

AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY, AUGUST 23, 2016, 6:00 P.M.

KERRVILLE CITY HALL COUNCIL CHAMBERS

701 MAIN STREET, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, AUGUST 23, 2016, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
701 MAIN STREET, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION OFFERED BY COUNCILMEMBER STEPHEN P. FINE

PLEDGE OF ALLEGIANCE TO THE FLAG

1. VISITORS/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. City Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. PRESENTATIONS:

2A. Swearing in of the 2016-17 Mayor's Youth Advisory Council. (Judge Mark Prislovsky)

2B. Recognition of the Competitive Guard Team. (staff)

3. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a Councilmember asks for separate consideration of an item. It is recommended that City Council approve the following items which will grant the Mayor or City Manager the authority to take all actions necessary for each approval:

3A. Minutes of regular meetings held June 14 and June 28, 2016 and the budget workshop held June 30, 2016.

3B. Contract for annual audit services with BKD, LLP, to provide professional audit services for the fiscal years ending September 30, 2016, 2017, and 2018 with an option to extend the contract for fiscal years 2019 and 2020. (staff)

3C. Waiver of parade permit fee for the Veterans Day Parade. (Gary Noller)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the City hall of the City of Kerrville, Texas, and said notice was posted on the following date and time: August 19, 2016 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

3D. Authorizing the police department to purchase a new server storage system from CDW-G for video storage of body worn camera systems in the amount of \$75,836.00. (staff)

END OF CONSENT AGENDA

4. PUBLIC HEARINGS:

4A. First and only public hearing for the annual budget for the City of Kerrville, Texas, Fiscal Year 2017; providing appropriations for each City Department and Fund. (staff)

4B. First public hearing to set the 2016 ad valorem tax rate. (staff)

5. ORDINANCES, FIRST READING:

5A. An Ordinance altering the prima facie speed limit on State Highway 534 (Veterans Highway) from approximately thirty-one hundred feet north of its intersection with Vista Ridge Drive and continuing in a mostly southerly direction to approximately seven hundred feet south of its intersection with Beech Street, such distance equal to 2.879 miles; reducing said speed limit to 55 miles per hour; establishing a school zone for a portion of the distance; authorizing installation of appropriate signs and markings; containing a savings and severability clause; providing for a maximum penalty or fine of Two Hundred Dollars (\$200.00); and ordering publication. (TXDOT)

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Interlocal Agreement for the continued existence of a joint airport board to provide management of the Kerrville/Kerr County Airport. (Mayor White)

6B. Interlocal agreement between the City of Kerrville, Kerr County, and Upper Guadalupe River Authority to hire an engineering firm to evaluate flooding risks for Kerr County and provide recommendations. (Mayor White)

6C. Community survey through the National Citizen Survey to conduct a community-wide public opinion survey on eight key areas of community liability, including public safety infrastructure, recreation and community engagement. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the City hall of the City of Kerrville, Texas, and said notice was posted on the following date and time: August 19, 2016 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

6D. Consideration of fiscal year 2017 budget for the City of Kerrville Economic Improvement Corporation. (staff)

6E. Review and discussion of public comments made by elected officials regarding the river trail. (Councilmember Stork)

6F. Review and discussion of public comments regarding the Kerrville Public Utility Board loan made by Mayor White during open session at the City Council meeting of July 26, 2016, concerning the filing of a class action lawsuit against the City of Kerrville as those comments pertained to the loan agreement between the City and KPUB (Councilmember Stork)

6G. Review and discussion of Resolution No. 40-2013 – City of Kerrville Ethics Policy for Elected and Appointed Officials. (Councilmember Stork)

6H. Discussion and direction to city staff regarding approximately 173 acres of land located in the Kerrville extraterritorial jurisdiction. Said land being comprised of the following three tracts – Abstract A0280 Rodriguez, Survey 72, Tract (Part of 141.38 acres), Acres 49.31; Abstract A0280 Rodriguez, Survey 72, Tract (Part of 186.99 acres), Acres 31.34; and Abstract A0282 Robinson, Survey 44, Tract (Part of 186.99 acres), Acres 92.44 (staff)

7. INFORMATION AND DISCUSSION:

7A. Post event report for Kerrville's Fourth on the River. (staff)

7B. Budget and economic update. (staff)

8. ITEMS FOR FUTURE AGENDAS

9. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcement of items of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by city officials or employees; and announcements involving imminent threats to the public health and safety of the city. No action will be taken.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the City hall of the City of Kerrville, Texas, and said notice was posted on the following date and time: August 19, 2016 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

10. EXECUTIVE SESSION:

City Council may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above including if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code, including the following matter:

10A. Sections 551.071: Consultation with Attorney; and 551.072: Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- River trail.

11. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION

12. ADJOURNMENT.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-257-8000 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the City hall of the City of Kerrville, Texas, and said notice was posted on the following date and time: August 19, 2016 at 3:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Cheryl Brown
Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Swearing in of the 2016-17 Mayor's Youth Advisory Council. (Judge Mark Prislovsky)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Swearing in of 2016-2017 Mayor's Youth Advisory Council

FOR AGENDA OF: Aug. 23, 2016

DATE SUBMITTED: Aug. 17, 2016

SUBMITTED BY: Kaitlin Berry
Special Projects Manager

CLEARANCES: Todd Parton
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Judge Mark Prislovsky will administer the Oath of Office to the following appointees for the Mayor's Youth Advisory Council:

Mary Margaret Burniston
Christian Cook
Lexi Cooper
Kianna Dao
Naomi Exum
Shelby Freeman
Roman Garcia
Sydney Garcia
William Guerriero
Nicole Lorange
Mason Olmsted
Lydia Prislovsky
Ileana Scoccia
Emma Soth
Ryan Stanton

RECOMMENDED ACTION

Recognize the new members of the 2016-2017 Mayor's Youth Advisory Council.

Agenda Item:

2B. Recognition of the Competitive Guard Team. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Recognition of Aquatics Staff Lifeguard Competition Achievements

FOR AGENDA OF: August 23, 2016 **DATE SUBMITTED:** August 5, 2016

SUBMITTED BY: Ashlea Boyle **CLEARANCES:** E.A. Hoppe
Assistant Director of Parks and Recreation Deputy City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

The City of Kerrville Parks and Recreation Department's competitive Lifeguard Team "Guard Team" competed in three competitions this summer. A Guard Team consists of four lifeguards, typically two female and two male. The 2016 Kerrville Guard Team members include Wren Vogel, Jacob Pierz, Courtney LaQuey, Carlos Nava, and alternate Taylor Benedick, all of whom are first year competitors. Mr. Nava is a first year lifeguard. In addition to their regular lifeguard duties, the team endures rigorous and specialized training to prepare for these competitions.

The Kerrville Guard Team placed 5th at the Texas Super Guard Competition in College Station on July 11th. They qualified for the State Championships with 2nd Place in the regional qualifier at the Central Texas Lifeguard Competition held in New Braunfels on July 18, 2016. In addition to placing 2nd overall, the team received awards in three divisions 1st place in the *CPR / First-Aid* event, 2nd in the *Scenarios* event, and 2nd in the *Scanning* event.

The team competed against 11 other teams at the Games of Texas State Lifeguard Championships in McAllen, Texas on August 1, 2016. The team won 1st Place and brought home gold medals earning the title of the 2016 State Champions. The Texas Public Pool Council and the Texas Amateur Athletic Federation teamed up to co-host the State Competition in conjunction with the Games of Texas. In order to attend the State Lifeguard Championships, teams had to qualify by placing in the top three at a regional qualifier competition.

The State Championship is comprised of three different events. The teams have no

knowledge of what they will face during each event until competition time.

For the first event, *CPR*, the team was split into pairs. Each pair had to sequentially respond and treat a conscious choking infant, an unconscious child, and an unconscious adult. The unconscious child initially was not breathing and required artificial respiration with a bag-valve-mask. The child then had an airway obstruction that needed to be cleared. After the airway was clear, the child proceeded into cardiac arrest requiring CPR. The adult guest also suffered from cardiac arrest requiring CPR.

Then the team moved on to the *First-Aid* event. For this event, the team was again divided into pairs. Each pair was given a guest with identical symptoms including: heat exhaustion, diabetic emergency, broken teeth, a cut on the eyeball, an asthma attack, a bee sting, a chemical burn, and a cut in between the toes. The guards had to use their problem solving skills to determine the type of emergency they were dealing with based on the guest's symptoms and then correctly triage the guest according to the order of severity.

The final event was the *Pool Scenario*. Lifeguards had to respond to simultaneous emergencies at the pool which included treating a guest with a nosebleed, rescuing a distressed child from the water, rescuing an unconscious guest from the water, extricating a conscious guest with a spinal injury from the pool, and rescuing a shadow doll, which simulated an unconscious guest on the bottom of the pool.

The team was further challenged during this event with access to only one backboard, and multiple other guests in and around the pool deck acting as a distraction. The guards were required to communicate with each other in order to prioritize and effectively attend to the guest with the most life-threatening emergency first, the unconscious guest. After extricating that guest from the pool, the guest had to be safely removed from the board, and properly cared for while the remaining team members effectively tended to the other injured individuals and enforced rules for all other guests. Many teams missed the shadow doll at the bottom of the pool; however, the Kerrville Guard Team saw it and successfully rescued it.

Lifeguard competitions are open to all Lifeguard Training programs including the American Red Cross, YMCA, NASCO and Star Guard and Jeff Ellis & Associates, which the City of Kerrville utilizes. The lifeguards are meticulously judged on their confidence, teamwork, rule enforcement, problem solving skills and ability to recognize and react to each emergency during each scenario.

The competitions technically allow one lifeguard instructor to participate on each team; however, the City of Kerrville team did not include an instructor. The Kerrville team is only comprised of lifeguards, and their accomplishments speak volumes of their skill level. The events were extremely challenging this year.

The Guard Team beat the runner up, Schlitterbahn, by 29 points. The Schlitterbahn team only scored 5 points higher than 3rd place team, The Woodlands Township. Both the first and second place teams utilize the Jeff Ellis & Associates International Lifeguard Training

Program.

Guard Team is an extremely valuable tool for ensuring the safety of our guests at our facilities. It elevates the knowledge base of the lifeguard staff through rigorous training on top of the regular in-service trainings. It adds a sense of camaraderie and pride to the entire facility. The Kerrville Guard Team underwent very intense and exhausting training to prepare for the competitions. They were incredibly dedicated and worked tirelessly, all the while asking for increased challenges to improve their skills. They competed against the best of the best in the State and came out on top. With this victory, Kerrville has earned the reputation as one of the top teams to beat.



Kerrville Competitive Guard Team

Pictured from left to right: Taylor Benedick, Jacob Pierz, Wren Vogel, Carlos Nava, Courtney LaQuey

RECOMMENDED ACTION

It is recommended that the Parks and Recreation Department's Guard Team be recognized by the City Council for their immense hard work and achievements including winning the State Lifeguard Championships.

Agenda Item:

3A. Minutes of regular meetings held June 14 and June 28, 2016 and the budget workshop held June 30, 2016.

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JUNE 14, 2016

On June 14, 2016, the Kerrville City Council meeting was called to order at 6:30 p.m. by Mayor White in the city hall council chambers at 701 Main Street. The invocation was offered by Lainie Johnson, Pregnancy Resource Center, followed by the Pledge of Allegiance led by Fire Chief Dannie Smith.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
Gary F. Stork	Mayor Pro Tem
Stephen P. Fine	Councilmember
Glenn Andrew	Councilmember

COUNCILMEMBER ABSENT:

Gene Allen	Councilmember
------------	---------------

CITY CORE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Malcolm Matthews	Interim Deputy City Manager
Brenda Craig	City Secretary
Sandra Yarbrough	Director of Finance
Ashlea Boyle	Assistant Director of Parks
David Knight	Chief of Police
Dannie Smith	Fire Chief
Trent Robertson	City Planner
Kaitlin Berry	Special Projects Manager
Kim Meismer	Director of General Operations

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. VISITORS/CITIZENS FORUM:

1A. William Spencer Hart was concerned that the city had only one sewer plant and it was built 60 years ago. He asked that the city consider building a sewer plant on the south side of the river and one toward Ingram. He also requested the city consider annexing the Castlecomb subdivision and fix their sewer problem since sewer lines were in close proximity.

1B. John Combiscure stated he was the master of the universe and demanded respect. The euro was the number one form of currency globally. He was the lord and there was no mystery. Come December after the final vote he wished to be the president of Kerrville.

1C. Renee Lofaso Massey opined that Mayor White's voting history went against the majority of councilmembers on many issues. Councilmembers should use their office for public good and not for personal gain or personal beliefs. The city's ethics policy was for elected officials not the public; therefore, she did not have to abide by it as councilmembers did. She questioned if Ms. White was capable of being mayor for all of the community or just those who fit her way of thinking.

1D. Jim Hart was concerned about storm drainage and failing sewer system. During heavy rains the manhole lid on Erin Street comes off and raw sewage flows into Lois Street Park. He noted the city had committed \$29 million for repairs at the wastewater plant.

2. PRESENTATIONS:

2A. Proclamation declaring the week ending on Father's Day 2016 as Men's Health Week.

3. CONSENT AGENDA:

3A. Construction contract with Jordan Restoration, Inc. for the Kerr Regional History Center renovation phase II project in the amount of \$292,472.00 and authorization for the city manager to execute additional change orders which may not exceed a total contract value of \$365,590.00.

Mr. Parton noted in 2000 the city accepted the gift of the history center through the HEB Foundation and the Remschel Deering Trust (RDT). The RDT provided \$150,000 plus a monthly allocation of \$1,500 for operations and improvements, with the requirement that the city go to the RDT for permission to use those funds. A few years ago the city provided a list of projects, and the RDT gave an additional \$50,000 and increased the monthly allocation to \$2,000; last year the RDT provided \$250,000 for the history center renovation project and increased the monthly to \$2,500. The proposed renovation included finishing out the interior of the second floor, and installing air conditioning/heating and an elevator. The project has been approved by the Remschel Deering Trust and would be funded through cash donations; no city tax dollars would go into this renovation project.

Mr. Andrew moved to approve Item 3A; Mr. Fine seconded the motion, and the motion passed 4-0:

END OF CONSENT AGENDA

4. PUBLIC HEARING AND ORDINANCES FIRST READING:

4A. Ordinance No. 2016-07, amending the city's "Zoning Code" to revise Section 11-1-12(f) "Temporary Construction Trailers and Buildings" to allow for the expanded use of such structures; containing a savings and severability clause; providing for a maximum penalty or fine of two thousand dollars (\$2,000.00); and ordering publication. Mayor White read the ordinance by title only.

Mr. Robertson noted Habitat for Humanity requested they be allowed to temporarily, up to 12 months, locate construction trailers off the construction site but within the same platted subdivision. Some sites were too small for construction and equipment. Currently, construction trailers were allowed a temporary building permit for 180 days. The proposed ordinance contained a provision that required the permit be reviewed annually by development services and would apply only to lots platted in the same subdivision. The planning and zoning commission (PZC) voted 5-0 to approve the text amendments as stated in the ordinance. PZC will also review and make recommendation on the design of temporary construction trailers in the future.

Mayor White declared the public hearing open at 6:26 p.m.; no one spoke and Mayor White closed the public hearing at 6:27 p.m.

Mr. Fine moved for approval of Ordinance No. 2016-07 on first reading. Mr. Andrew seconded the motion and it passed 4-0.

5. ORDINANCE SECOND AND FINAL READING:

5A. Ordinance No. 2016-08 amending the comprehensive plan for the City of Kerrville, Texas, pursuant to Chapter 213 of the Texas Local Government Code, by revising the future land use plan for an approximate 5.61 acre tract of land located adjacent to State Highway 16 South (Medina Highway) and between its intersection with Southway Drive South and Fairway Drive East; and changing the future land use of this area from low-density residential to mixed use. Mayor White read the ordinance by title only.

Mr. Robertson noted no changes since first reading.

Mr. Fine moved for approval of Ordinance No. 2016-08 on second and final reading. Mr. Andrew seconded the motion and it passed 4-0.

5B. Ordinance No. 2016-09 amending the city's "Zoning Code" by changing the zoning district for an approximate 5.61 acre tract of land located adjacent to State Highway 16 South (Medina Highway) and between its intersection with Southway Drive South and Fairway Drive East, and otherwise known as 1335 State Highway 16 South; by removing the approximate 5.61 acre tract from the "R-3" multifamily residential zoning district and placing it within the 34-S zoning district; containing a cumulative clause; containing a savings and severability clause; providing for a maximum penalty or fine of two thousand dollars (\$2000.00); ordering publication; and providing other matters relating to the subject. Mayor White read the ordinance by title only.

Mr. Robertson noted no changes since first reading.

Mr. Stork moved for approval of Ordinance No. 2016-09 on second and final reading. Mr. Fine seconded the motion and it passed 4-0.

5C. Ordinance No. 2016-10, approving a negotiated settlement between the Atmos Cities Steering Committee ("ACSC") and Atmos Energy Corp., Mid-Tex Division regarding the company's 2016 rate review mechanism filings; declaring existing rates to be unreasonable; adopting tariffs that reflect rate adjustments consistent with the negotiated settlement; finding the rates to be set by the settlement tariffs to be just and reasonable and in the public interest; requiring the company to reimburse ACSC's reasonable ratemaking expenses; determining that this ordinance was passed in accordance with the requirements of the Texas Open Meetings Act; adopting a savings clause; declaring an effective date; and requiring delivery of this ordinance to the company and the ACSC's legal counsel. Mayor White read the ordinance by title only.

