

MINUTES OF THE KERRVILLE CITY COUNCIL AND  
KERR COUNTY COMMISSIONERS' COURT JOINT MEETING

AUGUST 2, 2012

On August 2, 2012, a joint meeting of the Kerrville City Council and the Kerr County Commissioners' Court was called to order by Mayor Pratt and County Judge Pat Tinley at 6:00 p.m. in the city hall council chambers, 800 Junction Highway, Kerrville, Texas.

COUNCIL MEMBERS PRESENT:

Jack Pratt	Mayor
Stacie Keeble	Mayor Pro Tem
Carson Conklin	Councilmember
Justin MacDonald	Councilmember
Gene Allen	Councilmember

COUNCIL MEMBER ABSENT: None

COUNTY COMMISSIONERS PRESENT:

Pat Tinley	County Judge
Guy Overby	Commissioner
H. A. Baldwin	Commissioner
Jonathan Letz	Commissioner
Bruce Oehler	Commissioner

COUNTY COMMISSIONERS ABSENT: None

CITY STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Kristine Ondrias	Assistant City Manager
Cheryl Brown	Administrative Assistant to the City Secretary
Travis Cochran	Director of Information Technology
Mike Erwin	Director of Finance
Kim Meismer	Director of General Operations
John Young	Police Chief
Robert Ojeda	Fire Chief

**DISCUSSION REGARDING THE POSSIBLE FORMATION OF KERR COUNTY'S  
PROPOSED EMERGENCY SERVICES DISTRICT (ESD) 3 FOR EMERGENCY  
MEDICAL SERVICES (EMS) IN KERR COUNTY TO INCLUDE THE  
CITY OF KERRVILLE.**

Judge Tinley reported that the county received a petition from citizens to place an item on the November ballot to establish an ESD to provide EMS; in order to be on the November ballot, it had to be certified by August 20. The county was required to notify incorporated cities within the proposed district to give the cities the opportunity to opt out or to authorize the election for their citizens. The city of Ingram voted that their corporate limits and extraterritorial jurisdiction (ETJ) would be in the district. Citizens in the proposed district had to vote it in before an ESD could be established.

The city (CK) and county (KC) asked and responded to questions and comments:

- KC: An ESD was the answer to questions and problems between the city and county regarding EMS and the city and county should not deny citizens the opportunity to vote on an ESD since it was put in motion by a petition of the citizens.
- CK: If an ESD is the solution to a problem, what is the problem to be solved?  
KC: double taxation, city citizens pay city tax and county tax; ESD would eliminate city residents pay twice for the same service. When ESD is up and running, the county will zero out the line item in their budget for EMS so county taxes would no longer fund EMS, and the county's tax rate would be reduced about 2¢. The county currently paid the city \$400,000 annually for EMS.
- KC: An ESD can charge up to 10¢ on \$100 of property value. The volunteer fire ESD in Ingram was successful with about 2.5¢; Mt. Home was at about 3.5¢.
- KC: The county proposed that the ballot state the maximum of 10¢; however, the ESD board would determine the amount necessary to operate and set the rate accordingly; they may set it at 3-4¢, and later they may want to expand. The ESD board would have the authority to increase or decrease the rate, but they could not set a rate above 10¢.
- CK: What would be the setup of the board? KC: Under state law, commissioners court appoints the 5 member board; however, KC proposed 2 members be appointed by the City of Kerrville, 1 by the City of Ingram, and 2 by Kerr County.
- CK: Kerrville EMS was the best in the state; what guaranteed that the ESD would maintain that level of service? KC: Kerrville EMS was excellent; the problem was that medical care drops because of response time in the far parts of the county. The city never had any desire to discuss substations to serve county areas outside the city limits. Response time is a critical factor. One problem was the ability, on a county-wide basis, to place stations outside the city. The county proposed contracting with the city for EMS, with the ESD as the funding mechanism.
- CK: There was no guarantee what an ESD board would do in the future; the city and county would not have control of the ambulance service. KC: ESD members live, work and have families here; the ESD board would not do anything detrimental; it made sense to contract with Kerrville EMS. The ESD board would determine the service they wanted and would provide a long term funding source to provide for that service. The ESD could also provide funding to establish substations in the county, and the board could borrow money for facilities and equipment.
- CK: Does ESD have authority to establish a sales tax? KC: The board had authority to levy a tax within the amount voted, proposed not to exceed 10¢. The board also had authority to establish a sales tax; however, it had to be approved by voters.
- CK: Did the ESD board have authority to create debt? KC: The ESD board could create debt that would be guaranteed by the tax rate approved by its voters.
- CK: How would collections for service calls be handled? KC: The city would continue to handle collections. The city still owned and operated the ambulance service, the only change was that the city would contract with the ESD board instead of with the county.
- CK: If the ESD was approved in the city, what was the plan to reimburse the city for its capital equipment and assets associated with the ambulance service? KC: The city still owned the ambulance service.

