, which uses nuclear, so --  
25 MR. KING: All right. Propane gas, we put 5,000 in

104

1 there. It was -- City had 55; we used 42 last year. We  
2 plugged up the hole in the vent. What uses propane out here  
3 other than that thing?  
4 MR. McKENZIE: Water heater.  
5 MR. KING: That water heater?  
6 MR. McKENZIE: And the two heaters in the attic.  
7 MR. KING: That's a problem there.  
8 MR. COWDEN: Corey can give you a whole scenario on  
9 that deal. He has that at his house.  
10 MR. WALTERS: I thought it was going to be cheaper.  
11 MR. COWDEN: No, it's not cheaper.  
12 MR. KING: We got sold a bill of goods on that  
13 deal. Oh, yeah.  
14 MR. MOSER: So, we're 10 percent less than what the  
15 City proposed.  
16 MR. KING: Yeah. All right.  
17 MR. MOSER: Good.  
18 MR. KING: But -- okay, we'll look at that, and  
19 maybe next year, after plugging this hole, it will save --  
20 save air -- save heating. We'll see. All right. Water and  
21 sewer, 2,750. It was 2,710; it's averaged 26. I can live  
22 with that.  
23 MR. MOSER: Okay.  
24 MR. LIVERMORE: Well, now, there's two -- what's  
25 this other water?

105

1 MR. MOSER: One's the terminal.



2 MR. KING: One's the terminal; the other is --  
3 MR. MOSER: All other buildings.  
4 MR. KING: At one time, I wanted to see how much  
5 the terminal costs to run, and that's what we got.  
6 MR. LIVERMORE: Okay.  
7 MR. KING: So, the terminal costs about 1,500 a  
8 month to run. Okay. All right. That'll work. Add it all  
9 up and see where we're at. Anybody have a calculator?  
10 MR. McKENZIE: I got one. You want to use this  
11 one, Steve?  
12 MR. KING: Jeannie's here; she can do it.  
13 MR. COWDEN: Which ones did we change?  
14 MR. KING: I have to fly here in a little bit.  
15 Seven, eight --  
16 MR. COWDEN: I think we changed --  
17 MR. McKENZIE: The light and power -- no, the water  
18 and sewer from 1,000 to 750.  
19 MR. KING: Start on the first page; I'll tell you  
20 where we changed. On the first page, we didn't change  
21 anything.  
22 MR. COWDEN: Second page.  
23 MR. KING: The second page, we -- no changes on the  
24 second page.  
25 MR. MOSER: Right.

106

1 MR. KING: But we have some questions. The third  
2 page, we -- we're going to change -- well, we haven't changed  
3 it yet, but --  
4 MR. LIVERMORE: I've got water and sewer.  
5 MR. KING: 250 bucks, so we're plus 250.  
6 MR. MOSER: Yeah.  
7 MR. KING: We're plus 250.  
8 MS. DEJOHN-ERMEY: No, minus 250.  
9 MR. MOSER: Minus 250.  
10 MR. KING: Minus 250, okay. And then we got --  
11 MR. LIVERMORE: 10 grand.  
12 MR. KING: 10 grand, so that's plus 10 grand.  
13 MR. MOSER: Plus 10 grand.

14 MR. KING: And then we got this other one here --  
15 what's the difference between 1,300 and 2,191?

16 MR. MOSER: Well --

17 MS. HARGIS: It's not that, though. I just figured  
18 out the phones. It's -- the 900, it comes out 876 on the  
19 high side for the cell phones; 1,620 for the telephones.

20 MR. KING: 1,620 for two telephones?

21 MS. HARGIS: Mm-hmm. So 1,700 would be a good  
22 number.

23 MR. KING: We got to go to 1,700. Okay, we got to  
24 take all the actual copies of those billings to the meeting.

25 MS. HARGIS: That doesn't include the fire alarm.

107

1 MS. DEJOHN-ERMEY: 300 a year.

2 MS. HARGIS: 300 a year, so the 2,191 is right.

3 MR. MOSER: Okay. But while you were out, Laurie  
4 had an explanation of how to reconcile the actuals, which  
5 were 2,080, total phones everywhere, okay, compared to what  
6 is budgeted of 3,100. So, that's a 50 percent increase. But  
7 Laurie said that the actuals were less than they should have  
8 been because of credit that was given because of the City  
9 overpaying the previous years, so the actuals should have  
10 been more than 2,080 total, because of credits received from  
11 previous years.