Mr. Hayes noted no changes since first reading. If approved, the ordinance would allow a rate increase of 2.43% for residential and 4.43% for commercial.

Mr. Fine moved for approval of Ordinance No. 2016-10 on second and final reading. Mr. Andrew seconded the motion and it passed 4-0.

5D. Ordinance No. 2016-11 amending the budget for Fiscal Year 2016 to account for the completion of various capital improvement projects within the city's water and sewer fund and reallocating said project balances to other capital improvement projects within the same fund. Mayor White read the ordinance by title only.

Mr. Parton noted staff moved \$100,000 from the original project allocation to the new projects that were in the budget approved by council. He recommended approval of the ordinance on second reading.

Mr. Andrew moved for approval of Ordinance No. 2016-11 on second and final reading. Mr. Stork seconded the motion and it passed 4-0.

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Funding request from Kerr Economic Development Corporation for its fiscal year 2017 budget in an amount not to exceed \$24,500.00.

Jonas Titus, KEDC Executive Director, discussed the annual request of \$24,500 for FY2017. He noted the \$180,000 reserve in the operational budget from the past had been depleted. He reviewed KEDC's accomplishments in 2015-16 and noted KEDC was funded by the city, county, EIC, and KPUB.

Mr. Parton noted the three year funding agreement was budgeted in the economic improvement corporation's budget.

Mr. Fine moved to approved the funding request; Mr. Stork seconded the motion and it passed 4-0.

6B. Discuss extension or renewal of the Interlocal Agreement for the continued Existence of a Joint Airport Board to provide Management of Kerrville/Kerr County Airport.

Mr. Parton noted the city and county had been operating the airport through the joint airport board and the current contract would expire September 30. He recommended that two councilmembers be designated to meet with county representatives to discuss and negotiate terms of a new agreement or extension of the existing agreement. Negotiations should be completed by the end of July and recommendations on the council agenda for first meeting in August.

Council noted that Mayor White, Councilmember Andrew, and Finance Director Yarbrough were the city's representatives on the airport planning committee.

County Commissioner Tom Moser stated there were no major issues with the agreement and the airport operation was running smoothly. The county would be

posting similar discussions on their agenda.

Mr. Fine recommended that airport planning committee members White, Andrew, and Yarbrough meet with county representatives to negotiate the terms of an agreement and bring recommendations to council for consideration. Mr. Stork seconded the motion and it passed 4-0.

6C. Request from Kerr County to waive any and all City building permit, plan check, and inspection fees associated with Kerr County's expansion of the Kerr County Jail.

Mr. Parton noted the county requested to waive some of the plan review and building inspection and permit fees, estimated at \$82,500, for the county's new \$11 million jail facility. The fee was to recover the cost of plan review by an outside consultant, and expenses associated with the construction inspection process, which included state-established criteria for the design and construction of a detention facility and city building codes. The Texas Commission on Jail Standards have inspectors that review plans and ensure the project is constructed according to plans, and one of their requirements was the issuance of a certificate of occupancy (CO) by the city upon completion. In order for the city to issue a CO so the facility can open in accordance to state requirements, the building official must verify that the building was designed and built to code; therefore, the city must conduct plan review and periodic inspections during construction.

Mayor White read a letter from the executive director of the Texas Commission on Jail Standards: "We conduct plan reviews of the schematic design development and construction document phase. At the end of construction prior to moving inmates into the facility we conduct an occupancy inspection to ensure that the facility was built in accordance with the plans submitted and approved and the plans and all systems are functional. The county is required to have a c of o from the local jurisdiction and a fire marshal's inspection available as well as a certified test and balance for HVAC, smoke, and fume removal system. We do not conduct periodic on-site inspections during construction that are traditionally the domain of local code inspectors for electrical, structural, plumbing, etc."

Rusty Hierholzer, County Sheriff, noted this was an extensive \$15 million bond issue project expected to be completed in 15-18 months. It will be a maximum security facility with 328 beds. The project included adding a new dormitory to the back of the current facility and remodeling the existing jail. The county already paid the \$27,512 for the plan review fee, which was in progress with Huser Construction. The county was willing and obligated to pay the actual cost to the city for inspection services; they were not asking that any inspections be waived; however, he requested the city to review the fee and charge only the true cost.

Council also noted the following:

- City residents also pay county taxes; the city should not waive any true costs incurred by the city; however, if any cost savings were available, it would save dollars for all county taxpayers.

- The city pays the county fees for services they provide, such as animal control. Sheriff Hierholzer noted the county paid the city \$800 for each EMS call to the jail.
- Suggested the county waive some of the cost the city paid to house prisoners in the jail. This would be burdensome to both staffs; should keep services separate and not swap services.
- Could set precedence for waiving fees to other taxing entities.
- Fees should cover the cost of providing the service.

Council consensus was that staff should review the building inspection fees and come up with a true cost estimate and bring back to council at the next meeting.

Sheriff Hierholzer requested the cost be provided as quickly as possible to not slow down the issuance of the permit.

6D. Termination of City's application for reuse permit (Application No. 12880) dated May 8, 2012, and submitted by the City of Kerrville to the Texas Commission on Environmental Quality.

Mr. Parton noted that in May 2012 the city submitted an application to TCEQ requesting a permit to allow the city to divert from Flat Rock Lake the amount of water equal to the amount the city was putting into Third Creek from the wastewater treatment plant. The city planned to treat the effluent and inject it into the aquifer storage recovery system; however, since that time, the city hired Freese & Nichols to do a feasibility study contemplating a reuse water project. At the end of 2015 the city was in the process of reviewing the reuse water project and asked TCEQ to defer the 2012 application until F & N completed the study.

Mr. Parton noted TCEQ deemed the 2012 application to be administratively complete and the executive director was prepared to review it now; however, Mr. Parton recommended the city terminate the application process for the following reasons:

- Between 2012 and 2015, TCEQ rules changed. A significant change was that the amount of water that the city would be allowed to divert would be capped at an amount equivalent to 15-20% of the city's potable groundwater supply. The concept was that water taken out of surface water and treated was supposed to go into the river and go down stream. Under this scenario, the city would only receive 20% of the volume of effluent discharged; under the reuse water project, the city could use all of the volume of treated effluent.
- The permit would be considered junior to all other senior permits in the Guadalupe River Basin; thus the permit would be one of the first rights curtailed by the state watermaster, in fact, the city could be curtailed almost entirely from the right.
- The cost of the permit process. TCEQ was required to send notices to all water right holders in the Guadalupe River Basin and the permit very likely would be a contested hearing before TCEQ. The permit would be subject to public notice and protest, and the city would have to prepare documentation and present evidence to TCEQ, estimated at \$1/2 million in legal fees and technical documents. Even if the city was issued the permit, it could be significantly curtailed.

Mr. Parton presented three options to council for consideration:

1. Continue as presented.
2. Stop the application process.
3. Amend the request to only permit that portion which was related back to the groundwater generated.

Ms. White noted that from the beginning of the process in 2012 the state was only going to allow the city to capture 20% of the effluent; the process was too costly to continue for just 20%.

Mr. Stork moved to terminate the city's application for reuse permit (Application No. 12880) dated May 8, 2012; Mr. Andrew seconded the motion and it passed 4-0.

7. INFORMATION AND DISCUSSION:

7A. Review and discuss Rule 4.4. Control of Discussion of the Kerrville City Council's Procedural Rules for Meetings.

Councilmember Andrew noted that Rule 4.4 of the council's procedural rules prohibited personal attacks on individuals; when such attacks occur he will ask the presiding officer to gavel them quiet; further, public comments were only to be made from the podium when recognized by the council.

8. APPOINTMENTS TO CITY BOARDS AND COMMISSIONS:

8A. Appointments to Mayor's Youth Advisory Council.

Ms. Berry received three new applications and all applicants met the minimum requirements.

Mr. Andrew moved to appoint Lexi Cooper, Shelby Freeman, and Emma Soth. The motion was seconded by Mr. Fine and passed 4-0.

9. ITEMS FOR FUTURE AGENDAS

- Establish information request protocol whereby all requests for information go through the city manager or city attorney.

10. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- June 18 beautification day focus on storm clean up; yard waste pick up week begins June 20.
- Movies in Louise Hays Park Friday, June 17 at 9 p.m.
- Kerrville skate competition June 18 at Singing Winds park ages 8 and above.
- Library summer reading events through the end of July.
- Playhouse 2000 has a full schedule through summer.
- Mayor White questioned if the conflict of interest affidavits filed last year by three councilmembers regarding the river trail were still active. Councilmembers Fine and Stork responded yes; Councilmember Allen was absent. Mayor White stated she had concerns about the length of time that the affidavits were active

and in the state of confidentiality she would discuss her issues with the city attorney; this could affect the vote to go into executive session.

11. EXECUTIVE SESSION:

Mr. Stork moved for the city council to go into executive closed session under Sections 551.071 and 551.072 of the Texas Government Code; motion was seconded by Mr. Andrew and passed 4-0 to discuss the following:

11A. Sections 551.071 and 551.072:

Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- River trail.

11B. Sections 551.071 and 551.072:

Discuss City of Kerrville, Texas vs. Stadter, 198th District Court of Kerr County, No. 13698B (condemnation).

At 7:41 p.m. the regular meeting recessed. Council went into executive closed session at 7:46 p.m. At 8:01 p.m. the executive closed session recessed and council returned to open session at 8:02 p.m. Mayor White announced no action was taken in executive session.

12. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION: None.

ADJOURNMENT. The meeting adjourned at 8:01 p.m.

APPROVED: _____

ATTEST:

Bonnie White, Mayor

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JUNE 28, 2016

On June 28, 2016, the Kerrville City Council meeting was called to order at 6:00 p.m. by Mayor White in the city hall council chambers at 701 Main Street. The invocation was offered by Tom Murray, St. Peters Episcopal Church, followed by the Pledge of Allegiance led by Boy Scout Will Zuber.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
Stephen P. Fine	Mayor Pro Tem
Glenn Andrew	Councilmember
Gary F. Stork	Councilmember
Gene Allen	Councilmember

COUNCILMEMBER ABSENT: None

CITY CORE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Malcolm Matthews	Interim Deputy City Manager
Cheryl Brown	Deputy City Secretary
Sandra Yarbrough	Director of Finance
Kim Meisner	Director of General Operations
David Knight	Chief of Police
Dannie Smith	Fire Chief
Kaitlin Berry	Special Projects Manager
Kim Meisner	Director of General Operations
Kyle Burow	Public Works Director

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. VISITORS/CITIZENS FORUM: No one spoke.

2. PRESENTATIONS:

2A. Resolution of Commendation to David Jones for time served on the Library Advisory Board.

3. CONSENT AGENDA:

Ms. White requested Item 3E be removed from the consent agenda.

Mr. Fine moved to approve consent agenda items 3A through 3D; Mr. Andrew seconded the motion, and the motion passed 5-0:

3A. Minutes of the regular meeting held May 10, 2016; and the special meetings held May 17, May 19, and May 23, 2016.

3B. Memorandum of Understanding between BCFS Health and Human Services (BCFS HHS) and the City of Kerrville, Texas for the City's use of BCFS HHS resources during incidents of need.

3C. Authorize city staff to execute a construction contract with Zuber Construction, Inc. for the Utility, Construction and Transportation (UTC) building project in the amount of \$1,004,490.00 and authorization for the city manager to execute additional change orders which may not exceed a total contract value of \$1,200,000.00.

3D. Lease agreement with PNC Equipment Finance, LLC for 60 new E-Z-Go RXV electric golf carts through BuyBoard Purchasing Cooperative.

END OF CONSENT AGENDA

3E. Approval of the selection of an auditor to provide professional audit services for fiscal years ending September 30, 2016, 2017, and 2018, with an option to extend the contract for 2019 and 2020.

Mayor White noted an increase in the fee for the audit and asked if the city had a three year contract in the past. Council discussed the proposal and having a rotating lead auditor each year rather than the same person leading the audit every year.

Mr. Parton stated that the services were bid and staff recommended BKD.

Mr. Andrew moved to approve Item 3E. Mr. Fine seconded, and the motion passed 5-0.

4. ORDINANCE SECOND AND FINAL READING:

4A. Ordinance No. 2016-07, amending the city's "Zoning Code" to revise Section 11-I-12(f) "Temporary Construction Trailers and Buildings" to allow for the expanded use of such structures; containing a savings and severability clause; providing for a maximum penalty or fine of two thousand dollars (\$2,000.00); and ordering publication. Mayor White read the ordinance by title only.

Mr. Matthews reported no changes to the ordinance since first reading.

Mr. Fine moved for approval of Ordinance No. 2016-07 on second reading. Mr. Allen seconded the motion and it passed 5-0.

5. CONSIDERATION AND POSSIBLE ACTION:

5A. Resolution No. 13-2016 approving/disapproving Kerr Central Appraisal District's (KCAD) proposed fiscal year 2017 budget.

Justin MacDonald, Secretary for the KCAD Board, reported that KCAD passed the proposed budget and noted the FY2018 budget would include the purchase of land and construction of a new office building. Fourth Coates, Chief Appraiser, was also present.

Mr. Stork moved for approval of Resolution No. 13-2016. Mr. Allen seconded the motion and it passed 5-0.

5B. Request from Kerr County to waive any and all city building permit, plan check, and inspection fees associated with Kerr County's expansion of the Kerr County Jail.

Mr. Parton noted staff previously calculated the plan review and permitting fees for the Kerr County jail expansion project to be \$82,537.50 (permit fee, \$55,025.00 and plan check fee, \$27,512.50). There would be additional costs to the city that were currently under review, which may have to be outsourced. He estimated the amount of indirect costs associated with the project to be \$25,000 to \$40,000.

The consensus of the council was that the city would bill the county for only hard or direct costs associated with the project.

Kerr County Commissioner Moser indicated his agreement on behalf of the county.

5C. Letters of intent between the City of Kerrville and Schreiner University, and between the City of Kerrville and Southern Golf Properties for the supply of reclaimed water.

Mr. Parton reviewed council's direction to staff regarding execution of letters of intent to Schreiner University (SU) and Southern Golf Properties (Riverhill Golf Course [RGC]) for reclaimed water. He presented draft letters of intent and stated there were some outstanding comments being discussed with SU and RGC and he planned to present final letters for council's review and approval at the July 12 meeting. After council's approval, staff will make application for funding to the economic improvement corporation on July 18. The letters of intent stated that the city would pay for the design, installation and construction of the section of the distribution system from the city's facility to a point of delivery at SU and at RGC. The cost of design, installation and construction from the point of delivery to the final location would be borne by SU and RGC. He noted that the system was not a pressurized system; it was a storage pond and pumping system that would send the water to an on-site storage pond at the final location.

Mr. Andrew moved to approve the drafts of the letters of intent in form; Mr. Fine seconded, and the motion passed 5-0.

5D. Request to waive the perimeter sidewalk construction, per City Code Section 26-36(f), for property located adjacent to the west frontage of State Highway Loop 534 and being generally located between the Sendero Ridge residential subdivision and a commercial development known as Destination Cyclesports.

Mr. Burow reviewed the site plan for a proposed mini storage development on the west side of Loop 534 north of Singing Winds Drive. He noted commercial development to the north and residential to the south. The developer requested an administrative waiver to Section 26-36, which required sidewalks to be constructed on all street right-of-ways along the full length of the property for all tracts or lots intended for commercial development purposes. The site plan was approved without a sidewalk conditioned upon the council granting a waiver to Section 26-36. An administrative waiver can only be issued by staff if the city engineer determined that adequate right-of-way did not exist to allow for the construction of a sidewalk; staff denied the waiver. The developer filed an

appeal to the council. The council may grant a waiver based on the criteria established in code. Staff recommended denial of the waiver request as it did not satisfy the criteria established by city code; further, that sidewalk construction follow the goals of the Sidewalk Master Plan along the Loop 534 corridor.

Council noted that TXDOT would be submitting a request to lower the speed limit on Loop 534 in this area.

Oscar Enriquez, property developer, requested the waiver. He opined that constructing a sidewalk on his property would create a financial burden. Mike Wellborn, engineer for the developer, spoke in support of the waiver.

Mr. Stork moved for approval of the sidewalk waiver. Ms. White seconded the motion and it passed 4-1, with Councilmembers Stork, White, Allen, and Andrew voting in favor, and Councilmember Fine voting against the motion.

6. INFORMATION AND DISCUSSION:

6A. Update from City staff regarding the creation of a demolition delay ordinance.

Mr. Parton noted staff had been working with representatives of the Kerr County Historical Commission (KCHC) to develop a process to review applications submitted for the demolition of a building to determine if it qualified for a demolition delay. Buildings would be evaluated based on criteria currently being developed and would include an assessment of the building. The property owner would be required to provide evidence that it was not feasible to renovate or relocate the building. Staff was developing technical criteria for the evaluation of buildings targeted for demolition. Input was being sought from local experts in the fields of structural engineering, architecture, construction, and historical preservation. The purpose of the demolition delay program was to balance a property owner's right to develop their property with the desire to preserve Kerrville's historically significant buildings by encouraging property owners to rehabilitate or move buildings as an alternative to demolition.

Deborah Gaudier spoke regarding the Kerr County Historical Commission.

6B. Budget and economic update.

Ms. Yarbrough gave the financial report year to date for the period ending May 31, 2016: general fund revenues totaled \$19,249,014 and expenditures \$14,713,482; water and sewer fund revenues totaled \$7,378,739 and expenditures \$6,827,384; hotel/motel fund revenues totaled \$640,539 and expenditures \$707,850; 56 permits for new residential construction and commercial new/remodel construction totaled \$9,196,075. She provided budget information for four major capital projects: River Trail, Louise Hays and Lehmann/Monroe Park, athletic complex, and reuse pond/distribution.