- CK: The city would be putting up its capital assets that citizens had paid for and built up over decades at the mercy of an unelected board. The ESD board could choose to contract elsewhere and Kerrville EMS would have to be cut down. KC: The ESD board would contract for services and build assets into their contract.
- CK: The county was currently paying \$400,000 annually for EMS. At the rate of 10¢/\$100, a county-wide ESD would raise \$4.6 million annually; if the city opted out, it would raise \$2.3 million. Why would county citizens want to incur \$2.3 million annually instead of the \$400,000 they were paying now? KC: If the city opted out, the ESD board could still contract with the city and the tax rate would be set at the rate necessary to raise \$400,000.
- CK: The city provides ambulances stationed at fire stations in the city. An ESD board may want the ambulances stationed at other locations outside city limits. KC: County residents want response times improved; they want quality ambulance service county-wide; ESD is one way to improve service in the county. County residents may be willing to pay more and incur additional cost for a better ambulance service. If an ESD does not pass, the county still has to solve the problem; poor ambulance service in the county was not an acceptable option; the county must find a long term solution.
- CK: There was nothing to hinder expanding the current arrangement outside the city limits if the county would be willing to pay for it, but it was not provided for under the framework of the current contract. KC: This was the first time a city council ever stated a willingness to do that; in the past, city council always said no. CK: The problem in the past may have been the cost; the county wanted increased service, but was not willing to pay for it. The county was currently paying \$400,000 for EMS, but now the county was willing to pay \$2.3 million; a higher annual payment could buy an increase in the level of service. The level of service has a price.
- CK: Regarding double taxation by city residents, if the city opted out of the ESD and ESD passed for the remainder of the county, that issue would be resolved.
- CK: Since the election to establish the ESD and setting the tax rate had to be done simultaneously, how will the county know what rate the ESD board will set since the board will not be appointed until after the ESD is established? KC: The vote had to be specific—establish the board and set the tax rate. The board cannot exceed the tax rate established; therefore, the ballot will state “not to exceed 10¢,” but the ESD board may set any amount based on the needs and requirements as determined by the ESD board. The board will not exist until after the November election, then the board will determine what tax rate is needed in order to function.
- CK: The county should prepare a pro forma so voters would know what the exposure may be, for example, establish two units, one in Ingram and one in east Kerr County.
- KC: A 4¢ tax rate would probably be sufficient, but a big factor is whether the city will be included, another issue is the location of stations. The city will not decrease service in Kerrville; however, moving satellite stations will help response time in populous areas, e.g. moving the station on Coronado a mile closer to Ingram.
- CK: Understand how an ESD and substations would help in far reaches of the county; however, the city council was elected to do what was best for the citizens of Kerrville, and right now the city had the best EMS system possible. Citizens living in the county do not pay city property tax, but they may not get as good a response time for EMS. The council’s foremost responsibility was to the citizens of Kerrville, and the ESD did not provide any advantage over what the city currently has.