12 MS. HARGIS: I don't have their details, so I  
13 can't --

14 MR. MOSER: Yeah. So, anyway, with -- with that  
15 explanation, it's probably not a 50 percent increase. The  
16 apparent 50 percent increase is not there. It's probably --  
17 and we don't have all the numbers to do that, so -- Steve is  
18 gone. So, I think we ought to leave it the way -- I think we  
19 ought to leave it the way it's proposed, and then let Laurie  
20 go back and look at those -- those credits, and see if that  
21 makes sense. We just have to be able to explain. What we  
22 have to do is just be able to explain the total increase,  
23 actuals to proposed budget.

24 MR. WALTERS: So, the number appears to be a  
25 fictitious increase.

1 MR. MOSER: Correct. Right, correct. Okay.

2 MS. HARGIS: Let me look at the actual on the  
3 water. On the on the actual, the water number is 718, so the  
4 750 would be okay on the water.

5 MR. KING: Okay. What did y'all talk about while I  
6 was gone?

7 MR. MOSER: Nothing. We just said for right now,  
8 leave the phones the way it's proposed in the budget, and let  
9 -- and Laurie's going to have an explanation of why the  
10 actuals --

11 MR. KING: Okay.

12 MR. MOSER: -- were --

13 MR. KING: Wrong.

14 MR. MOSER: Were wrong, yeah. They're probably  
15 really more than that.

16 MR. KING: Okay. So, if you have total expenses of  
17 more than 443, it's going to be a different number.  
18 Somebody's going to have to add that. It would be 9,750 on  
19 top of that 44.

20 MR. LIVERMORE: Yeah. It's going to be about 452.

21 MS. DEJOHN-ERMEY: It's 453,638.

22 MR. MOSER: 453,638.

23 MR. KING: 638. Okay, you have that. And then you  
24 have revenues.

25 MR. MOSER: Of 443.

1 MR. KING: Of 443. 43? Or --

2 MR. McKENZIE: 430.

3 MR. KING: 430.

4 MS. DEJOHN-ERMEY: 443.

5 MR. KING: 430.

6 MR. McKENZIE: 430.

7 MR. KING: 433,287. Subtract the those two  
8 numbers, and get that --

9 MR. LIVERMORE: So, we're 20,000 --

10 MR. KING: 20,351 over what we have in revenue.

11 Okay.

12 MR. LIVERMORE: Well, we were already 10 in the  
13 hole, so we --

14 MR. McKENZIE: 20,351.

15 MR. KING: I got that. All right. Now we're going  
16 to go back through there and work on it.

17 MR. COWDEN: 20,351.

18 MR. KING: I think I found some places we can cut.

19 MR. MOSER: Okay. Me too.

20 MR. KING: If I can find it.

21 MR. MOSER: While you're looking, I can propose --  
22 I propose on the mowing -- I'll beat you to it.

23 MR. KING: Tom and I have two great minds.

24 MR. MOSER: Probably going the same place. I  
25 propose on the mowing that we reduce it -- why is it hiding

110

1 from me?

2 MS. DEJOHN-ERMEY: It's 201.

3 MR. MOSER: Yeah, on Page 2, two-oh --

4 MR. KING: One.

5 MR. LIVERMORE: Item 201.

6 MR. MOSER: 201, that we reduce that by \$10,000 to  
7 25,000.

8 MR. KING: Anybody have a problem with that?

9 MR. McKENZIE: No.

10 MR. KING: Can't argue with God, can you?

11 MR. MOSER: And that's what it's predicted to be,  
12 and we just may not mow.

13 MS. DEJOHN-ERMEY: There's other stuff that comes  
14 out of there, though.

15 MR. KING: What?

16 MR. LIVERMORE: You know, when you look back, 2010,  
17 if y'all will recall, is when it used to rain here. That was  
18 a very wet year.

19 MR. MOSER: Yeah.

20 MR. LIVERMORE: We only spent 5,000 more.

21 MR. KING: Of course --

22 MR. MOSER: We just may not mow as much, period.

23 MR. KING: What we can do -- that's an item that's  
24 indisputable. If it rains, we can take pictures of the  
25 grass; it's up this high, and --

111

1 MR. MOSER: Right.

2 MR. KING: -- it needs to be mowed. So, I mean,  
3 I'm sorry; we thought it wasn't going to rain as much, and it  
4 did.