7. ITEMS FOR FUTURE AGENDAS

- Workshop to discuss the sidewalk master plan.
- Overgrowth of weeds and grass at the entrance to the City.

8. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- City offices and library would be closed on July 4, 2016.
- Kerrville's 4th on the River, July 4, Louise Hays Park, fireworks at 9:30 p.m.
- The Kerr Regional History Center would be closed for renovation beginning June 29, 2016.
- Kerrville Police Department honored the 7th Junior Police Academy Class on Friday, June 17, 2016 at the Doyle Community Center; 14 Junior Cadets were in the graduating class.

9. EXECUTIVE SESSION:

Mr. Fine moved for the city council to go into executive closed session under Sections 551.071 and 551.072 of the Texas Government Code; motion was seconded by Mr. Andrew and passed 4-0 to discuss the following:

9A. Sections 551.071 and 551.072:

Discuss the purchase, exchange, lease, sale, or value of real property, the public discussion of which would not be in the best interests of the City's bargaining position with third parties, regarding property interests related to the following:

- River trail.

At 7:44 p.m. the regular meeting recessed. Council went into executive closed session at 7:45 p.m. At 8:17 p.m. the executive closed session recessed and council returned to open session at 8:17 p.m. Mayor White announced no action was taken in executive session.

10. ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION:

ADJOURNMENT. The meeting adjourned at 8:17p.m.

APPROVED: _____

ATTEST:

Bonnie White, Mayor

Cheryl Brown, Deputy City Secretary

CITY COUNCIL MINUTES
BUDGET WORKSHOP

KERRVILLE, TEXAS
June 30, 2016

June 30, 2016, the meeting of the Kerrville City Council was called to order by Mayor White at 9:00 a.m. in the city hall upstairs conference room, 701 Main Street. Mayor White offered an invocation.

COUNCILMEMBERS PRESENT:

Bonnie White	Mayor
Stephen P. Fine	Mayor Pro Tem
Gene Allen	Councilmember (left at 10:30 a.m.)
Gary F. Stork	Councilmember
Glenn Andrew	Councilmember

COUNCILMEMBERS ABSENT:

None

CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Malcolm Matthew	Interim Deputy City Manager
Cheryl Brown	Deputy City Secretary
Sandra Yarbrough	Director of Finance
Kim Meisner	Director of General Operations
Kaitlin Berry	Special Projects Manager
David Knight	Police Chief
Dannie Smith	Fire Chief

DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED FISCAL YEAR 2017 BUDGET

Mr. Parton presented the balanced proposed Fiscal Year 2017 budget:

- The tax rate for the eighth consecutive year was maintained at \$0.5625.
- \$1.02 increase in the account maintenance fee (base rate) in the utility fund, which had been the same since 2009. There was a consumption rate increase in 2012, which was utilized to fund capital projects.
- The sports complex opening was changed to July or August 2017 due to rain.
- The design for the first phase of the water reclamation project was due soon, and bids for design would be let at the end of 2016.
- Included salary adjustments pursuant to the updated compensation plan. He discussed the impact of salary adjustments to the general fund and noted the step program for Fire and Police Departments was current.
- Total revenue from outside sources was \$41,640,257, an inter fund source total of \$9,682,161, for total revenue in the amount of \$51,322,418. These totals were made on the assumptions of a \$1.02 base rate increase on monthly utility bills, a \$0.5625 property tax rate, and a sales tax revenue increase of 3%.
- Total expenditure from outside sources of \$40,973,901, an inter fund source

total of \$9,682,161, for total expenditure in the amount of \$50,656,062. These totals were made on the assumptions of a personnel budget to receive merit and step plan increases, and service category including \$3.6 million for insurance and \$1.5 million for utilities.

- Reviewed general fund highlights, revenue sources, and the fiscal sustainability model. He presented a property tax comparison to ten cities of similar size with an AA bond rating. He reviewed general fund expenditures, which included: \$1.25 million for paving, five police replacement vehicles, one ambulance remount, dump truck and oil distributor for streets, cardiac monitors for EMS, four replacement vehicles, transfer to pay for approximately half of a replacement fire truck, a partial year's operation of the sports complex, merit and step increases, and an update of the comprehensive plan.
- Reviewed water and sewer fund budget highlights, based on the assumption of an increase of \$1.02 per month in the base rate.
- The general fund debt service was set to drop off significantly in FY2023. The city had a debt service capacity of an additional \$10 million in FY2021, assuming the tax rate remained at \$0.5625. The water and sewer debt service for capital projects anticipated new issuances in addition to \$8.0 million in FY2019, \$7.5 million in FY2023, and \$7.5 million in FY2026.
- Reviewed the prioritized list of general fund capital projects and asset replacements.
- Reviewed the water and sewer fund capital projects, asset replacement fund, and prioritized project expenditures.

ADJOURNMENT: The meeting adjourned at 12:53 p.m.

APPROVED: _____

Bonnie White, Mayor

ATTEST:

Cheryl Brown, Deputy City Secretary

Agenda Item:

3B. Contract for annual audit services with BKD, LLP, to provide professional audit services for the fiscal years ending September 30, 2016, 2017, and 2018 with an option to extend the contract for fiscal years 2019 and 2020. (staff)

City must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which must conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. BKD, LLC has consistently met all the requirements in publishing the comprehensive annual financial report. Cities are required to publish a comprehensive annual financial report whereas counties do not have this requirement.

On June 28, 2016 at the City Council meeting staff recommendation was approved and the City Manager was authorized to negotiate a contract with BKD, LLP to provide audit services for the City of Kerrville for fiscal years ending September 30, 2016, 2017, and 2018 with options for 2019 and 2020. Attached is the proposed contract for review and consideration.

RECOMMENDED ACTION

Staff recommends accepting the contract and engagement letter authorizing the City Manager to sign a contract with BKD, LLP to provide audit services for the City of Kerrville for fiscal years ending September 30, 2016, 2017 and 2018 with options for 2019 and 2020.

PROFESSIONAL SERVICES CONTRACT

This Professional Services Contract is executed this ____ day of August, 2016 by and between the **City of Kerrville, Texas**, hereinafter called the City, and **BKD, LLP**.

WHEREAS, the City issued a Request for Proposal for an Independent Audit; and

WHEREAS, BKD, LLP submitted a proposal to provide such professional services;

WITNESSETH: IN CONSIDERATION of mutual promises of the parties contained herein and other good and valuable consideration, the parties agree as follows:

1. BKD, LLP shall provide the City with the necessary professional services to audit all funds including those which are covered under the provisions of the Single Audit Act, a federal law that applies to entities that accept federal funds.

2. The term of the contract shall run from the date of execution and continue through the auditing of three (3) fiscal years of the City, specifically Fiscal Years 2015-16, 2016-17, and 2017-18. Termination of the contract shall automatically occur at the end of this three (3) year period following the submission and the City's acceptance of a completed audit for the City's fiscal year ending September 30, 2018. By providing BKD, LLP written notice on or before February 1, 2019, and February 1, 2020, the City may extend the term of this contract for two (2) additional one-year periods, such years being Fiscal Years 2018-19 and 2019-20. The City must provide separate notice for each year that it extends the Contract. During the term of this contract, the City may terminate the contract each year as part of its budget considerations.

3. The professional accounting services shall be provided in accordance with the terms and conditions set forth in the Request for Proposal, attached hereto as **Exhibit A**. An engagement letter will be executed each year by authorized representatives of both parties, a copy of which is attached hereto as **Exhibit B**.

4. BKD, LLP shall be compensated for services rendered under this contract in accordance with the terms and conditions set forth in the Exhibits. No work shall be performed beyond the present scope of this contract without

express prior written approval by either the City Manager or the governing body of the City, as appropriate.

5. The City or BKD, LLP shall have the right to terminate the contract upon 30 days written notice.

6. In the event of a conflict between any terms and conditions of this contract and the Exhibits, the terms and conditions of the contract shall take precedence.

7. Neither party may assign any of its rights or delegate any of its obligations under this contract, without the express written consent of the other.

8. It is agreed that the failure of any party to invoke any of the available remedies under this contract or under law in the event of one or more breaches or defaults by any party under the contract shall not be construed as a waiver of such provisions and conditions and shall not prevent the parties from invoking such remedies in the event of any future breach or default.

9. Each paragraph of this contract is severable from all other paragraphs. In the event any court of competent jurisdiction determines that any paragraph or subparagraph is invalid or unenforceable for any reason, all remaining paragraphs and subparagraphs shall remain in full force and effect.

10. This contract shall be interpreted according to and enforced under the laws of the State of Texas. Venue shall occur in Kerr County, Texas.

11. This contract, which includes the Exhibits, contains the entire agreement of both parties hereto, and no other oral or written agreement shall be binding on the parties hereto. This contract supersedes all prior agreements, contracts, and understandings of any kind between the parties relating to the subject matter hereof. This contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this professional services contract on or as of the date first written above.

BKD, LLP

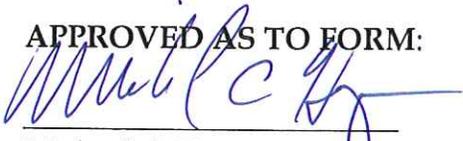
CITY OF KERRVILLE, TEXAS

BY: _____

ITS: _____

Todd Parton, City Manager

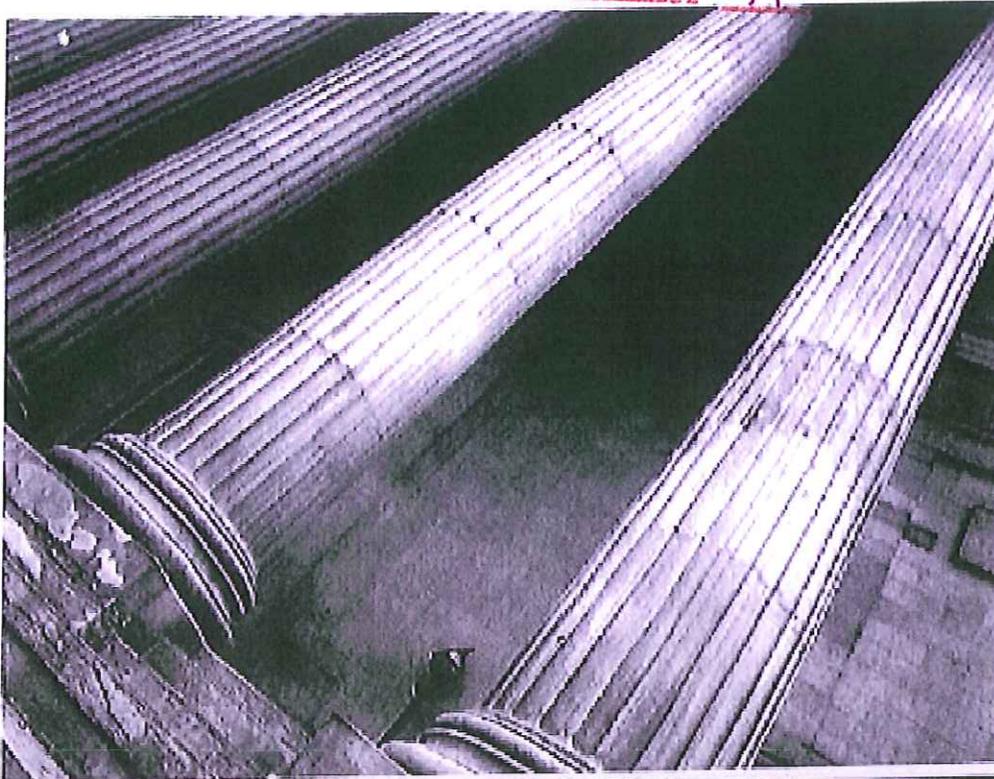
APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

ATTEST:

Brenda Craig, City Secretary



**BENEFITING FROM A
CONSISTENT TEAM OF
ADVISORS THAT HAS A DEEP
KNOWLEDGE OF YOUR CITY,
OPERATIONS & STAFF**

CITY OF KERRVILLE, TEXAS

Professional Audit Services for the City of Kerrville
June 21, 2016

BKD^{LLP}
CPAs & Advisors

June 21, 2016

Ms. Brenda G. Craig // City Secretary
Ms. Sandra G. Yarbrough // Director of Finance
City of Kerrville, Texas
701 Main Street
Kerrville, TX 78028

DEAR MS. CRAIG & MS. YARBROUGH:

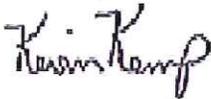
The City of Kerrville, Texas (the City), is a thriving, active and pleasant community dedicated to creating and sustaining a family-oriented environment for current and future residents to call home. The thousands who live, work and raise families in your city rely on civic leaders to practice wise stewardship and fiscal transparency. However, operating in a dynamic environment characterized by ever-changing regulations and a watchful public eye can be challenging. Working with a trusted CPA and advisory firm with a deep knowledge of your intrinsic operations, staff and city, as well as the governmental accounting environment in which you operate, can help you continue to receive the tailored solutions and support you need. With a consistent team of attentive advisors that focuses much of their time on serving municipalities and that has a strong working relationship with your city council and the city manager, BKD, LLP can continue to help.

BKD National Governmental Group works with hundreds of governmental clients nationwide. This industry expertise, as well as our involvement with national and state associations, including the Government Finance Officers Association of Texas and Texas Municipal League, allows us to understand the specific issues the public sector faces in Texas and nationwide. In addition, to continue providing quality audit services, we can leverage our industry experience to share best practices and offer practical solutions to continue helping the City with fiscal accountability, legislative changes, funding shortages, compliance responsibilities and risk management duties.

BKD has remained committed to the City of Kerrville, Texas, for many years. Knowledge of the City is essential to maintaining audit quality. Articles released by the American Institute of CPAs (AICPA) and International Federation of Accountants (IFAC) suggest that audit quality can improve with the length of an auditor's tenure. Auditor consistency can result in increased knowledge and discovery of material financial statement misstatements, as well as help to decrease the use of resources and the risks of fraudulent activities going undetected. Efficiencies can be gained through continued involvement in an audit engagement as our team of professionals observes consistent application of the City's policies and procedures, accounting standards and compliance with regulations. By retaining BKD as your auditor, the City will not have to spend valuable resources and time as a result of a transition.

The City of Kerrville, Texas, is an important client, and we place great value on continuing our working relationship, while maintaining our independence. We believe we have responded to your request with a proposal that will allow our reliable professionals to continue providing timely, efficient and objective services. We will call you soon to answer questions you may have about this proposal, or you may reach us by phone at 972.702.8262 or by email as provided below.

Sincerely,



Kevin Kemp, CPA
Partner, Regional Industry Leader
kkemp@bkd.com



Karen E. Kurtin, CPA, CFE
Senior Manager
kkurtin@bkd.com

EXECUTIVE SUMMARY	1
The City's Desired Outcomes	1
Solutions for the City	1
Why Choose BKD	2
TECHNICAL PROPOSAL	4
1. Organization	4
2. Qualifications/Personnel	7
3. Audit Approach	12
4. Fees	17
5. References	18
APPENDIX	20
AICPA Peer Review Letter	21
BKD Peer Review Report	22
Auditor Rotation Articles	23
Commitment to Professional Development	32
BKD PRIDE Values	33

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Transitioning to a new CPA and advisory firm can be challenging. As the City of Kerrville, Texas (the City), evaluates a change, you must carefully consider whether value can be gained from switching firms and whether it exceeds the value that can be lost in terms of efficiencies, the intrinsic understanding of your challenges and operations and the substance of the advice. Investing a significant amount of time and resources educating new advisors on your systems and processes may not align with your strategic plan. With experienced advisors who understand the City's operations and processes, we believe BKD, LLP is still the right choice.

We will continue to develop an understanding of the City's needs and draw upon our experience gained from our work with approximately 500 governmental entities nationwide to provide focused solutions.

THE CITY'S DESIRED OUTCOMES

The City seeks a dependable CPA and advisory firm with a strong Texas governmental accounting presence. You also desire value for your investment from a firm that can continue providing:

- ▶ High-quality, timely audit services and a report issued by February 28, 2017, to help meet your required deadlines
- ▶ Assistance issuing a Comprehensive Annual Financial Report (CAFR)
- ▶ Access to a vast array of industry resources, such as webinars, seminars, alerts, updates and other communications
- ▶ Personal attention from a consistent team of advisors

Through the familiar depth of resources readily available to you, BKD can continue to help the City experience confidence. Our focus on your industry and commitment to delivering unmatched client service means you are receiving what you pay for—an audit performed by a trusted firm with a proven track record of quality and delivery.

SOLUTIONS FOR THE CITY

The City has requested information and a fee quote for the following professional services for the fiscal years ending September 30, 2016, 2017 and 2018:

- ▶ Financial Statement Audit in Accordance with *Government Auditing Standards*
- ▶ Preparation of a Draft CAFR

Audits often look alike on paper, but the reality is, the quality of the audit process, timeliness of services and resulting ideas that can help improve profitability and operational efficiency vary among providers. To the City, a BKD audit means the difference between a once-a-year visit and a continuous business advisor and service team familiar with your organization and your people.

While other firms may be able to provide audit services to the City, we believe our key differentiators include our existing working relationship, local industry experience, staff consistency, accessibility, understanding of city council and the city manager, extensive continuing professional education (CPE) offerings and the quality of our audit approach, which allows your stakeholders to breathe easy. BKD is committed to delivering more than just basic audit services.



Experience confidence with a national firm that serves approximately 500 governmental entities.

Please see the 3. Audit Approach section of this proposal beginning on page 12 for a detailed explanation of our audit service approach.