- CK: The current \$400,000 payment did not include the cost of police department dispatch; an ESD may have to pick up the cost of dispatching calls. KC: The county had tried to establish a joint dispatch service before.
- KC: One out of four ambulance calls go out of the city; the city received a lot of revenue off of county taxpayers when ambulances responded to calls in the county; that amount should be used to offset the total operation of the service; the fee from the county should cover only the amount that was uncollectable.
- CK: If ESD is approved and the city and county reduce their tax rate, and it is 10¢ because that is the potential, citizens are concerned that the tax rate will not stay at the reduced rate. If the city or county later raise the tax rate, it will be seen as taking back the rate promised; why would the county swap 2¢ it is paying now for 10¢?  
KC: The county was not proposing to swap the maximum potential rate, only the rate set by the ESD board to establish the service, and the county was not proposing that it would not raise the tax rate later. The county proposed to remove from their budget the tax rate equal to the amount set by the ESD board to establish the service, and to never put that line item back into the county's budget; however, if road and bridge needed funds that caused a tax increase, the county would do that; they were not committing to never raising taxes.
- KC: Citizens outside the city were mindful that they were getting first quality service, but one of the most important elements of EMS was response time. CK: When it comes to paying taxes, people may not consider response time as important as paying higher taxes.
- CK: Citizens were saying they want less government and taxes and the county was proposing more government and adding another taxing agency.
- CK: When elected to council, accepted the responsibility to provide EMS to citizens of the city, and would not shirk that responsibility to a third party. KC: If the city were part of the ESD, council would not be giving up its responsibility; the city would still own and control the ambulance system and continue to have the same service it did now. The ESD would not control the city, the ESD board would have to contract with the city, they can ask for a contract, but the ESD would have no control over the city's service.
- CK: Kerr County was fortunate to have great volunteers; it was all about serving citizens with the funds they are willing to provide. KC: The county was not talking about a large tax increase tax, Ingram VFD received \$30,000 on 2.5¢; ESD is a mechanism whereby everybody who had potential to use the service would pay something toward the operation of the system. The city would have a consistent funding source and be able to plan and provide for a county-wide system. In past negotiations, the city and county never knew what the funding level was going to be; however, under an ESD, the risk to the city was whether the ESD would contract with the city. The county believed the ESD board would contract with the city as long as it was a good service, and the city could do long term planning for EMS services, and may become an even larger service. The city would not have to negotiate with commissioners' court, and it would have a consistent funding source.
- KC: The county has to figure out how to get a superior ambulance service into the county. CK: County citizens pay city sales tax, and the city had some responsibility to look after its neighbors.
- CK: Can the city and county enter into an agreement that would bind future councils and courts? Mr. Hayes noted the agreement would always be subject to a

vote of the new court or council. KC: There may be a way whereby the county could enter into a longer term agreement based on the reasonable life of the equipment being acquired, but not sure beyond that.

- CK: The potential existed that Kerrville citizens could end up with a lower quality service than they have now. Council understood that the ESD board may choose to contract with the city for EMS service; however, if the city opted into the ESD, the city would then abdicate its responsibility for running the ambulance service to the ESD board. In the future, the board may feel that the cost to contract with the city is too high, and they may contract with another party that may not provide as good a service. Then, since the city had closed its service because ESD was to provide EMS in the city, Kerrville citizens could end up with a lower quality service.

- CK: There was no guarantee that the city would continue to have two representatives on the ESD board; need assurance of representation on the board.

- CK: There was no way to ensure that the city would remain the EMS provider.

- KC: The future is uncertain; there was concern that a future city council may not be willing to provide EMS to the county, or may feel that EMS was too costly and decide to make cuts.

- CK: Citizens could vote council and commissioners out of office but they cannot vote on members to the ESD board.