5 MR. MOSER: It did. Now we got still \$10,000 to  
6 find.

7 MR. KING: I don't control that situation.

8 MR. McKENZIE: So, we're going to put how much in  
9 that? 25?

10 MR. MOSER: 25.

11 MR. KING: Be sure and tell our mower contractor  
12 that if it requires mowing, we will mow it and he will get  
13 paid.

14 MR. McKENZIE: Okay. I've already told him that,  
15 'cause he was real concerned. I said we're going to mow.

16 MR. MOSER: Mark's got something else here.

17 MR. KING: What else?

18 MR. COWDEN: Bruce was just showing us that 10,000  
19 that -- that was 47 last year.

20 MR. MOSER: Oh, no, nevermind. Still 37.

21 MR. KING: What?

22 MR. MOSER: He said 10,000 landscaping. We don't  
23 have --

24 MR. McKENZIE: We don't have that any more. We're  
25 done with landscaping.

112

1 MR. KING: Okay. What about -- another item. If  
2 we don't have Ilse show up here every day at all our  
3 meetings, we can drop that from 10 to 7.

4 MR. MOSER: Okay.

5 MR. KING: And then if we need money, if we need  
6 money for Mooney or we need money for --

7 MR. MOSER: Yeah.

8 MR. KING: -- legal on a project or something like  
9 that, that's going to be an indisputable problem; we'll go  
10 back to reserves.

11 MR. LIVERMORE: That's going to have to become a  
12 budget of its own, anyway.

13 MR. WALTERS: Why seven? Why don't we make it  
14 five?

15 MR. KING: Okay.

16 MR. MOSER: Make it five.

17 MR. LIVERMORE: Is that -- that's on Item 311?

18 MR. McKENZIE: Yes, sir.

19 MR. MOSER: Yeah.

20 MR. KING: I had a couple other ones here I was  
21 looking at here.

22 MR. MOSER: Can we reduce the management contract  
23 by \$5,000, Jeannie?

24 MR. KING: I don't think so.

25 MR. MOSER: Since that contract is signed.

113

1 MS. HARGIS: I don't have the power to say.

2 MR. KING: Those guys left.

3 MR. MOSER: On purpose.

4 MR. KING: We could go back over professional  
5 services again. What is that?

6 MR. McKENZIE: Inspections, surveying, analysis,  
7 and we have F & W come out and work on electrical issues.  
8 Environmental fees, appraisal services, design services.

9 MR. COWDEN: Can we get buildings and structures  
10 down to 15?

11 MR. McKENZIE: Yes.

12 MR. KING: I think -- you know what? That's a  
13 correct number there.

14 MR. COWDEN: Buildings and structures.

15 MR. KING: Now, let me tell you right now, on that  
16 buildings and structures, I've got this idea for that B.A.  
17 Products hangar, about maybe just going ahead and spending  
18 the money, taking that thing up to A.D.A. standards so we  
19 can -- I talked to Nate Orr about it. I said, "People don't

20 want to rent something they got to fix up. They want to move  
21 in and go." And we -- we're going to have to just bite the  
22 bullet, bring that thing up to A.D.A. standards, put it on  
23 the market, and let's rent that to somebody. Move into it.  
24 They've had guys look at it. You walk in there, look at it;  
25 you just get depressed. Even if you say we'll abate that

114

1 money that you spent, nobody -- is that the way you feel  
2 about it, Corey? Do you like to go in, to spend \$10,000,  
3 \$20,000 of your money after you move into it?

4 MR. WALTERS: No. I mean, I agree. It's -- you  
5 know, we tried on some spaces, you know, to give it back to  
6 them as free rent, but --

7 MR. KING: Right. Right.

8 MR. WALTERS: -- it's still out of their pocket.

9 MR. KING: It's tough.

10 MR. WALTERS: Initially.

11 MR. KING: Initially, right. I think we need to  
12 get some bids on that and see what that's going to cost, and  
13 then see if it's feasible for us. 'Cause we've had people  
14 look at it, and there's no reason that building shouldn't be  
15 rented here in Kerr County.

16 MR. MOSER: So we're going to take 20,000 -- 15,000  
17 on buildings and structures?

18 MR. KING: I think we can justify that by going  
19 back to the Council and City and saying, "Look, we're trying  
20 to add income though this deal, and that building will rent  
21 for 2,500, 3,000 a month.