WHY CHOOSE BKD

DELIVERING VALUE

It is important to monitor expenditures and receive exceptional value for your investments. However, informed consumers understand value is about more than just price. Value from a professional CPA and advisory firm is about the quality of the work and the merit of the advice. Expect BKD's work to be accurate and insightful. We stand behind it. Our Public Company Accounting Oversight Board (PCAOB) inspections and American Institute of CPAs (AICPA) peer reviews demonstrate the firm's record of excellence.



As evidenced by our inclusion in **INSIDE** Public Accounting's Best of the Best Firms list for the last five years, we also offer long-term consistency, exceptional performance and a national network of support and resources. BKD is large enough to help the City address a variety of financial issues. At the same time, we pride ourselves on hard work and low overhead, which keep our fees competitive. With our reputation, size, service and experience, you can consider us a good value.

STAFF CONTINUITY

Your BKD engagement team has been consistently staffed with trusted advisors, including Kevin Kemp and Karen Kurtin. The City can have peace of mind knowing what to expect from this team. This helps reduce the learning curve and saves you the time and frustration of having inexperienced professionals who are unfamiliar with your concerns and disrupt your normal business activities.

This continuity, however, does not result in familiarity that compromises our objectivity. Our responsibility is to provide the City with an appropriate balance of constructive feedback and value-added solutions. With our hands-on experience, you can continue to expect targeted advice from a team that knows your organization and your industry.

CONTINUING TO WORK WITH TRUSTED ADVISORS

Among the advantages of working with BKD is the strong working relationship we currently have with the City, which provides:

- ▶▶ A team of advisors already familiar with the City's operational activities, structure and staff
- ▶▶ A firm with a clear understanding of the City's specific needs
- ▶▶ Avoidance of a potentially complicated or lengthy transition process

We believe this working relationship enables us to better understand your expectations and provide more efficient and effective service than firms just getting to know you.

YEAR-ROUND SOLUTIONS TO HELP AVOID UNWANTED SURPRISES

Through frequent contact during the year, we can continue to provide solutions to help you avoid unwanted surprises during the year-end audit. Periodic meetings with the City's management team are standard protocol for our audit approach. This knowledge sharing between your team and ours can prove beneficial in helping identify effective solutions early in the audit process. Involving your audit team prior to executing transactions gives you the flexibility to restructure transactions and evaluate the options.

TIMELY SERVICES TO HELP RETAIN YOUR GFOA CERTIFICATE

We understand the City intends to issue a CAFR and apply for the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting (CAFR Program). BKD can continue to help you. We have several team members who serve on the GFOA's Special Review Committee, including Kevin Kemp and Karen Kurlin, so we understand the process. We will continue to work with you to help resolve identified discrepancies and reduce exceptions when your reports are returned.

As you know, GFOA certification increases transparency in financial reporting and can lend credibility to the City's stewardship of funds. The short window for completing annual audits to meet the established GFOA deadlines makes timely and accurate services vital. A core service philosophy at BKD is Responsive Reliability, which means you can count on our service process to follow the established timeline. You can expect timely delivery of reports to help you meet GFOA deadlines and retain your certificate, as well as timely communications with your audit committee and city council.

THOUGHT LEADERSHIP

BKD advisors are serious about reinforcing and strengthening their positions as thought leaders in the industries they serve. To help you continue to experience ideas and keep you informed about emerging issues in your industry, as well as changes in regulations and accounting and tax methods, we provide BKD Thoughtware[®] webinars, seminars and articles. Many of these are eligible for CPE credit. Recent topics include:

- ▶▶ GFOA Executive Board Approves New Best Practices & Advisories
- ▶▶ Proposed Changes to a Government's Reporting of Its Fiduciary Activities
- ▶▶ Lease Accounting for State & Local Government
- ▶▶ Pursuing Operational Excellence in the Public Sector



Experience Ideas from a firm that offers more than 500 articles, videos, webinars & presentations annually.

TECHNICAL PROPOSAL

For your convenience, we have structured our proposal according to the questions in your Request for Proposal (RFP). We believe our proposal will demonstrate our qualifications to continue serving the City.

1. ORGANIZATION

Describe the organization, date founded and ownership of your firm as well as any subsidiaries or affiliates relevant to the City of Kerrville.

FIRM PROFILE

- ▶ Total Personnel – Approximately 2,400
- ▶ Date Founded – January 2, 1923
- ▶ Clients – Governmental entities, not-for-profit organizations, publicly traded companies, closely held businesses and individuals
- ▶ Industry Expertise – We combine the insight and ideas of multiple disciplines to provide solutions to a wide range of industries, including governmental, not-for-profit, higher education, manufacturing, distribution, real estate, construction, financial services and health care

FIRM OWNERSHIP

BKD is a registered limited liability partnership under Missouri law. As such, approximately 260 partners and principals throughout BKD's offices have an ownership interest in BKD. BKD's Governing Board is the policy-making body of the firm and is made up of 10 partners and Chief Executive Officer Theodore Dickman, CPA. Regional managing partners oversee the operations of each of BKD's four regions, and local managing partners oversee the operations of each of BKD's offices. Other National Office leaders include:

- ▶ Chief Financial Officer Brad Brethler, CPA
- ▶ Chief Operating Officer Eric Hansen, CPA
- ▶ Chief Risk Officer Mike Wolfe, CPA
- ▶ General Counsel Bob Lawson
- ▶ National Accounting & Auditing Director Doug Bennett, CPA
- ▶ National Director of Tax Quality Control Jesse Palmer, CPA
- ▶ National SEC Partner Peter Kern, CPA
- ▶ National Tax Director Rob Pruitt, CPA

FIRM SUBSIDIARIES

BKD and our subsidiaries offer clients a variety of services in accounting, audit and assurance, tax, risk management, technology, forensics and valuation, corporate finance and wealth management.

BKD Corporate Finance, LLC provides merger and acquisition, sales, management buyout, employee stock ownership plan (ESOP), recapitalization and financing services. Member Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC).

2400

Experience perspective from a firm with approximately 2,400 CPAs, advisors & dedicated staff committed to providing unmatched client service.

BKD Foundation is our 501(c)(3) not-for-profit foundation that enriches BKD's local communities with financial support and our commitment of time.

BKD Wealth Advisors, LLC is an investment advisory firm registered with the Securities and Exchange Commission, providing the **WealthPlan** solutions of personal wealth planning, investment management and estate planning.

Professional Affiliations – As a member of the AICPA, BKD also is a member of its PCPS (Private Companies Practice Section) Firm Practice Center, and its three quality centers: Center for Audit Quality, Governmental Audit Quality Center and Employee Benefit Plan Audit Quality Center. BKD also is registered with the PCAOB, which is required to serve as an independent auditor of public companies.

Describe the size of the firm, the size of the firm's governmental audit staff and the location of the office from which the work on this engagement is to be performed.

FIRM SIZE

BKD is one of the largest CPA and advisory firms in the United States. As previously discussed, our approximately 2,400 CPAs, advisors and dedicated staff serve clients in all 50 states and clients with operations in more than 40 countries.

GOVERNMENTAL AUDIT STAFF SIZE

BKD has approximately 130 professionals who spend more than 50 percent of their billable hours providing audit services to governmental entities.

LOCATION

If BKD is engaged, the City's requested services will be primarily provided out of our Dallas, Texas, office.

BKD, LLP

14211 Dallas Parkway // Suite 1100
Dallas, TX 75254

Describe the experience of the firm in serving as an auditor for municipalities and other public entities.

NATIONAL & TEXAS GOVERNMENTAL INDUSTRY EXPERIENCE

BKD National Governmental Group works with hundreds of governmental clients nationwide, including municipalities, counties, state agencies, public utilities, public universities and airports. We can leverage best practices learned from working with other governmental entities to help the City identify areas that may require additional attention and increase operational efficiencies.

Services from BKD's Texas offices compose approximately 18 percent of our firmwide governmental and not-for-profit industry practice. Professionals in these offices provide audit or other professional services to approximately 15 municipalities and their component units, as well as approximately 200 municipal utility districts. This experience, along with our involvement with the Government Finance Officers Association of Texas (GFOAT) means we understand Texas laws and other regulations to which our government clients must adhere, and we can offer the knowledge and resources the City deserves.

Our experience has enabled us to establish connections with the:

- ▶▶ Association of Government Accountants (AGA)
- ▶▶ AICPA Governmental Audit Quality Center, as a member
- ▶▶ Government Finance Officers Association (GFOA)
- ▶▶ Government Finance Officers Association of Texas (GFOAT)
- ▶▶ Texas Municipal League (TML)
- ▶▶ National League of Cities (NLC)



- ▶▶ **Governmental Accounting Standards Board (GASB)**
- ▶▶ **Office of Management and Budget (OMB)**
- ▶▶ **U.S. Government Accountability Office (GAO)**

A CENTER OF EXCELLENCE FOR GOVERNMENT

As part of our industry specialization within BKD, leaders from BKD offices across our national government practice created the BKD Center of Excellence for Government to focus on the specific issues organizations similar to the City face.

These professionals meet regularly to discuss important industry developments, legislative updates and challenges that affect governmental entities throughout the country, as well as share best practices gained from our extensive industry experience. We look forward to leveraging this knowledge to offer you proactive communication and valuable industry insight so you can confidently plan for the future.

FIRM EXPERIENCE WITH THE CITY

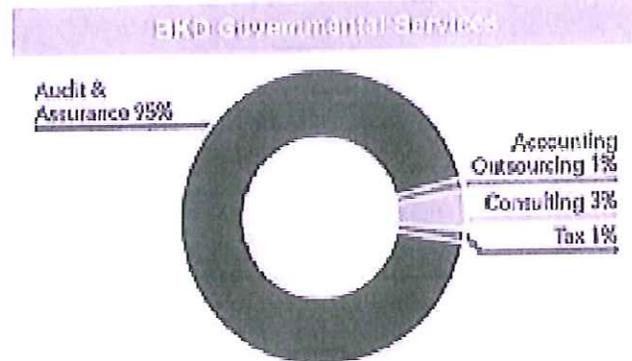
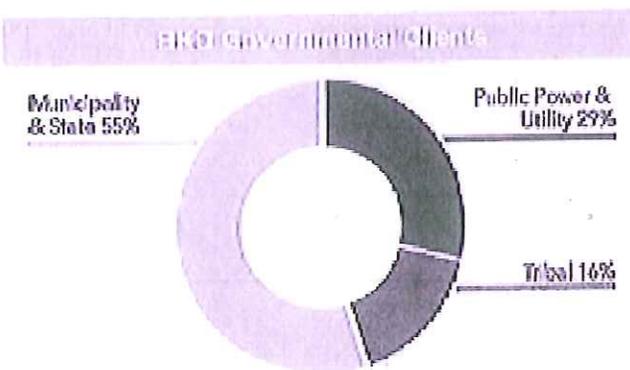
Because of our past working relationship serving as your auditor and knowledge of the City's organization and operations, you can have confidence in BKD's understanding of the issues and challenges you face.

Throughout the past five years, we have been available to help the City strengthen internal controls, more effectively track and report capital assets and donated capital assets and provide suggestions for process improvements and efficiencies in ambulance billings.

If engaged, we will not rely solely on this strong historical performance when continuing to serve the City. Our team remains dedicated to proactively identifying opportunities where we can offer sound professional advice to help increase the value of your investment. We are committed to being the service provider you can continue to trust for quality deliverables and unmatched client service.

FIRM CLIENTS & SERVICES

Geographically spread throughout the United States, our significant client base reflects the diversity of governmental entities, in both size and type of organization. The following graphs demonstrate the clients we serve and the services we provide.



Submit a copy the firm's most recent external quality control review report, with a statement as to whether the review included a review of any governmental engagements.

BKD is committed to providing quality audit services to our clients. We submit our work to external reviewers, who challenge our approach and findings. We are proud of the findings from these reviews, which indicate that our process works.

Our most recent AICPA peer review included, among others, engagements performed under *Government Auditing Standards*. A copy of our most recent peer review report is included in the Appendix.



2. QUALIFICATIONS/PERSONNEL

Identify the size of the firm's staff committed to the public sector and the credentials of key personnel.

FIRMWIDE STAFF

As previously stated, BKD has approximately 130 professionals firmwide, including approximately 12 professionals in our Dallas office, who spend more than 50 percent of their billable hours providing audit services to governmental entities.

KEY PERSONNEL & THEIR CREDENTIALS

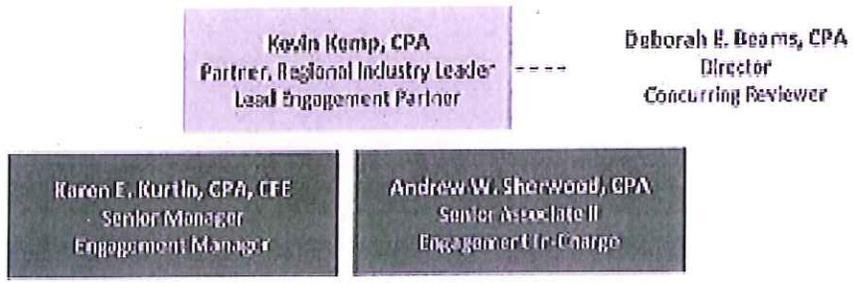
- ▶▶ Partner & Regional Industry Leader Kevin Kemp, CPA
- ▶▶ Director Deborah E. Beams, CPA
- ▶▶ Senior Manager Karen E. Kurtin, CPA, CFE
- ▶▶ Senior Associate II Andrew W. Sherwood, CPA

Please see below for more details regarding your proposed engagement team.

Identify and provide a brief resume of key staff that would provide services to the City. Describe the staffs' title, responsibilities, audit experience (specifically with governmental clients) and the number of years they have been associated with your firm.

The most critical factor in providing high-quality service is choosing your engagement team. We take team selection seriously and have the appropriate team of advisors to meet your needs.

ENGAGEMENT TEAM ORGANIZATIONAL CHART



ENGAGEMENT TEAM EXPERIENCE



Kevin Kemp, CPA
 Partner, Regional Industry Leader
 Engagement Responsibility: Delivery of quality audit services, quality control & engagement management

Kevin is a regional industry leader for BKD National Governmental Group and is a member of the firm's Not-for-Profit & Government Committee. He leads the Dallas office's governmental group, and his team is responsible for providing audit services to approximately 10 municipalities in Texas and Louisiana. Kevin also assists on other large governmental clients across the firm, including Cherokee Nation; City of Oklahoma City, Oklahoma; Denver International Airport and the City of Indianapolis, Indiana.

He has more than 22 years of experience with BKD, providing audit and management consulting services to a client base that includes municipalities and their component units, counties, utilities, state agencies and numerous service-related entities receiving government assistance. His team performs more than 75 Single Audits annually.

Kevin serves clients in obtaining tax-exempt financing, analyzing expansion opportunities and improving internal controls. He has served as primary contact for numerous clients, provided review services Single Audit engagements and maintained contacts with regulatory agencies. In addition, he has recruitment and training responsibilities.

His professional affiliations include membership in the Government Finance Officers Association (GFOA), Government Finance Officers Association of Texas, American Institute of CPAs and Texas Society of Certified Public Accountants. He is a licensed CPA in Arkansas and Texas and serves on the Special Review Committee of the GFOA.

Kevin is a graduate of University of Central Arkansas, Conway, with a B.B.A. degree.



Deborah E. Beams, CPA

Director

Engagement Responsibility: Provide an independent review of the engagement

Deborah has more than 10 years of accounting and auditing experience, including one year with BKD, working primarily in the not-for-profit and government industries. She also has extensive experience with Single Audits. As an auditor with an international firm, her clients included public and private institutions of higher education, private schools, municipalities, religious organizations and health and welfare organizations. She now serves as accounting and auditing assistant director for BKD's Dallas office, performing quality control reviews and assisting audit

teams with technical matters.

She spent three years as a practice fellow at the Governmental Accounting Standards Board. During that time, she worked on projects leading to the issuance of GASB Statements on nonexchange financial guarantees, fair value and external investments pools. She also originated and led the GASB project on leases, which involved collaboration with Financial Accounting Standards Board staff and presentations to the Federal Accounting Standards Advisory Board.

Deborah is a member of the American Institute of CPAs and Texas Society of Certified Public Accountants.

She is a *summa cum laude* graduate of University of North Texas, Denton, with a B.S. degree as well as a 2005 graduate with an M.S. degree, where she was named Outstanding Masters Student.



Karen E. Kurlin, CPA, CFE

Senior Manager

Engagement Responsibility: Manage engagement, make sound decisions, solve problems, coordinate service & supervise associate

Karen has nine years of accounting and auditing experience, including seven years with BKD, specializing in city governments and not-for-profits. She manages the audit process, from planning to city council presentations. She also drafts comprehensive annual financial reports for governmental clients and supervises the Single Audit process.

She is a member of the American Institute of CPAs, the Texas Society of Certified Public Accountants, the Government Finance Officers Association of Texas (GFOAT) and the Association of Certified Fraud Examiners. Karen has served as treasurer of the Executive Board of National Charity League, North Dallas Chapter and is a member of the Conference Planning Committee of the GFOAT. Karen also serves on the Special Review Committee of the GFOA.

Karen is a graduate of Texas A&M University, College Station, with a B.S. degree in mathematics, and a graduate of The University of Texas, Dallas, with an M.S. degree in accounting and information management.



Andrew W. Sherwood, CPA

Senior Associate II

Engagement Responsibility: Work directly with your staff & assist with cash, accounts payable/receivable, inventories, costing methods & other items as needed

Andrew has four years of experience with BKD performing financial statement audits and other accounting services, including the preparation of basic financial statements and comprehensive annual financial reports (CAFR).