- KC: The city had to opt the city in or out of the ESD; also, the city had to opt the ETJ in or out of the ESD. Currently, the city considered all ETJ responses as county runs, and the city had some control over the ETJ area. The county questioned the city's intention with the ETJ area.

- CK: If the city annexed property in the ETJ, what would happen with the ESD tax? If the ESD created bond debt for the purpose of providing EMS in the ETJ (facilities and ambulances, stations, equipment) and the city annexed that area, would the city be responsible to pay for the portion of the debt serving that area?

KC: The property would become part of the city and the ESD tax would cease on that property. Mr. Hayes noted there was a provision in state law that required when a city annexed an area in the ESD, taxation would cease on that property, and the city would be required to pay off any ESD debt associated with providing services within the newly annexed area.

- CK: If the annexation was a voluntary annexation, could the city require the petitioner to cover that portion of the debt associated with their property?

- KC: If the city opted out the ETJ area, who would provide EMS service in the ETJ? If the city did not allow citizens in the ETJ to vote to be included in the ESD and ESD passed, the county would propose that the ESD provide for EMS in the county area outside the city limits and ETJ area only, and the city would be obligated to provide EMS in the ETJ. The city citizens pay for EMS through city taxes and the remainder of the county would be covered by the ESD tax, so who would provide for and fund EMS service in the ETJ? The city would be obligated to provide the service if the city did not give the citizens in the ETJ the opportunity to vote.

- KC: Is the city going to legally identify real property in the ETJ? Mr. Parton noted the city could identify those properties.

- CK: If the city opted out and the remainder of the county passed the ESD, the county's issue of slow response time would be resolved and Kerrville citizens could keep the quality service they have now. KC: Even if ESD passed, it would take time to build infrastructure and achieve better response time; initially the ESD would

contract with the city, but the city would have to bid the ambulance service contract just like other providers; the ESD board could decide to go with the city, but they could decide to contract with another provider. The assumption was that the ESD board would contract with the city because infrastructure was already in place; ESD was a long term solution, and putting in substations could take years.

- CK: If ESD is approved at the November election, when would ESD taxes begin to be collected? KC: Years away from collection even if ESD passed; there was no guarantee that ESD would pass.
- KC: ESDs have worked well in other counties for fire and EMS; it is more difficult to set up here because EMS already existed.
- KC: Another problem is trust; the county has no long term agreement with the city or a commitment that the city will continue to provide services; only have a three year agreement to provide services in the county. The county was searching for a long term solution to provide a critical service and a way to fund that service; there may be other options. The city's budget relied on the county to fund portion of EMS, and county citizens rely on the city to provide services; need a long term solution.
- CK: The city had to trust that the county wanted the service; the city had debt service and capital investment in infrastructure and built a staffing level to provide service into the council, and the city must maintain a funding level sufficient to sustain those costs.
- CK: The county cited two issues that ESD resolved, i.e. double taxation and response times. Double taxation of city taxpayers goes away if the city is not part of the ESD. Response time is beneficial to citizens outside city limits, and an ESD could help address that; however, response times do not affect the citizens of the city, and council is elected to represent the citizens of Kerrville. One councilmember noted he had not heard from even one city citizen who said they wanted ESD in the city, but had been contacted by 40-50 citizens who said they did not want ESD in the city. ESD would create another taxing entity and take control of the service away from elected officials. Under the current arrangement, EMS operates as a business, the county chooses whether to buy the service from the city, and the city determines the cost of that service, and the service is negotiated through interlocal agreements.
- KC: The council will represent city citizens, but the concern is for the ETJ area; it would make more sense to have the ETJ in the ESD and let the citizens in the ETJ decide what they want.
- CK: If ESD passes, what entity will determine the level of service and the cost of that service? KC: That would be determined by the ESD board.

Mayor Pratt noted the city council would vote on the ESD issue on August 14.

**ADJOURNMENT:** The meeting adjourned at 7:22 p.m.

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

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Jack Pratt, Mayor

ATTEST:

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Brenda G. Craig, City Secretary