22 MR. MOSER: Right.

23 MR. KING: We just need to spend 30,000 -- 30 or 40  
24 thousand on it.

25 MR. MOSER: As part of the whole revenue thing,

115

1 here's the hangars; here's that --

2 MR. LIVERMORE: You take \$300 out of something else  
3 and we're there.

4 MR. WALTERS: And you're right; a lot of times you

5 try to -- you know, and I would expect that the response from  
6 City and Council -- I mean County and Council may be, you  
7 know, "Well, bring us a prospect and then, you know, we'll  
8 look at, you know, spending the money."

9 MR. KING: Right. Right.

10 MR. WALTERS: But there are times when -- you know,  
11 and I've got spaces where you just literally have to say, you  
12 know what? We've had it, like, for two years and it hasn't  
13 leased. People do -- they just come in and look at it and  
14 go, you know, I don't want to --

15 MR. COWDEN: They can't visualize.

16 MR. WALTERS: They can't visualize. So, we've just  
17 had to go in and just spend the money, and have had positive  
18 results once we've done it.

19 MR. MOSER: Right.

20 MR. KING: That's what I think, too. It seems like  
21 to me that eventually we need to do that.

22 MR. MOSER: When my wife was a real estate broker,  
23 you can't say, you know, "Yeah, you can change this." You  
24 just got to go do it, or it won't sell.

25 MR. WALTERS: Right.

116

1 MR. MOSER: I tell you what, instead of making it  
2 15,000, make it 14,500; we're there.

3 MR. KING: Or we can take 500 off professional  
4 services, pop that down to 95. We're actually below it.

5 MR. COWDEN: What are you talking about?

6 MR. KING: On Item 10, drop it down -- we spent  
7 8,300 last year. If we dropped it down to 9,500, --

8 MR. COWDEN: Professional services.

9 MR. KING: -- we would still be --

10 MR. LIVERMORE: What item is that?

11 MR. MOSER: What line item?

12 MR. COWDEN: 009.

13 MR. KING: Page 2.

14 MS. HARGIS: The one that's got the little red  
15 numbers by it.

16 MR. LIVERMORE: Talking about Item 304?



17 MR. KING: No, 10.  
18 MR. MOSER: I thought we reduced that one to 5,000.  
19 MR. WALTERS: You're on Page 2 of 6, right there.  
20 MR. KING: Why don't you drop that to 9,500?  
21 MR. LIVERMORE: Oh, professional services. Okay.  
22 MR. McKENZIE: 9,500. Then you're actually --  
23 MR. MOSER: Where was the --  
24 MR. KING: 139 -- \$149 below budget.  
25 MR. MOSER: Where's the legal services that we --

117

1 that was on the other page.  
2 MR. KING: On Page 3.  
3 MR. MOSER: Okay, got you.  
4 MR. KING: Does that add up?  
5 MR. McKENZIE: Checking now.  
6 (Low-voice discussion off the record.)  
7 MR. KING: Okay.  
8 MR. MOSER: Okay.  
9 MR. KING: So, we will end up with a budget of --  
10 MR. MOSER: Plus.  
11 MR. KING: -- plus 149.  
12 MR. McKENZIE: Plus 149.  
13 MR. KING: I think so.  
14 MS. DEJOHN-ERMEY: It is.  
15 MR. KING: You got it? Can you change that to the  
16 proposed budget?  
17 (Ms. DeJohn-Ermey nodded.)  
18 MR. KING: Okay. I need a motion to approve that  
19 budget.  
20 MR. MOSER: So moved.  
21 MR. LIVERMORE: Second.  
22 MR. KING: Any discussion? All in favor?  
23 (The motion carried by unanimous vote.)  
24 MR. WALTERS: Budget's approved.  
25 MR. KING: Okay. With a contingency. And we

118

1 will -- we'll explain that contingency. Okay. Y'all want to

2 go to C.I.P. right quick? What's the deal on that? What's

3 the deal with C.I.P.? Do we need to look at this, Bruce?

4 MR. MOSER: Yeah, I've got something to say on

5 C.I.P. 2013, that's what we had in there before for

6 T-hangars and site preparation, you know, \$475,000. And

7 that's -- you know, we can leave it like that. Okay. And

8 then -- because we're going to figure out what we really need

9 and how we're going to do it, and so that number is going to

10 probably change. But we can just leave it like it is right

11 now, since that's what it's been in the past.