He has worked with governmental entities, not-for-profits and for-profits and not-for-profit health care providers. In addition to financial statement audits, Andrew also performs Single

Audits. Recently, he has worked as an in-charge for several cities across Texas and Louisiana, large health care systems and regional not-for-profit organizations.

Andrew is a member of the American Institute of CPAs and the Society of Louisiana Certified Public Accountants.

He is a graduate of Louisiana State University in Shreveport, with a B.S. degree in accounting and finance.

Include an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice as certified public accountants in the State of Texas.

BKD is properly licensed to practice public accounting in the state of Texas. All key professionals who would be assigned to your engagement are properly registered/licensed to practice in the state of Texas or able to practice in the state of Texas due to mobility laws, without the requirement to obtain an individual Texas license.

Describe the efforts your firm makes to keep its staff informed of developments relevant to government issues.

We pay careful attention to the challenges you face to offer timely, proactive advice resulting in a better working relationship. Our audit professionals are required to receive at least 120 hours of CPE every three years. For auditors involved with audits performed under *Government Auditing Standards*, this education includes the hours required to comply with *Government Auditing Standards Yellow Book* guidance. All individuals, including specialists involved in performing fieldwork on *Government Auditing Standards* audits, are required to obtain at least 24 hours of CPE every two years in subjects directly related to government auditing or the government environment. In addition, engagement team members responsible for planning, directing or reporting on *Government Auditing Standards* audits who spend more than 20 percent of their time performing *Government Auditing Standards* audits also are required to complete a minimum of 80 hours of CPE every two years that directly enhances their professional proficiency to perform audits.

BKD offers an internal industry update seminar for managers through partners, as well as a seminar for our in-charge level employees. These seminars include auditing and accounting issues that are specific to governmental clients, including *Government Auditing Standards*, Single Audits and accounting standards for government financial reporting. BKD professionals also receive additional training from external sources.

RECOGNIZED LEARNING & DEVELOPMENT

BKD's commitment to lifelong learning and professional development is highlighted by our recognition as a top-tier training organization. BKD has earned the distinction of Training magazine's Training Top 125 for the past four years. In 2016 and 2014, BKD also earned the *Chief Learning Officer* magazine's LearningElite award. These programs mark companies' excellence in employer-sponsored training and recognize outstanding outcomes in learning and development. This cultural dedication helps our professionals meet our clients' needs.



Provide a brief summation of the reasons you believe your firm should be selected. In particular, the City is interested in the unique capabilities of your firm that distinguish it from other firms. Be specific and relate this discussion to how the City will benefit by choosing your firm as an auditor.

BENEFITS OF RETAINING BKD

At BKD, we understand you want an advisor who can continue to provide specialized skills and expertise, as well as the winning attitude, character and communication skills you deserve. Performing our services—accurately, objectively and with integrity—is at the heart of our goal to deliver unmatched client service. We also are professional, prepared, attentive and ready to deliver our services with PRIDE: passion, respect, integrity, discipline and excellence.

BKD also knows the significant value inherent in the collective historical knowledge of CPAs and advisors who work with an entity for a long-term engagement. Much of this knowledge is typically lost in the hand-off of an audit, including:

- ▶▶ Understanding of the City's unique areas of risk
- ▶▶ Familiarity with the City's operations, culture and personnel
- ▶▶ Understanding of the reasons important business decisions were made
- ▶▶ Insight into the specific industry challenges the City faces

Transitioning to a new audit firm can be challenging. You could be required to invest a significant amount of time and resources addressing a steep learning curve. In addition, changing auditors can sometimes prompt increased scrutiny.

Avoiding a transition to another firm can provide the following benefits:

- ▶▶ As previously discussed, our industry professionals are in communication with you or in your offices frequently because we do not just have an office in Dallas, we have a team of approximately 12 individuals in Dallas who spend more than 50 percent of their time serving governmental clients
- ▶▶ Convenient knowledge transfer between the audit in-charge rotating off your engagement and the new audit in-charge accepting these responsibilities for the City's financial statement audit
- ▶▶ Continued access to BKD's webinars, alerts, updates, seminars and articles, which can continue to provide the City's staff with complimentary training
- ▶▶ Access to advisors who pay careful attention to the challenges you face and can offer timely, proactive advice

In addition to the benefits the City can gain from retaining BKD as described above, on the previous page and throughout this proposal, we believe BKD is still the right choice because our firm also differs from others in the following ways:

STAFF CONTINUITY

As previously discussed, continuity of your engagement team is a priority for us, because it is critical in maintaining efficiency for you. The City's engagement team has been consistently staffed by BKD professionals, including Kevin Kemp and Karen Kurtin. This team is committed to continuing to serve the City.

The City has enjoyed a consistent leadership team from BKD, which has resulted in a great working relationship that brings you an efficient process that has helped avoid surprises. You can have peace of mind in knowing what to expect from the BKD engagement team. With the efficiencies gained in a streamlined audit process, we can focus our time on more important aspects of the audit.

This continuity does not result in familiarity that compromises our objectivity. Our responsibility to you is to bring an appropriate balance of constructive feedback and value-added solutions to your team about sufficiency of recorded estimates, assumptions inherent in the financial statement amounts, proper valuation of pledges and other receivables, proper recording of transactions and an outsider's perspective of whether the financial statements are fairly stated. From our history with the City, you know that we do challenge these areas, as evidenced by audit adjustments and management letter comments for improvements.

ENGAGEMENT IN-CHARGE ROTATION TO RECEIVE A FRESH LOOK

Auditor independence and objectivity are critical elements to a successful audit. Changing individual auditors can be beneficial in providing a fresh look at your financial statements. BKD appreciates the value of a new perspective and, because of our depth of resources, will rotate our engagement in-charge for the City's engagement.

Andrew Sherwood will transition into the role of engagement in-charge. That way, you can receive a fresh perspective while still maintaining your working relationship with advisers who are familiar with your operations and understand the challenges you face. We believe audit quality is maintained in long-term working relationships, and you can be confident independence will not be compromised.

UNMATCHED CLIENT SERVICE

The City wants to continue to have trusted advisors who will deliver exceptional client service, focus on your needs and take the time to address your unique challenges. BKD understands. You already know the level of unmatched high-quality service and personal attention you have received. That level of commitment will not change if you remain with BKD. We do not take our past working relationship for granted and will continue to enhance our service delivery and bring value to the City.

We take our commitment so seriously, we penned five standards of unmatched client service and supporting guidelines in *The BKD Experience: Unmatched Client Service*, a book that articulates the firm's philosophy and sets expectations for serving clients. Our five standards are:

Integrity First

We work hard to do what is right for you. You can rely on us to tell you what you need to hear.

True Expertise

From BKD, you can expect trained, capable staff and a high level of supervision by partners and experienced personnel.

Professional Demeanor

You can depend on prepared and attentive advisors to help meet your needs and provide new ideas.

Responsive Reliability

Accurate and thorough work, combined with timely delivery, is what you require, and at BKD, we do not want it any other way.

Principled Innovation

We want you to succeed. For the City, that means looking for new ideas to streamline a process, better document work, train your staff and improve your effectiveness.

COMMITMENT TO OUR CLIENTS

Our client-first attitude drives our practice and accounts for the dedication of our staff to the deadlines and needs of their clients. We are committed to helping the City address your operational needs within our code of ethics and the law.

We believe building diverse client service teams with a broad mix of skills and approaches is critical to continued innovation and strength. We are committed to treating one another and client personnel with respect and appreciate their differences. Furthermore, we find our clients benefit from our well-established and successful protocols, standards and processes.

QUALITY CONTROL

High standards set by industry guidelines and our own subject matter advisors and thought leaders govern BKD's professional services. We are committed to completing your requested services efficiently, accurately and per the deadlines you establish. We understand one of your goals is to make informed operational decisions, so it is important to us you do not just receive basic professional services. We also want our services to help you learn industry best practices and improve your operations, compliance and accounting processes. Your proposed lead engagement partner is available to answer questions you might have about the quality control processes in place for the services you requested.

WHAT IS THE BKD EXPERIENCE?

The BKD Experience is about working with a professional who can provide more than just accounting solutions. Day in and day out, you can count on our integrity, expertise, professionalism, responsiveness and innovation. Our trusted professionals serve a diverse client base that includes main street businesses, international corporations and everything in between. Experience how BKD can assist with a variety of needs and help you make accounting, tax and other important decisions with confidence.

experience **BKD**
THE EXPERIENCE

A member of the AICPA, BKD also is a member of its PCPS (Private Companies Practice Section, the AICPA Alliance for CPA Firms) and its three quality centers: Center for Public Company Audit Firms, Employee Benefit Plan Audit Quality Center and Governmental Audit Quality Center.

3. AUDIT APPROACH

Provide a work plan to perform the services required in the "MINIMUM SERVICE REQUIREMENTS" section of the RFP.

FINANCIAL STATEMENT AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS SERVICE DESCRIPTION

BKD's audit approach focuses on areas of higher risk—the unique characteristics of the City's operating environment, the design effectiveness of your internal controls and your financial statement amounts and disclosures. The objective is to express an opinion on the conformity of your financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

These principles make up the foundation of BKD's audit approach:

- ▶▶ The staff working on your engagement have been trained in the governmental industry. You will not have to train our people on net position/fund balance classifications, net pension liabilities, etc.
- ▶▶ We provide a high level of engagement executive involvement so you receive high-quality service with little interruption. We recognize we have to be flexible because not all audits go as planned. Because our partners and managers are in the field, we can adapt quickly to circumstances that arise.
- ▶▶ Communicating the results of our audit procedures and sharing ideas to help your accounting processes are integral parts of your engagement. In addition, you will find communication does not end when the audit is completed. We strive to keep in contact with your management team throughout the year. Continued communication means you can receive an efficient and effective audit.

Using our five-phase approach, we will work with you to develop an audit plan tailored to your specific circumstances and risks.

PHASE 1: PLANNING

BKD will work closely with your audit committee and management team early during the audit, as required by auditing standards, giving the group an overview of the scope and timing. We ask that your audit committee and management team let us know about any risk issues, any areas where they would like us to perform additional procedures or anything else material to the audit.

During the planning phases of the audit, we will:

- ▶▶ Meet with your management to examine changes that have occurred during the current year
- ▶▶ Discuss expectations of the audit process and team members
- ▶▶ Document and test internal controls
- ▶▶ Perform a comparison of prior year audited financial statements with current year interim financial statements to gain an understanding of the current year's activities
- ▶▶ Read city council minutes to understand events occurring during the year
- ▶▶ Obtain new permanent file information, such as organizational charts, bylaws, debt and lease agreements
- ▶▶ Design a timetable for the audit procedures that meets your reporting deadlines and is specifically tailored to your entity's accounting process and transactions

Materiality

BKD has a defined methodology for governmental clients that does not simply consider net income, but focuses on other metrics, such as total assets, total revenue or other meaningful metrics to scope our audit approach, to evaluate actual or potential errors and to develop audit samples.

PHASE 2: RISK ASSESSMENT

BKD will follow standards established by the Auditing Standards Board of the AICPA. These auditing standards affect the amount and type of information BKD will gather to perform your audit.

We will:

- ▶ Obtain an understanding of your organization, the significant risks you face and how you mitigate those risks. This will include examining how you measure and manage financial performance, as well as your internal control over financial reporting.
- ▶ Evaluate where your financial statements might be susceptible to material misstatement due to error or fraud.
- ▶ Consider if internal controls have been implemented and assess the general controls around your IT systems.
- ▶ Assess risk of material misstatement for the most significant financial statement amounts and disclosures.

To help facilitate the testing of internal controls, we use questionnaires specific to the governmental industry, which expedite gathering your control information. Based on the documentation of your controls, we will test the key controls of your organization.

We expect to interview your personnel and review prior city council minutes as part of our information-gathering process.

PHASE 3: FIELDWORK, TESTING & FURTHER AUDIT PROCEDURES

Based on our assessment of risks of material misstatements and determination of further audit procedures to be performed, we will design audit tests that take advantage of strengths in your internal control system.

During fieldwork, we will:

- ▶ Perform substantive tests on material account balances
- ▶ Evaluate significant unusual transactions
- ▶ Ask management to further explore and clarify any identified potential misstatements
- ▶ Evaluate the materiality of those misstatements, if applicable
- ▶ Conclude whether all identified risks of material misstatement have been addressed
- ▶ Hold a formal exit conference with management to share findings and preliminary deliverables

OUR FIVE-PHASE APPROACH TO FINANCIAL STATEMENT AUDITS

1 » Planning

2 » Risk Assessment

3 » Fieldwork, Testing &
Further Audit Procedures

4 » Report &
Communications Delivery

5 » Presentation

BKD also will perform some tests from these alternatives:

- ▶ **Key item testing** – Some items within an account may be large enough by themselves to involve significant risk of material misstatement. These key items can be audited individually.
- ▶ **Sampling** – A detailed audit of representative individual items (a sample) selected from a population.
- ▶ **Analytical procedures** – Taking a closer look at a grouping of information by examining it as it relates to other accounts, historical trends or other measures.
- ▶ **Computer-assisted auditing techniques (CAAT)** – BKD uses ACL as one of the primary tools to apply CAAT. The use of ACL allows us to analyze data electronically, handle large amounts of data and increase the effectiveness and efficiency of audit procedures.

As needed, our firmwide industry partners serve as technical resources with expertise to deal with particularly challenging or unique situations that may arise in the course of your audit.

We know a great deal of audit information often comes from third parties. Sometimes information from those parties is not received on time. To keep your report timely, we will keep you informed of the status of outstanding items.

PHASE 4: REPORT & COMMUNICATIONS DELIVERY

A cornerstone of the quality of our audits is the use of a concurring reviewer before the issuance of any reports. Another member of our assurance team, who has otherwise not been involved in the engagement, reviews the financial statements and workpapers before issuing the report.

Generally accepted auditing standards establish requirements and provide guidance on our communication with those charged with governance. In addition, if applicable, we will issue a report to management and those charged with governance of any significant deficiencies or material weaknesses identified during the audit.

Our commitment to a smooth engagement also includes the timely delivery of our audit report. A draft of the audit report, management letter and any other deliverables will be provided to you for your review and comments.

PHASE 5: PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

You may want to formally share your audit results with your audit committee and city council. We can help make a presentation to your audit committee and city council and answer their questions.

TIMING & YOUR BKD TEAM

Overall, we plan to spend approximately one week on interim/planning/gathering information to design our audit approach and two weeks on final fieldwork at year-end. We will coordinate the scheduling of your audit with you to both accommodate your schedule and to allow for the timely completion of deliverables.

Your BKD team will include an experienced engagement in-charge and one associate, who will be on site performing further audit procedures and gathering the information we need to support our opinion. In addition, your BKD team will be led by a partner and a senior manager with experience in the governmental industry, who will direct our staff's audit approach, review their work and communicate audit results.

Propose a timeline for the engagement, with estimated hours for all major components. Segregate estimated hours for administrative, planning, field work and report preparation.

ESTIMATED HOURS & COMPLETION DATE BY AUDIT SEGMENTATION

Proposed Audit Segmentation	Estimated Hours	Estimated Completion Date
Risk assessment procedures, including meetings with officials & staff, preliminary analytics, review minutes & design of audit procedures based on assessed risks	45	October 2016
Document & evaluate internal controls	45	October 2016
Obtain financial policies & procedures, bond documents, leases & grants & other items for our permanent file	10	October 2016
Substantive procedures & analytical review techniques	135	November 2016
Supervision, review & technical assistance	35	November 2016
Client conferences & meetings to review audit reports	15	February 2017
Reporting – Draft CAFR preparation and reporting to governance & management advisory comments	45	February 2017

Describe City staff and City resource requirements, including a list of typical prepared by client documents. The City uses Tyler Technology's Incode financial software.

In working with organizations similar to the City, we have developed an efficient approach that helps avoid wasted effort. We plan our work to facilitate client participation to help control costs, reduce unnecessary disruptions and meet deadlines.

The City plays a major role in timely completion of the audit. We request that your staff maintain records in good condition, provide the necessary schedules and cooperate with our audit team. Most organizations routinely prepare these records and schedules during their normal monthly or annual closing process.

Assistance from your personnel may include:

- ▶▶ Preparing a complete and accurate general ledger trial balance by account, to which very few adjustments are needed
- ▶▶ Preparing accurate audit schedules to support all significant balance sheet and certain other accounts
- ▶▶ Responding to auditor inquiries
- ▶▶ Preparing confirmation and other letters
- ▶▶ Pulling selected invoices and other documents from files
- ▶▶ Helping to resolve any differences or exceptions noted
- ▶▶ Completing documentation of internal controls
- ▶▶ Completing report and footnote information

We will provide a list of requested schedules well in advance of any deadlines, as well as spreadsheet templates for many of these schedules. We also will meet with your staff, as needed, to help them clearly understand our requests.

Describe your methodology for accomplishing audit requirements in a timely and efficient manner as well as any special techniques you may employ to facilitate the first year of the audit.

TIMELY DELIVERABLES TO HELP IMPROVE CONFIDENCE IN FINANCIAL STATEMENTS

Performing the City's audit according to your timeline and providing timely drafts and audit reports are essential to your operations and among the expectations you have of your auditor. When key items are delivered, confidence is established in the technical ability and professionalism of your service team. We are committed to a process that addresses issues quickly, evaluates the potential effects of new standards and proactively establishes a plan to help avoid unwanted surprises. We will coordinate our efforts with the City to meet important deadlines and will work with you to produce efficient and effective results and reasonable solutions.

