

CITY COUNCIL MINUTES  
SPECIAL BUDGET MEETING

KERRVILLE, TEXAS  
JULY 7, 2011

On July 7, 2011, the Kerrville City Council special budget meeting was called to order by Mayor Wampler at 9:00 a.m. in the city hall council chambers, 800 Junction Highway.

MEMBERS PRESENT:

David Wampler	Mayor
Gene Allen	Mayor Pro Tem
Carson Conklin	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

STAFF PRESENT:

Todd Parton	City Manager
Heather Stebbins	Assistant City Attorney
Brenda G. Craig	City Secretary
Mike Erwin	Director of Finance
Travis Cochran	Director of Information Technology
Kevin Coleman	Director of Development Services
Mindy Wendele	Director of Business Programs
Charlie Hastings	Director of Public Works
Tara LaMontia	Assistant to the City Manager
John Young	Police Chief
Robert Ojeda	Fire Chief
Daniel Schwartz	Director of Library Services
Malcolm Matthews	Director of Parks and Recreation
Mike Wellborn	City Engineer
Susan Michelson	Municipal Court Clerk

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

**DIRECTION TO CITY STAFF FOR PREPARATION OF THE CITY OF KERRVILLE  
FY12 BUDGET:**

Mr. Parton stated the proposed FY12 budget would be prepared on the concept of no tax rate adjustment, no utility rate adjustment, and focus on a five year plan and future sustainability of the city. The budget would focus on staffing levels, measurement of work attained, and where resources were going. He anticipated a 13% decrease in expenditures from the FY10 budget, including a reduction in employee benefits.

Mr. Erwin reviewed the principles to be used in preparation of the proposed budget: focus on self-sufficiency, expenditures not exceed revenues, maintain current \$0.5625 tax rate, prioritize programs, fund priorities, no use of reserve funds, and no change in water and sewer rates.

General Fund: Mr. Erwin noted that the proposed FY12 general fund budget would include a \$230,000 reduction in employee benefits, a decrease of 3.5 full time employees, \$150,000 increase in maintenance capital, and \$165,000 increase in street and drainage maintenance. He compared the FY10 to the FY12 budget and noted a net decrease of 13% in the general fund. A future goal of staff was to achieve a fund balance of 15%; the current balance was \$2,600,000. He noted that 13% of the revenue received from ad valorem tax was dedicated to debt service payments.

Water and Sewer Fund: Mr. Erwin proposed a 5% decrease in expenditures for FY12 from FY11. He provided a rate comparison and noted Kerrville's water rate was below, and the sewer rate was slightly above the state average. The debt service was at 23% of revenue in FY12; issuance of new debt would likely increase the debt service to 27-28%; however, the rate increase adopted by city council in FY11 would be sufficient to cover the proposed issuance without a rate increase in FY12.

Mr. Parton noted that prior debt issuances provided funding for projects to increase water supply and wastewater capacity necessary for growth and economic development. Future budgets would provide an estimated \$6-6.5 million annually to fund capital projects and system upgrades on a pay-as-you-go basis..

Department Reviews: Each department director reviewed the highlights and accomplishments of their FY11 and proposed FY12 budgets.

Five Year Capital Improvement Plan: was presented by Mr. Wellborn.

Budget Comments:

- Council requested staff provide a debt maturity and payoff schedule for the general fund and the water/sewer fund.
- Mr. Parton noted in the FY11 budget the Texas Municipal Retirement System (TMRS) rate was reduced to 10.7% contribution by eliminating the updated service credits. He noted significant changes this year by TMRS, and the city's rate would be 5.4% in FY12 for the same level of retirement benefits. He proposed to reinstate the TMRS updated service credits, which would bring the rate to 8.4% in FY12, still resulting in a decrease of \$200,000 in the general fund from FY11 to FY12.
- Mr. Parton proposed a slight adjustment in employee health benefits that would result in a savings of \$230,000 in the general fund for FY12.
- Mr. Parton noted the proposed FY12 budget did not contemplate salary increases for employees in FY 12.
- Mr. Parton requested council provide priorities for the FY12 budget by July 19; two priorities were discussed:
  - Maintain current response times for fire/EMS/police.
  - Citizen satisfaction survey to measure performance of city services.
- Staff provided a programming evaluation form and requested council return it by July 19.

- Mr. Erwin noted the proposed budget would be presented to city council on July 26; hotel occupancy tax presentations would be made on August 9.

**ADJOURNMENT**. The meeting adjourned at 12:36 p.m.

APPROVED: \_\_\_\_\_

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David Wampler, Mayor

ATTEST:

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Brenda G. Craig, City Secretary