12 MR. KING: Yeah.

13 MR. MOSER: So that would be my recommendation, is

14 leave it like it is.

15 MR. KING: What is taxiways? What's that?

16 MR. McKENZIE: New taxiway where we're going to put

17 in new T-hangars.

18 MR. KING: Okay. Why do you have the airport

19 runway?

20 MR. McKENZIE: At some point in time, we're going

21 to have to pay some attention to 3/21 out there.

22 MR. KING: Really?

23 MR. McKENZIE: Yes, sir. It's been there for

24 probably 60-plus years.

25 MR. KING: Mm-hmm.

119

1 MR. McKENZIE: And it's been taken reasonably well

2 care of, but this dry weather -- when it rains, you know, the

3 earth moves.

4 MR. COWDEN: It cracks.

5 MR. MOSER: When it doesn't rain, it moves.

6 MR. KING: F.A.A. makes us keep that runway. They

7 don't want us to close this thing down ever. Turn it into a

8 taxiway for T-hangars? Is that what you're saying?

9 MR. McKENZIE: It's a possibility. As long as we

10 just don't close it to air traffic at all.

11 MR. KING: I was just wondering how much it costs.

12 MR. LIVERMORE: Believe me, that is a wonderful

13 runway.

14 MR. KING: I know it is.  
15 MR. McKENZIE: That's a thought, though, Steve.  
16 MR. KING: No, it's a good runway.  
17 MR. MOSER: Makes a lot of noise at my house,  
18 though. Wish they'd quit it.  
19 MR. KING: I don't use it. Do you ever use it,  
20 Corey? I used it one time. It's -- they cut that extra 400  
21 feet off of it.  
22 MR. McKENZIE: 3,600 feet.  
23 MR. KING: And it's over a hill, over top of a  
24 hill. I landed on that thing one day. I locked up; I  
25 couldn't see the end of that runway. Man, I hit those

120

1 emergencies so hard, I thought I was going to throw myself  
2 out of the seat. When you get over this hill, there's about  
3 another 500 foot.  
4 MR. MOSER: You don't know that it's there.  
5 MR. WALTERS: I use it for take-off only. Never  
6 used it to land.  
7 MR. KING: Scared me to death.  
8 MR. WALTERS: I've used it one time.  
9 MR. KING: Do we have to present this thing, Bruce,  
10 or something? Does this have to go with our deal?  
11 MR. McKENZIE: The last two times, there's been  
12 comments made that there's not a C.I.P. presented with the  
13 budget.  
14 MR. KING: I know.  
15 MR. McKENZIE: Like Tom said, this is --  
16 MR. KING: Yeah.  
17 MR. McKENZIE: -- pretty much on point.  
18 MR. MOSER: Just leave it there. If somebody wants  
19 to argue, we can't argue.  
20 MR. KING: If they want to argue, we can move stuff  
21 around.  
22 MR. MOSER: That's right. 'Cause we're going to go  
23 back, do a plan.  
24 MR. KING: What do you think about that, Jeannie?  
25 Is that okay?

1 MS. HARGIS: That's fine.

2 MR. KING: Okay. So, we'll present that with the  
3 budget.

4 MR. MOSER: Okay.

5 MR. KING: Any other -- anything? Motion to  
6 adjourn?

7 MR. COWDEN: So moved.

8 MR. LIVERMORE: So moved -- second.

9 MR. KING: Seconded. All in favor?

10 (The motion carried by unanimous vote, 5-0.)

11 MR. KING: Five-zero.

12 (Meeting was adjourned at 12:07 p.m.)

13 -----

14 STATE OF TEXAS |

15 COUNTY OF KERR |

16 I, Kathy Banik, official reporter for Kerr County,

17 Texas, do hereby certify that the above and foregoing is a

18 true and complete transcription of my stenotype notes taken

19 at the time and place heretofore set forth.

20 DATED at Kerrville, Texas, this 7th day of November,

21 2011.

22

\_\_\_\_\_  
Kathy Banik, Texas CSR # 6483

23

Expiration Date: 12/31/12

24

Official Court Reporter

25

Kerr County, Texas

700 Main Street

Kerrville, Texas 78028

Phone: 830-792-2295