BKD sets expectations for our professionals to respond promptly to your questions and complete work timely. Responsive Reliability is one of our client service standards, and meeting your timeline is something you can expect from BKD.

TAILORED AUDIT APPROACH

We work to develop a tailored audit work plan specific to your circumstances and risks.

Together, we need to determine the answers to a number of critical questions to help facilitate an efficient and effective audit. To accomplish this, we use our client-specific audit programs, model financial statements and footnotes, internal control checklists and tax questionnaires. These tools help focus staff on items pertinent to the City and make it easier for you to assist us. Our approach is designed to be efficient to help avoid wasted efforts by your employees during the audit process.

While we will work with you to contain costs, we will never compromise quality. Our stringent quality control oversight helps to comply with professional standards in performing your audit.

ACL EXPERTISE

BKD professionals are trained in using CAAT to help improve efficiencies. We have significant experience using these state-of-the-art technologies, including ACL data analysis software, to facilitate data transfer, conversion, mining and analysis. BKD routinely uses ACL software to perform CAAT, and we use CAAT in our audit engagements.

ACL is a worldwide industry leader in CAAT software and is a powerful product that allows us to import electronic information from clients in a variety of formats and perform sophisticated analyses and data extraction. We have trained more than 500 professionals throughout our firm as software champions. Firmwide, BKD has more than 10 professionals who serve as instructors for beginner and advanced ACL classes. There are significant opportunities for using this software in many aspects of your organization. We have the expertise and necessary skills to help the City implement and effectively use ACL.



4. FEES

Detail your firm's proposed engagement fee as a flat annual fee that includes all expenses for the three (3) year contract by fiscal year.

BKD knows our clients do not like fee surprises. Neither do we. Our goal is to be candid and timely, and we want to answer your questions about fees upfront. We determine our fees by evaluating a number of variables: the complexity of the work, the project's scope, the time we will spend and the level of professional staff needed.

PROPOSED FLAT ANNUAL FEES

City of Kerrville, Texas			
For the Fiscal Years Ending September 30	2016	2017	2018
Financial Statement Audit In Accordance with Government Auditing Standards & Preparation of a Draft CAFR	\$63,870	\$65,750	\$67,630
GASB 58 – Continuing Procedures	\$2,100	\$2,200	\$2,300
Expenses: Travel & Administrative	\$5,855	\$5,930	\$6,005
Discount: Travel Fees	(\$3,300)	(\$3,300)	(\$3,300)
Total	\$68,500[^]	\$70,500[^]	\$72,600[^]

[^] Denotes rounded total

Our proposed fees above include travel costs and an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items. Our fees may increase if our duties or responsibilities change because of new rules, regulations and accounting or auditing standards. We will consult with you should this happen.

HOURLY RATES

Any work outside the scope of this engagement will be priced according to our hourly rates.

Staff Levels	Hourly Rates
Partner	\$300 to \$400
Senior Manager, Director	\$200 to \$300
Associate, Senior Associate, Senior Associate II, Manager	\$150 to \$200

5. REFERENCES

Provide a list of your five largest public sector clients, including contact person, email address and telephone number.

Our clients are our best ambassadors, and we encourage you to contact them about their satisfaction with our services. The following clients have consented to discussing BKD's services and service delivery with you at your convenience.

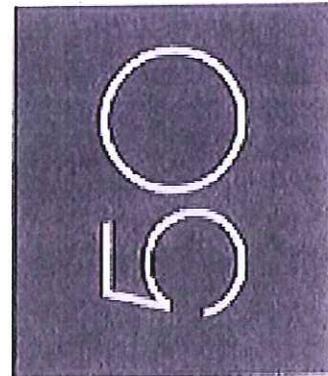
City of El Paso, Texas
Dr. Mark Sutter
Chief Financial Officer
sutterm@elpasotexas.gov
915.541.4435

City of Lubbock, Texas
Mr. Brack Bullock
Accounting Supervisor
bbullock@mail.ci.lubbock.tx.us
806.775.2147

City of Mesquite, Texas
Ms. Deborah Mol
Director of Finance
dmol@cityofmesquite.com
972.216.6287

City of North Richland Hills, Texas
Mr. Kent Austin
Director of Finance
kaustin@nrhtx.com
817.427.6152

City of McKinney, Texas
Ms. Trudy Mathis
Senior Financial Services Manager
tmathis@mcinneytexas.org
972.547.7538



Experience connection
with a firm that serves
clients in all 50 states
& internationally.

THIS PAGE INTENTIONALLY LEFT BLANK

**Unmatched client service isn't
just a slogan at BKD; it's the
backbone of our culture.**

Theodore D. Dickman, CPA
Chief Executive Officer | BKD, LLP

APPENDIX

AICPA PEER REVIEW LETTER



American Institute of CPAs
270 Leigh Farm Road
Durham, NC 27707-8110

November 10, 2014

Theodore D Dickman, CPA
BKD, LLP
910 E Saint Louis St Ste 400
Springfield, MO 65806

Dear Sir/Madame:

It is my pleasure to notify you that on October 31, 2014 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is November 30, 2017. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry Gray".

Larry Gray
Chair, National Peer Review Committee
nprc@aicpa.org 919-402-4502

cc: Candace B Wright; L Douglas Bennett

Firm Number: 10002803

Review Number 361333

Letter ID: 937515

T 1 919 402-4502 | F 1 919 402-4870 | nprc@aicpa.org

BKD PEER REVIEW REPORT

System Review Report

To the Partners of BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/peerreview.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (SOC 1).

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Hatien Rouge, Louisiana
September 19, 2014



International Federation of Accountants¹

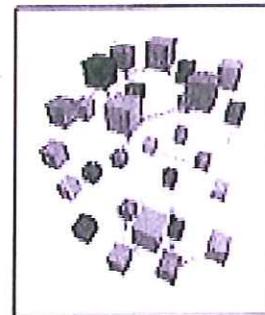
Strengthening Organizations, Advancing Economies

Surprising Effects of Mandatory Auditor Rotation on Audit Quality

by Kendall O. Bowlin, University of Mississippi; Jesse L. Hobson, University of Illinois at Urbana-Champaign; and M. David Pincay, University of Massachusetts - Amherst | December 16, 2015 | 3

As new auditor rotation mandates are debated and adopted or rejected worldwide, a new research study takes a different approach to assessing the effects of those mandates on audit quality.

So far, the debate over mandatory auditor rotation has been framed as two competing arguments. On one hand, proponents of mandatory rotation are concerned about the risks that long-term auditor-client relationships pose to the auditor's mindset. By limiting that relationship, rotation will ostensibly improve audit quality by helping ensure that auditors remain professionally skeptical and do not become overly trusting of their clients' assertions. On the other hand, opponents of mandatory rotation argue that the knowledge acquired by an auditor about the specifics of a company will be lost with each rotation, ultimately harming audit quality.



A new study, "The Effects of Auditor Rotation, Professional Skepticism, and Interactions with Managers," looks more closely at the presumed benefits of mandatory rotation and concludes that those benefits sometimes do not exist. In fact, in some cases, mandatory rotation may actually worsen the very issue that it is presumed to improve. Specifically, the basic assumption has been that auditors become more trusting of clients over time. Therefore, it is further assumed that they would be less trusting of their clients if they have to rotate.

This study calls these assumptions into question, demonstrating that they are only half true. On one hand, if auditors are focused on assessing the likelihood that their clients' claims are true, then the study's findings suggest that auditors in long-term relationships become too trusting of their clients' claims, and rotation helps reduce this tendency. On the other hand, if auditors are focused on assessing the risk that their clients' claims are false (e.g., fraud risk assessments), auditors benefit from being in a long-term relationship with their clients, and rotating auditors are the ones who become too trusting, to the detriment of audit quality.

Why does this occur? In a long-term relationship, auditors gain confidence in assessing the truth or falsity of their clients' claims. So when auditors are assessing the likelihood that their clients' claims are true, they are able to find plenty of psychological support for that possibility. On the other hand, when they are assessing the risk that those claims are false, they are also able to find more psychological support for that possibility. Rotation undermines this confidence. Rotating auditors are at a disadvantage in finding psychological support for either the possible truth or falsity of their clients' claims. As a result, this study suggests that the basic assumption underlying this debate—that rotation would improve auditor efforts to be skeptical—is not valid. Skepticism appears to benefit from a long-term auditor-client relationship.

This is a fundamental psychological effect that occurs among people in general. In order to demonstrate its findings, the study used a carefully controlled laboratory experiment. Participants in the experiment interacted with one another in anonymous pairs over a computer network. In each pair, one participant took the role of an auditor, and the other took the role of the manager. They had to make choices that were analogous to choices both clients and managers regularly make. That is, managers had to choose aggressive or conservative financial reporting, and could make non-binding claims to the auditors. Auditors could decide whether to believe those claims, and whether to engage in higher-cost or lower-cost auditing of that particular assertion. Although these roles and choices were described using generic terms to prevent participants guessing the study's purpose, the experiment captured the key dynamic of the choices auditors and managers face. In the interests of audit efficiency, auditors' best choice is lower-cost auditing as long as the manager is reporting conservatively. Otherwise, lower-cost auditing is the worst choice for auditors. For managers, reporting aggressively is the best choice as long as the auditor has selected lower-cost audits. But aggressive reporting is the worst choice if auditors engage in higher-cost audits.

Why use this experimental approach to study auditors? Nearly all of the prior research on the effects of rotation uses archival databases of historical data. As regulators have pointed out, these studies therefore suffer from an inherent limitation. Specifically, they have primarily examined whether long-term auditor-client relationships are correlated with better or worse earnings quality. For example, if long-term relationships result in better earnings quality, the assumption is that the knowledge that auditors gain over time must trump the threats that the relationship poses to their skepticism. If true, rotation would undermine audit quality, which would appear to grow over time. The problem with these correlational studies, though, is that this correlation could occur for completely different reasons. For example, auditors tend to drop their more aggressive clients over time (i.e., client renewal decisions), and more aggressive financial reporters tend to go through different auditors (i.e., "opinion shopping"). Both of these effects would drive a positive correlation between longer auditor-client relationships and earnings quality, but this says nothing about whether audit quality itself improves over time.

By using this experimental approach, the study controls for these alternative explanations in ways that correlational data cannot. For example, in this experiment, aggressive financial reporters were randomly assigned to rotation or no-rotation conditions, and so simply being an aggressive financial reporter could not artificially drive the relationship between rotation and audit quality. In addition, by using an experiment, the study can see important "internal" measures of audit quality and earnings quality that archival databases are blind to. For example, the study can see exactly how often managers lie, how often auditors believe them, and how often they selected lower-cost audits while managers were reporting aggressively.

The article concludes "[a]n implication of our study is that focusing auditors on a skeptical assessment frame rather than mandating auditor rotation may be a less costly way to reduce low-effort audits and aggressive reporting." The study appears in the July issue of *The Accounting Review*, published by the American Accounting Association.

Do you have a perspective you'd like to share with the global profession? Email Gateway@ifac.org to inquire about becoming a Gateway contributing author.

11

Recommend
 Help IFAC improve the Global Knowledge Gateway.
 Click to recommend this article.

Join the Conversation

To leave a comment below, [login](#) or [register](#) with IFAC.org

Mian Hussain

December 19, 2016

Change is always better as every human being has different approach, strategy and mindset. Rotations are meant for improving practices and financial results. But it can not be achieved with rotating audit manager of the same firm because the audit team remains the same. It is recommended that rotation should be done amongst different firms and not the partners.

Twaha Kaawaase

December 19, 2016

This is an excellent article. Speaking as part of the SMP fraternity, we have always argued against 'blanket policies' of requiring mandatory rotations without due regard to the realities of our environment. The findings of this study therefore reinforce our arguments and are in the right direction to ensure that reasonable "CAKE - Cumulative Audit Knowledge and Experience" is brought to bear in all audits, and that for audit quality to be enhanced 'professional skepticism' counts a lot.

Kari Lydman

December 18, 2015

The outcome is not a surprise. Rotation requirements are an example of that the standard setters and law makers do not basically trust the auditors' independent and objective mindset. This mistrust is based on nothing. If we auditors keep on being independent, i.e. 'free', and have the little bit weird attitude of skepticism, rotation is not needed at all.



American Institute of CPAs
1211 Avenue of the Americas
New York, NY 10036-9275

December 14, 2011

VIA ELECTRONIC MAIL

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington D.C. 20006-2803

Re: Request for Public Comment: Concept Release on Auditor Independence and Audit Firm Rotation

Dear Office of the Secretary:

The American Institute of Certified Public Accountants' ("AICPA") is pleased to comment on the Public Company Accounting Oversight Board's ("PCAOB" or "Board") Rulemaking Docket Matter No. 037, "Concept Release on Auditor Independence and Audit Firm Rotation" (the "Concept Release"). The AICPA is the largest professional association of certified public accountants in the United States, with over 370,000 members in business, industry, public practice, government, and education. Throughout its history the AICPA has been deeply committed to promoting and strengthening auditor independence and objectivity.

Due to the subject matter of the Concept Release, the AICPA has received input from members of its Professional Ethics Executive Committee (PEEC). Through the PEEC, the AICPA devotes significant resources to independence activities, including evaluating existing standards, proposing new standards, and interpreting and enforcing those standards.

General comment

The AICPA supports and shares the PCAOB's overall goal to enhance auditor independence, objectivity and professional skepticism. Clearly, independence, objectivity and professional skepticism serve as the foundation of a high quality audit and we agree that these core values should be continually assessed and enhancements made, where necessary. However, we are concerned that the PCAOB's focus appears to be on mandatory firm rotation as a means to achieve such enhancements. Moreover, it appears that the Board's rationale for pursuing mandatory firm rotation is based on an unsubstantiated presumption that its inspection findings are the result of a lack of auditor objectivity and professional skepticism and that this could be improved through mandatory firm rotation. While auditor objectivity and professional skepticism is one driver of a high quality audit, there are also other important drivers such as the auditor's competence (e.g., industry knowledge and experience), appropriate application of the audit methodology, as well as robust audit and quality control standards.

Indeed, the Board has acknowledged that its preliminary analysis of inspection data appears to show no correlation between auditor tenure and the number of comments in its inspection

Page 1 of 6

reports. Accordingly, we recommend that the Board further study and analyze the root causes of its inspection findings and for the reasons stated below, refrain from pursuing a mandatory firm rotation requirement.

Mandatory firm rotation carries costly and unintended consequences

We believe that mandatory firm rotation carries significant costs and possible unintended consequences that have the potential to hinder audit quality rather than the intended goal of enhancing audit quality. We have provided examples of such costs and unintended consequences below for the Board's consideration.

Research indicates adverse impact on audit quality

Research indicates that mandatory firm rotation may have an adverse impact on audit quality;¹ however, we are not aware of any such credible research that exists demonstrating that firm rotation would significantly improve audit quality. In fact, numerous academic studies indicate that audit quality actually increases with audit firm tenure.² Experience and knowledge of the company's operations and industry are crucial to a high quality audit and such knowledge and experience increases with audit tenure. Academic research has demonstrated that audit quality "tends to improve rather than worsen with tenure, providing support to the expectation that there is a significant learning process for the auditor, i.e., an auditor needs time to get to know sufficiently well the business of the client and, consequently, audit quality tends to increase over time."³ Such studies have further concluded that audit quality suffers when the auditor lacks a solid base of experience and understanding of a public company's business.⁴

Mandatory firm rotation may also result in a greater risk of fraud and therefore, adversely impact audit quality. Specifically, academic research indicates that fraudulent financial reporting is more likely to occur in the first three years of the auditor-client relationship. Furthermore, such research concludes that there is no evidence that the risk of fraudulent financial reporting is greater with long audit tenure.⁵

Finally, while some may argue that there is a *perception* that long audit tenure may adversely impact auditor objectivity and professional skepticism and therefore, impair the appearance of

¹ See, *Audit Firm Tenure and Fraudulent Financial Reporting*, Joseph Cuccello and Albert Hogg (January 2004), *Auditor Tenure and Auditor Change: Does Mandatory Auditor Rotation Really Improve Audit Quality?* Maria Camarin, Alessandra Principi, and Marco Trombetta (2006)

² See, *Mandatory Auditor Firm Rotation and Audit Quality*, Andrew B. Jackson, Michael Blodrich and Peter Reebuck (The University of New South Wales) (July 2007)

³ See, *Auditor Tenure and Auditor Change: Does Mandatory Auditor Rotation Really Improve Audit Quality?*, Working Paper, Bocconi University (Milan-Italy) and IE Business School (Madrid-Spain), Cameron, M., Principi, A., Trombetta, M. (2010).

⁴ See, *Rotations (Quality): Some Evidence on the Role of Auditor Tenure and Auditors' Industry Expertise*, Ferdinand A. Gul, Simon Yu Kit Fung, and Hedi Jaggi (2009), *A Study of the Impact of Mandatory Rotation Rule on Audit Quality and Audit Pricing in Italy*, SDA Bocconi University (Milan-Italy) M. Camarin, M. Livatino, N. Paschalis A. Vignati (2005), *Auditor Tenure and Audit Quality: The Role of the Director for Longue Client Specific Knowledge*, Iain Satchell, Sidney Leung, and Ferdinand A Gul (April 2010), "Required Study on the Potential Effects of Mandatory Auditor Firm Rotation" CICA Report to the Senate Comitato on the King, Housing, and Urban Affairs and the House Committee on Financial Services (November 2003).

⁵ See, *Audit Firm Tenure and Fraudulent Financial Reporting*, Auditing: A Journal of Practice and Theory, Vol. 23, Issues 2, Cuccello, J.V. and Hogg, A.L. Sept. 2004.

independence, research indicates that "investors and information intermediaries perceive auditor tenure as improving audit quality."⁶

Accordingly, extensive research has been conducted that suggests mandatory firm rotation would not achieve the Board's objective of enhancing audit quality but rather, may serve to impair it.

May limit institutional knowledge, experience, and industry specialization

As noted, research demonstrates that institutional knowledge and experience are critical to a high quality audit and increases over time. Mandatory firm rotation would clearly hinder the auditor's ability to accumulate such institutional knowledge and experience and could therefore, adversely impact audit quality. In addition, mandatory firm rotation could result in limiting companies in specialized industries to engage audit firms who have the appropriate skill set and experience to perform the audit. For example, in some geographical areas, companies may be limited in the number of audit firms that specialize in their industry and have the expertise to provide a quality audit. Mandatory firm rotation could have the result of forcing companies to select an auditor who is not as capable with the result of diminishing audit quality. In addition, many firms specialize in certain industries and devote significant resources to training partners and staff in those focused areas. If an audit firm is required to rotate from the engagement and there are few or no other companies who require the same audit specialization, the firm may decide to no longer maintain the industry specialization, even further limiting the number of audit firms with the requisite industry expertise for companies to choose from.

We also believe that mandatory firm rotation could have a severe impact on multi-national audits. Audits of multi-national companies generally involve complex business structures and transactions that require the auditor to develop and maintain expertise in specialized areas. This potential loss of institutional knowledge and experience could be extremely disruptive to multi-national companies and their auditors and result in significant costs. In addition, multi-national audits could be extremely difficult to manage if countries around the world adopted mandatory firm rotation requirements with differing rotation periods. For example, multiple rotation regimes for multi-national companies could result in multiple audit firms and varying audit methodologies used on a particular audit.

Increased costs and resources

In the Concept Release, the Board recognizes that "a rotation requirement would significantly change the status quo and accordingly, would risk significant cost and disruption."⁷ We agree that these costs would be significant and may cause a major disruption to the capital markets.

As the Board points out, in the Government Accountability Office's (GAO) "Required Study on the Potential Effects of Mandatory Audit Firm Rotation," firms estimate that in the first year, mandatory firm rotation could result in increased audit costs of more than 20 percent.⁸ The GAO Study also estimated that "Following a change in auditor under mandatory audit firm rotation,

⁶ See, *Auditor Tenure and Perceptions of Audit Quality*, Alice Chesky, Enochel Moeck (April 2005).

⁷ Concept Release, page 3.

⁸ Concept Release, page 14.

the possible additional first year audit-related costs could range from 43 percent to 128 percent higher than the likely recurring audit costs had there been no change in auditor.¹⁹

In addition to the increase in audit costs, there are other costs that the Board should take into consideration. For example, once a firm is forced to rotate, the company must devote significant resources to identifying and hiring a new audit firm that has the requisite expertise. Such costs include meeting and corresponding with firms regarding the company's business, drafting and responding to proposals, and interviewing the audit firms. Once selected, the company would also need to devote significant time to educating the audit firm on the company's business and operations, internal control systems, accounting and financial reporting systems, and other areas so the firm has the requisite knowledge to perform a quality audit.

In addition to the significant time involved in gaining the necessary understanding of the company's business, operations and systems, the audit firm must also devote considerable time to reviewing the predecessor auditor's working papers, identifying risk areas, understanding complex transactions and other audit planning matters that generally involve significant time commitments as part of the first year's audit. It is likely these additional audit hours would result in an increase in audit fees to the company.

Undermines role of audit committee

Mandatory firm rotation may have the unintended consequence of undermining the role of the audit committee. The Sarbanes-Oxley Act ("SOX") assigned responsibility to independent audit committees for overseeing the financial reporting process, including the hiring and firing of the external auditor. However, mandatory rotation could prevent the audit committee from selecting and retaining the most qualified audit firm to perform the company's audit. Since the audit committee is responsible for the selection and oversight of the audit firm, the audit committee should be able to use its discretion and judgment when determining which audit firm is best suited to perform the company's audit. In determining which firm is most capable, the audit committee should consider a number of factors and arguably, firm tenure should be one such factor. Other important factors include the qualifications and reputation of the audit firm, industry experience, and reasonableness of the audit plan. The audit committee is also in the best position to evaluate the quality of the audit and assess the independence and objectivity of the auditor. Clearly, this should be an important factor considered by the audit committee when determining if reappointment of the auditor is appropriate.

Mandatory rotation could limit the audit committee's choice of audit firms and therefore, hinder its ability to select or reappoint the audit firm that can perform the highest quality audit in the most efficient and effective manner. This result could be exacerbated in situations where the company is in a specialized industry with a limited number of firms who have sufficient industry expertise or where the company is located in a geographical area with a limited number of audit firms available to perform the audit.

Consider impact of recent standards and other potential enhancements

¹⁹ GAO Report, pp. 23A

Consider impact of SOX and new standards

In 2002, SOX created significant reforms to restore public trust and investor confidence. Pursuant to SOX, the SEC implemented stringent independence rules to enhance auditor independence, objectivity and professional skepticism. These rules included prohibitions on the provision of certain nonaudit services, prohibitions on hiring former auditors (including a "cooling-off" period), and a requirement for lead and concurring partner rotation every five years and rotation of other audit partners every seven years.

We believe the existing partner rotation requirements are effective and provide the necessary "fresh look" to ensure auditors are exercising objectivity and professional skepticism during the audit. In addition, partner rotation does not carry the same degree of disruption and loss of institutional knowledge that a mandatory firm rotation requirement would have on the company and the audit firm. We also believe that the level of disruption and loss of knowledge would be even worse if the existing partner rotation requirement was coupled with a mandatory firm rotation requirement and question how the partner rotation and firm rotation requirements would be synchronized if the rotation cycles do not coincide. We would also like to point out that when adopting its new rules on partner rotation, the SEC expected the PCAOB to monitor the impact the partner rotation rules would have on audit quality and independence. Specifically, SEC Release No. 33-9183, *Strengthening the Commission's Requirements Regarding Auditor Independence*, states that, "In conducting its oversight review of registered public accounting firms, we expect that the Public Company Accounting Oversight Board ("the Board") will monitor the impact of these rules on audit quality and independence."¹⁰ We are not aware of the PCAOB having performed such an evaluation of the SEC's partner rotation rules and recommend that the Board consider doing so prior to pursuing further consideration of a firm rotation requirement.

Subsequent to SOX, the PCAOB has also taken measures to enhance audit quality, including a suite of risk assessment standards and a new framework for the engagement quality review. The Board's inspection findings do not reflect the impact that these important standards will have on audit quality and we therefore recommend that the Board not pursue such drastic measures as mandatory firm rotation until it has the opportunity to study the impact of these new standards and how they will enhance audit quality. The Board would then be in a better position to determine if further enhancements, specifically with respect to auditor independence, objectivity and professional skepticism are necessary.

Other potential audit quality enhancements

We would support the Board in further analyzing its inspection findings to better understand the underlying reasons for the audit failures that have been observed. If the Board determines that the root cause of such findings were the result of the auditor lacking the requisite independence, objectivity and professional skepticism, then we recommend the Board explore other, more cost-effective enhancements to audit quality. Specifically, we would ask the Board to consider the potential audit quality enhancements described in the Center for Audit Quality's (CAQ)

¹⁰ Section 3.C. *Rotation Period for Partners Other Than The Lead and Concurring Partners.*

comment letter submitted to the Board on this Concept Release. Specifically, the CAQ has offered a number of potential enhancements to audit quality that audit firms, audit committees, and regulators may wish to consider that do not carry the significant costs associated with mandatory firm rotation. We also believe it is important to consider the size of the audit firm in determining the appropriateness of any potential enhancements and that certain enhancements would only be appropriate for annually inspected firms.

Cost-benefit analysis

Finally, if the Board determines that it should further pursue a mandatory firm rotation requirement, we would strongly encourage the Board to conduct a cost-benefit analysis to justify that the significant costs associated with mandatory firm rotation do not outweigh any potential benefits. We believe such an analysis is imperative, especially if the Board is unable to demonstrate evidence that mandatory firm rotation will significantly enhance audit quality.

* * * * *

In closing, we would like to reiterate that we do not believe the PCAOB should proceed with a mandatory firm rotation requirement without evidence that links audit firm tenure to the audit failures noted in the PCAOB inspection findings. Moreover, if further study appears to indicate such a linkage, we would urge the Board to carefully weigh the costs associated with mandatory firm rotation against any potential benefits and consider other potential enhancements that do not result in such a significant level of disruption and costs.

We appreciate the opportunity to comment on the PCAOB's Concept Release and would be happy to meet with the Board to discuss our comments in greater detail.

Sincerely,



Gregory J. Anton, CPA
Chairman of the Board



Barry C. Melmon, CPA
President and CEO

COMMITMENT TO PROFESSIONAL DEVELOPMENT

BKD is committed to creating rewarding careers and equipping our professionals with the tools they need to serve our clients. We take professional growth and development seriously and offer numerous programs and training so we are prepared to help meet your professional services needs.



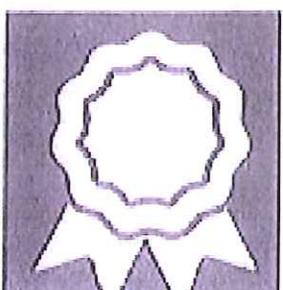
AWARD-WINNING TRAINING

BKD's commitment to lifelong learning and professional development is highlighted by our recognition as a top-tier training organization. BKD has earned the distinction of Training magazine's Training Top 125 for the past three years. In 2014, BKD also earned the Chief Learning Officer magazine's LearningElite award.



PROGRESSIVE PROGRAMS & INITIATIVES

BKD is dedicated to creating and implementing programs and initiatives to help our professionals achieve their full potential. Programs include SKY, a firmwide initiative to emphasize and strengthen diversity in our firm. SKY focuses on recruiting, retaining and developing women for the sustainable growth of BKD. Through the collaboration of men and women, BKD aims to foster a culture that recognizes and supports maximizing the potential of all.



REWARDING CAREERS

As part of a recent employee engagement survey, BKD employees ranked us within the 93rd percentile of professional services companies, indicating they find BKD to be an exemplary platform from which to serve clients.

BKD PRIDE VALUES

WHAT'S IMPORTANT TO YOU? // A commitment to excellence? Independence and objectivity? A broad skill set? Exceeding expectations? At BKD, these are all essential. That's why every day you can see our partners and employees "living the PRIDE." These values—passion, respect, integrity, discipline and excellence—are the hallmarks of BKD and guide us as we provide solutions for your business and financial needs. Experience what BKD PRIDE values can mean for you.



P

PASSION

- For service to others
- For making tomorrow better than today

Experience how our dedication and enthusiasm for making tomorrow better than today can help you make informed decisions to help improve business and financial outcomes.

R

RESPECT

- For the differences that make our team strong
- For our legacy and the benefits of change

Experience how our respect for diversity can provide a variety of skills and talents to meet your needs. Respecting the lessons of our legacy and yours, we can help you capitalize on the opportunities change inevitably offers.

I

INTEGRITY

- To do the right thing
- To be objective and independent

Experience how our integrity and objectivity can help you make smart business decisions. You want an advisor to tell you what you need to know, not just what you want to hear.

D

DISCIPLINE

- In process and innovation
- To balance professional and personal commitments

Experience how our well-established protocols and low-risk approaches can help resolve issues and advance your goals.

E

EXCELLENCE

- In skills and competencies
- In our quest to be the best

Experience how our ambition, knowledge, commitment to lifelong learning and drive to improve technical and analytical skills can work to consistently surpass your expectations.

July 20, 2016

Honorable Mayor Bonnie White
and Members of City Council
Mr. Todd Parton, City Manager
Ms. Sandra Yarbrough, Director of Finance
City of Kerrville, Texas
701 Main Street
Kerrville, Texas 78028

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to the City of Kerrville, Texas.

ENGAGEMENT OBJECTIVES AND SCOPE

We will audit the basic financial statements of the City of Kerrville, Texas as of and for the year ended September 30, 2016, and the related notes to the financial statements.

Our audit will be conducted with the objectives of:

- ✓ Expressing an opinion on the financial statements
- ✓ Issuing a report on your compliance based on the audit of your financial statements.
- ✓ Issuing a report on your internal control over financial reporting based on the audit of your financial statements.

OUR RESPONSIBILITIES

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance having a direct and material effect may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate letter to be signed by you and BKD.

Kevin Kemp, partner, will oversee and coordinate the engagement. Karen Kurtin, senior manager, is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report upon completion of our audit of the City of Kerrville, Texas' financial statements. Our report will be addressed to the Mayor and Members of the City of Council of the City of Kerrville. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph(s), or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

We will also express an opinion on whether the combining schedules and budgetary comparison schedules ("supplementary information") are fairly stated, in all material respects, in relation to the financial statements as a whole.

YOUR RESPONSIBILITIES

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

- b. for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- c. for identifying and ensuring compliance with the laws, regulations, contracts and grants applicable to your activities; and
- d. to provide us with
 - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - ii. additional information that we may request from management for the purpose of the audit; and
 - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management, written confirmation acknowledging certain responsibilities outlined in this engagement letter and confirming:

- The availability of this information
- Certain representations made during the audits for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures or other engagements that satisfy relevant legal, regulatory or contractual requirements or fully meet other reasonable user needs.

With regard to supplementary information:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

OTHER SERVICES

We will provide you with the following nonattest services:

- We will propose for your review and approval various adjusting entries to convert your accounting records to accrual-based accounting records. Management is responsible for the propriety of the adjustments.
- Preparing a draft of the financial statements and related notes

In addition, we may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of the services described above and for any other services that we may provide, including any findings that may result. You also acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management's objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and that you will have determined this individual is qualified to conduct such oversight.

ENGAGEMENT FEES

Our fees will be \$68,500 which includes travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

OTHER ENGAGEMENT MATTERS AND LIMITATIONS

BKD is not acting as your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to you and does not owe you a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such information or communications with any and all internal or external advisors and experts you deem appropriate before acting on any such information or material provided by BKD.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information.

To the extent permitted by the laws of the state of Texas, you agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement attributable to false or incomplete representations by management, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

To the extent permitted by the laws of the state of Texas, you agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

~~This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services.~~ It shall be binding on heirs, successors and assigns of you and BKD.



We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the Internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

If you intend to include these financial statements and our report in an offering document at some future date, you agree to seek our permission to do so at that time. You agree to provide reasonable notice to allow sufficient time for us to perform certain additional procedures. Any time you intend to publish or otherwise reproduce these financial statements and our report and make reference to our firm name in any manner in connection therewith, you agree to provide us with printers' proofs or masters for our review and approval before printing or other reproduction. You will also provide us with a copy of the final reproduced material for our approval before it is distributed. Our fees for such services are in addition to those discussed elsewhere in this letter.

You agree to notify us if you desire to place these financial statements or our report thereon along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that we have no responsibility as auditors to review information contained in electronic sites.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

City of Kerrville, Texas
July 20, 2016
Page 7

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a "duplicate original" of this agreement.

BKD, LLP

BKD, LLP

Acknowledged and agreed to on behalf of

City of Kerrville, Texas

BY _____
Todd Parton, City Manager

DATE _____

BY _____
Sandra Yarbrough, Director of Finance

DATE _____



A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

System Review Report

To the Partners of BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (SOC 1).

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 19, 2014

Agenda Item:

3C. Waiver of parade permit fee for the Veterans Day Parade. (Gary Noller)

TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS

SUBJECT OF REQUEST: *Waiver of Veterans Day Parade permit Fee*

AGENDA DATE: *August 23, 2016* DATE SUBMITTED: *August 2, 2016*

REQUESTED/SUBMITTED BY: *Gary L. Noller* PHONE: *830-377-8115*

ORGANIZATION REPRESENTING: *Veterans Day Parade Planning Committee*

MAILING ADDRESS: *% Maggie Baker, Veterans County Service Officer*

Kerr County Courthouse 700 Main St. Kerrville

EMAIL ADDRESS: *gnoller@aol.com*

EXHIBITS/INFORMATION: *Request to waive parade permit fees - oral request*

APPROVED FOR SUBMITTAL BY CITY MANAGER: *[Signature]*

WILL THIS ITEM REQUIRE CITY COUNCIL TO AUTHORIZE THE
EXPENDITURE OF CITY FUNDS? YES: _____ NO: _____

IF YES, STATE AMOUNT REQUESTED: \$ _____

DESCRIPTION OF REQUEST

RECOMMENDED COUNCIL ACTION

Agenda Item:

3D. Authorizing the police department to purchase a new server storage system from CDW-G for video storage of body worn camera systems in the amount of \$75,836.00. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Authorizing the police department to purchase a new server storage system from CDW-G for video storage of body worn camera systems.

FOR AGENDA OF: August 23, 2016 **DATE SUBMITTED:** August 19, 2016

SUBMITTED BY: Chief David J. Knight  **CLEARANCES:** Todd Parton, City Manager

EXHIBITS: Proposal

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 75,836.00	\$113,700.00	\$113,700.00	70-15005

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The police department is in the process of initiating the implementation of a body worn camera program for all field personnel with a program start date of October 1, 2016. As a result of resourcing equipment requirements for the program three hardware / software components were identified as required; body worn camera systems, computer server storage for audio/video datafiles and video redaction software for necessary editing of captured video.

In conjunction with IT, the department has researched vendors that could provide a server based video storage product meeting the requirements of adequate size, hardware and software support as well as redundancy to support a body worn camera program for department use. CDW-G recently provided the department and IT staff with a quote for server based storage that provides for true system redundancy to ensure data and video preservation. The proposed system provides for two 128 terabyte storage systems which exceeds our projected storage requirement. The proposal provides for premium software and hardware support. CDW-G is a current city vendor and is a Texas Direct contract participant.

RECOMMENDED ACTION

The Chief of Police recommends that City Council authorize the purchase of CDW-G server storage systems.



L-1201 B SYSTEMS
REDUNDANT

	\$ 75,836.00		
	Customer: CITY OF KERRVILLE		

Contact: CHARVY TORK	Account Manager: Danielle Guidry Contract: Texas EMC DIR-TSO-2634	Quote Date: July 19, 2016
Address: 219 CLAY ST KERRVILLE, TX 78028		Prep by: Danielle Guidry
QUOTE # HFZF871		Phone: (312) 705-3251
REV #: 1		Toll Free: (866) 579-6342
		Email: danigui@cdwg.com

QTY	PART #	DESCRIPTION	LIST COST	EXT. COST
-----	--------	-------------	-----------	-----------

EMC DATA UNITY SOLUTION - PRIMARY SITE

1	D31D24AF12	UNITY 300 2U DPE 12X3.5 DRIVE FLD RCK	\$ 205,272.08	\$ 75,836.00
25	D3-VS07-6000	UNITY 6TB NLSAS 15X3.5 DRIVE	\$ -	\$ -
1	D31DEMCK12KIT	UNITY 12 DRIVE DPE FLD INSTALL KIT	\$ -	\$ -
1	D3SP-L9X6000-NL	UNITY SYSPACK 9X6TB NLSAS 12X3.5	\$ -	\$ -
2	D3123F	UNITY 3U 15X3.5 DRIVE DAE FLD RCK	\$ -	\$ -
1	D3SFP10I	UNITY 4X10GB SFP ISCSI/ETH CONNECTION	\$ -	\$ -
1	458-001-292	UNITY 300 BASE SOFTWARE =IC	\$ -	\$ -
1	458-001-374	RP BASIC FOR UNITY 300/300F =IC	\$ -	\$ -
1	458-001-440	RECOVERPOINT FOR VM STARTER PACKS	\$ -	\$ -
1	456-107-803	RP4VM ESSENTIAL SW FOR UNITY=IB	\$ -	\$ -
1	458-000-066	VPLEX MIGRATION PRODUCT	\$ -	\$ -
1	456-107-848	VPLEX 180 DAY MIGRATION LIC=IC	\$ -	\$ -
1	M-PREHWE-004	PREMIUM HARDWARE SUPPORT	\$ -	\$ -
1	M-PRESWE-004	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -
1	M-PRESW-015	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -
1	M-PRESWE-004	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -
1	M-PRESW-001	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -
1	PS-BAS-IAUX	CUSTOMER IMPLEMENTATION ASSISTANCE	\$ -	\$ -
			\$ -	\$ -

DR SITE

1	D31D24AF12	UNITY 300 2U DPE 12X3.5 DRIVE FLD RCK	\$ -	\$ -
25	D3-VS07-6000	UNITY 6TB NLSAS 15X3.5 DRIVE	\$ -	\$ -
1	D31DEMCK12KIT	UNITY 12 DRIVE DPE FLD INSTALL KIT	\$ -	\$ -
1	D3SP-L9X6000-NL	UNITY SYSPACK 9X6TB NLSAS 12X3.5	\$ -	\$ -
2	D3123F	UNITY 3U 15X3.5 DRIVE DAE FLD RCK	\$ -	\$ -
1	D3SFP10I	UNITY 4X10GB SFP ISCSI/ETH CONNECTION	\$ -	\$ -
1	458-001-292	UNITY 300 BASE SOFTWARE =IC	\$ -	\$ -
1	458-001-374	RP BASIC FOR UNITY 300/300F =IC	\$ -	\$ -
1	458-001-440	RECOVERPOINT FOR VM STARTER PACKS	\$ -	\$ -
1	456-107-803	RP4VM ESSENTIAL SW FOR UNITY=IB	\$ -	\$ -
1	458-000-066	VPLEX MIGRATION PRODUCT	\$ -	\$ -
1	456-107-848	VPLEX 180 DAY MIGRATION LIC=IC	\$ -	\$ -
1	M-PREHWE-004	PREMIUM HARDWARE SUPPORT	\$ -	\$ -
1	M-PRESWE-004	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -
1	M-PRESW-015	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -
1	M-PRESWE-004	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -
1	M-PRESW-001	PREMIUM SOFTWARE SUPPORT	\$ -	\$ -

1	PS-BAS-IAUX	CUSTOMER IMPLEMENTATION ASSISTANCE	\$ -	\$ -
			\$ -	\$ -
			SUBTOTAL	\$ 75,836.00
			FREIGHT	\$ -
			GRAND TOTAL	\$ 75,836.00

Corporate Headquarters:
Will Call & Third Party Pickup
200 North Milwaukee Ave.
Vernon Hills, IL 60061

Please remit payment to:
CDW Government
75 Remittance Drive, Suite 1515
Chicago, IL 60675-1515

Agenda Item:

4A. First and only public hearing for the annual budget for the City of Kerrville, Texas, Fiscal Year 2017; providing appropriations for each City Department and Fund. (staff)

CITY OF KERRVILLE
NOTICE OF PUBLIC HEARING ON PROPOSED BUDGET

The Kerrville City Council will hold a public hearing on the FY17 Proposed Budget on Tuesday, August 23, 2016 at 701 Main Street, Kerrville, Texas at 6:00 p.m. in the City Council chambers.

This budget's proposed tax rate is \$0.5625, which is a 3.46% increase that exceeds the effective tax rate of \$0.54371. This is the same tax rate as last year.

Copies of the budget are available at City Hall (City Secretary's Office) located at 701 Main Street, and at Butt Holdsworth Memorial Library at 505 Water St., and on the City's website, www.kerrvilletx.gov.

Pursuant to Section 8.04(a) of the City Charter, the City Council is publishing the following table as a general summary of the Proposed FY17 City of Kerrville Budget. This illustration shows revenues and expenditures for each of the City's two main operating funds, while the balance of the funds are combined into a single presentation labeled, "Other Funds".

	Annual Budget FY16	Proposed Budget FY17	Increase or (Decrease)
General Fund			
Revenues	\$ 24,587,523	\$ 25,661,978	\$ 1,074,455
Expenditures	\$ 24,587,523	\$ 25,661,978	\$ 1,074,455
Revenues Over/(Under) Expenditures	\$ 00	\$ 00	
Water and Sewer Fund			
Revenues	\$ 11,742,161	\$ 12,092,347	\$ 350,186
Expenditures	\$ 11,742,161	\$ 12,092,347	\$ 350,186
Revenues Over/(Under) Expenditures	\$ 00	\$ 00	
Other Funds			
Revenues	\$ 12,421,135	\$ 13,808,760	\$ 1,387,625
Expenditures	\$ 11,951,522	\$ 13,068,525	\$ 1,117,003
Revenues Over/(Under) Expenditures	\$ 469,613	\$ 740,235	
Total Funds			
Revenues	\$ 48,744,442	\$ 51,563,085	\$ 2,818,643
Expenditures	\$ 48,274,829	\$ 50,822,850	\$ 2,548,021
Revenues Over/(Under) Expenditures	\$ 469,613	\$ 740,235	

The FY17 Proposed Budget is a balanced budget where current revenues meet or exceed expenditures for all major funds.

Agenda Item:

4B. First public hearing to set the 2016 ad valorem tax rate. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: First Public Hearing – Ad Valorem Tax Rate for Tax Year 2016/Fiscal Year 2017

FOR AGENDA OF: August 23, 2016 **DATE SUBMITTED:** August 15, 2016

SUBMITTED BY: Sandra Yarbrough  Director of Finance **CLEARANCES:** Todd Parton
City Manager

EXHIBITS: Notice of 2016 Tax Year
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:
REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

At the August 12, 2016 Council meeting, council voted to hold a public hearing to establish the proposed ad valorem tax rate ceiling for tax year 2016 for FY2017 budget at \$0.5625/\$100 value. This rate exceeds the effective rate as calculated by the Tax Assessor-Collector of \$.5437 by 3.46%. The City is required by state law to hold two public hearings since the proposed tax rate exceeds the effective tax rate as calculated. The proposed tax rate will raise more taxes for maintenance and operations than last years' tax rate and will raise taxes for maintenance and operations on a \$100,000 home by approximately \$0.00. The City of Kerrville proposes to use revenues attributable to the tax rate increase for the purpose of increased street maintenance, replacement of ambulance, additional municipal court and code compliance personnel.

Proposed tax rate	\$ 0.5625 per \$100
Preceding years' tax rate	\$ 0.5625 per \$100
Effective tax rate	\$ 0.5437 per \$100
Rollback tax rate	\$ 0.6189 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for the City of Kerrville from the same properties in both the 2015 tax year and the 2016 tax year. The rollback rate is the highest tax rate that the City of Kerrville may adopt before voters are entitled to petition for an election to limit the rate that may

be approved to the rollback rate. Property taxes may be calculated as follows:
(rate) times (taxable value of your property) divided by 100 equals property tax amount

Publication of Notice of 2016 Tax Year Proposed Property Tax Rate was in Kerrville Daily Times, Tuesday, August 16, 2016 and Hill Country Community Journal, Wednesday, August 17, 2016 in the general sections and on the city's website.

This is the first public hearing on the proposed tax rate of \$0.5625/\$100. This proposed tax rate is the same tax rate as last year.

RECOMMENDED ACTION

Hold first public hearing on the tax rate as required and set second public hearing for September 13, 2016.

NOTICE OF 2016 TAX YEAR PROPOSED PROPERTY TAX RATE FOR

A tax rate of \$.5625 per \$100 valuation has been proposed for adoption by the governing body of the City of Kerrville. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of the City of Kerrville proposes to use revenues attributable to the tax rate increase for the purpose of increased street maintenance, replacement of ambulance, additional municipal court and code compliance personnel.

PROPOSED TAX RATE	\$.5625 PER \$100
PRECEDING YEARS' TAX RATE	\$.5625 PER \$100
EFFECTIVE TAX RATE	\$.5437 PER \$100
ROLLBACK TAX RATE	\$.6189 PER \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for the City of Kerrville from the same properties in both the 2015 tax year and the 2016 tax year.

The rollback tax rate is the highest tax rate that the City of Kerrville may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

For assistance or detailed information about tax calculation, please contact:

Jessica Graham
City of Kerrville Tax Assessor-Collector
329 Earl Garrett Street
Kerrville, Texas 78028
830-257-2217
jessica.graham@kerrvilleisd.net
www.Kerrvilleisd.net

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 23, 2016 at 6:00 p.m. at City Hall, 701 Main Street, Kerrville, Texas

Second Hearing: September 13, 2016 at 6:00 p.m. at City Hall, 701 Main Street, Kerrville, Texas

Agenda Item:

5A. An Ordinance altering the prima facie speed limit on State Highway 534 (Veterans Highway) from approximately thirty-one hundred feet north of its intersection with Vista Ridge Drive and continuing in a mostly southerly direction to approximately seven hundred feet south of its intersection with Beech Street, such distance equal to 2.879 miles; reducing said speed limit to 55 miles per hour; establishing a school zone for a portion of the distance; authorizing installation of appropriate signs and markings; containing a savings and severability clause; providing for a maximum penalty or fine of Two Hundred Dollars (\$200.00); and ordering publication. (TXDOT)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Ordinance 2016-13 first reading, modification to speed limit on State Highway 534 between Beech Street and Vista Ridge

FOR AGENDA OF: August 23, 2016

DATE SUBMITTED: August 5, 2016

SUBMITTED BY: Kyle Burow, P.E., CFM
Director of Engineering

CLEARANCES: Todd Parton
City Manager

EXHIBITS: Ordinance 2016-13

PAYMENT TO BE MADE TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

The Texas Department of Transportation (TxDOT) has conducted an engineering and traffic investigation for State Loop 534 (SL 534) east of Kerrville. The study area included 2.879 miles of SL 534 inside the city limits of Kerrville, and was in compliance with Transportation Code Sec. 545.353, *Authority of Texas Transportation Commission to Alter Speed Limits*. After evaluating the study, TxDOT has recommended decreasing the speed limit on SL 534 from the existing 60 mph to 55 mph in addition to the implementation of 0.397 miles near Tivy High School designated and signed as "School Zone" with a reduced speed limit of 35 mph during designated hours.

RECOMMENDED ACTION

City staff recommends that Council hold the required public hearing to receive public comments and take action for approval.

**CITY OF KERRVILLE, TEXAS
ORDINANCE NO. 2016-13**

AN ORDINANCE ALTERING THE PRIMA FACIE SPEED LIMIT ON STATE HIGHWAY 534 (VETERANS HIGHWAY) FROM APPROXIMATELY THIRTY-ONE HUNDRED FEET NORTH OF ITS INTERSECTION WITH VISTA RIDGE DRIVE AND CONTINUING IN A MOSTLY SOUTHERLY DIRECTION TO APPROXIMATELY SEVEN HUNDRED FEET SOUTH OF ITS INTERSECTION WITH BEECH STREET, SUCH DISTANCE EQUAL TO 2.879 MILES; REDUCING SAID SPEED LIMIT TO 55 MILES PER HOUR; ESTABLISHING A SCHOOL ZONE FOR A PORTION OF THE DISTANCE; AUTHORIZING INSTALLATION OF APPROPRIATE SIGNS AND MARKINGS; CONTAINING A SAVINGS AND SEVERABILITY CLAUSE; PROVIDING FOR A MAXIMUM PENALTY OR FINE OF TWO HUNDRED DOLLARS (\$200.00); AND ORDERING PUBLICATION

WHEREAS, Section 545.353 of the Texas Transportation Code authorizes the Texas Transportation Commission to make certain findings based upon engineering and traffic investigations and to alter prima facie speed limits on state roads located in whole or in part within the limits of an incorporated municipality; and

WHEREAS, the Texas Department of Transportation (“TxDOT”) has made studies and surveys of the traffic flowing along a state road within the City limits of Kerrville, Texas; and

WHEREAS, TxDOT has found and determined from the above-mentioned studies that State Highway 534, also known as Veterans Highway, from approximately thirty-one hundred feet (3100’) north of its intersection with Vista Ridge Drive and as it continues in mostly a southerly direction to approximately seven hundred feet (700’) south of its intersection with Beech Street, as more specifically described below, should be speed zoned to rates set out in this Ordinance; and

WHEREAS, City Council finds it to be in the public interest to comply with the request from TxDOT to adopt an ordinance altering the prima facie speed limit along a portion of State Highway 534;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. No person shall drive a vehicle on that certain portion of State Highway 534 from three thousand and eighty-nine feet (3089’) north of its intersection with Vista Ridge Drive and as it continues in a mostly southerly direction until six hundred and eighty-one feet (681’) of its intersection with Beech Drive, as set out and described below, at a speed greater than is reasonable or prudent under the circumstances then existing. The location of the relevant area is depicted in the attachment found at **Exhibit A**. The speed limits specified in this Section are lawful, but any speed in excess of the limit specified in this Section will be prima facie evidence that the speed is not reasonable or prudent and is unlawful. The speed of

motor vehicles on those streets as set out below is hereby established at the rate or rates shown opposite the affected roadway, to wit:

<i>Beginning Point</i>	<i>Ending Point</i>	<i>Total Distance</i>	<i>Speed Limit</i>
3089' North of intersection of SH 534 and Vista Ridge Drive	681' South of intersection of SH 534 and Beech Street	2.879 miles	55 mph, except that the speed limit on a portion of the roadway designated here shall be reduced to 35 miles per hour during the hours indicated on the installed signs and roadway markings on days the adjacent school is in session.

SECTION TWO. The above speed zoning is based upon findings and determinations of the City Council made as a result of certain traffic surveys and studies made by the Area Engineer for TxDOT, a summary of which is attached as **Exhibit B**.

SECTION THREE. TxDOT is hereby authorized and directed to install appropriate speed zone signs and roadway markings commensurate with the provisions of this Ordinance.

SECTION FOUR. Any person violating the prima facie speed limits established by this Ordinance shall, upon conviction, be punished by a fine of not less than One Dollar (\$1.00) nor more than Two Hundred Dollars (\$200.00), as fully prescribed by Texas Transportation Code §542.401, or as may be amended.

SECTION FIVE. All existing ordinances, or any part thereof, in conflict with this Ordinance are hereby expressly repealed. Not repealed, amended, or in any way affected by this Ordinance are those ordinances establishing speed zones or school crossings.

SECTION SIX. The repeal of ordinances, or parts of ordinances, effectuated by the enactment of this Ordinance shall not be construed as abating any actions pending under or by virtue of such ordinances; or as discontinuing, abating, modifying or altering any penalty accruing or to accrue; or as affecting the liability of any person, firm or corporation; or as waiving any right of the municipality under any section or provision existing at the time of the passage of this Ordinance.

SECTION SEVEN. If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this Ordinance. The Council of the City of Kerrville hereby declares that it would have passed this Ordinance and each section, subsection, sentence,

clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION EIGHT. The City Secretary is hereby authorized and directed to publish the descriptive caption of this Ordinance in the manner and for the length of time prescribed by the law as an alternative method of publication.

PASSED AND APPROVED ON FIRST READING, this the _____ day of _____, A.D., 2016.

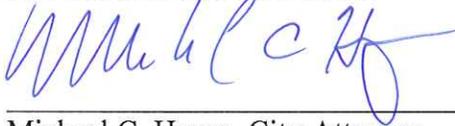
PASSED AND APPROVED ON SECOND AND FINAL READING, this the _____ day of _____, A.D., 2016.

Bonnie White, Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



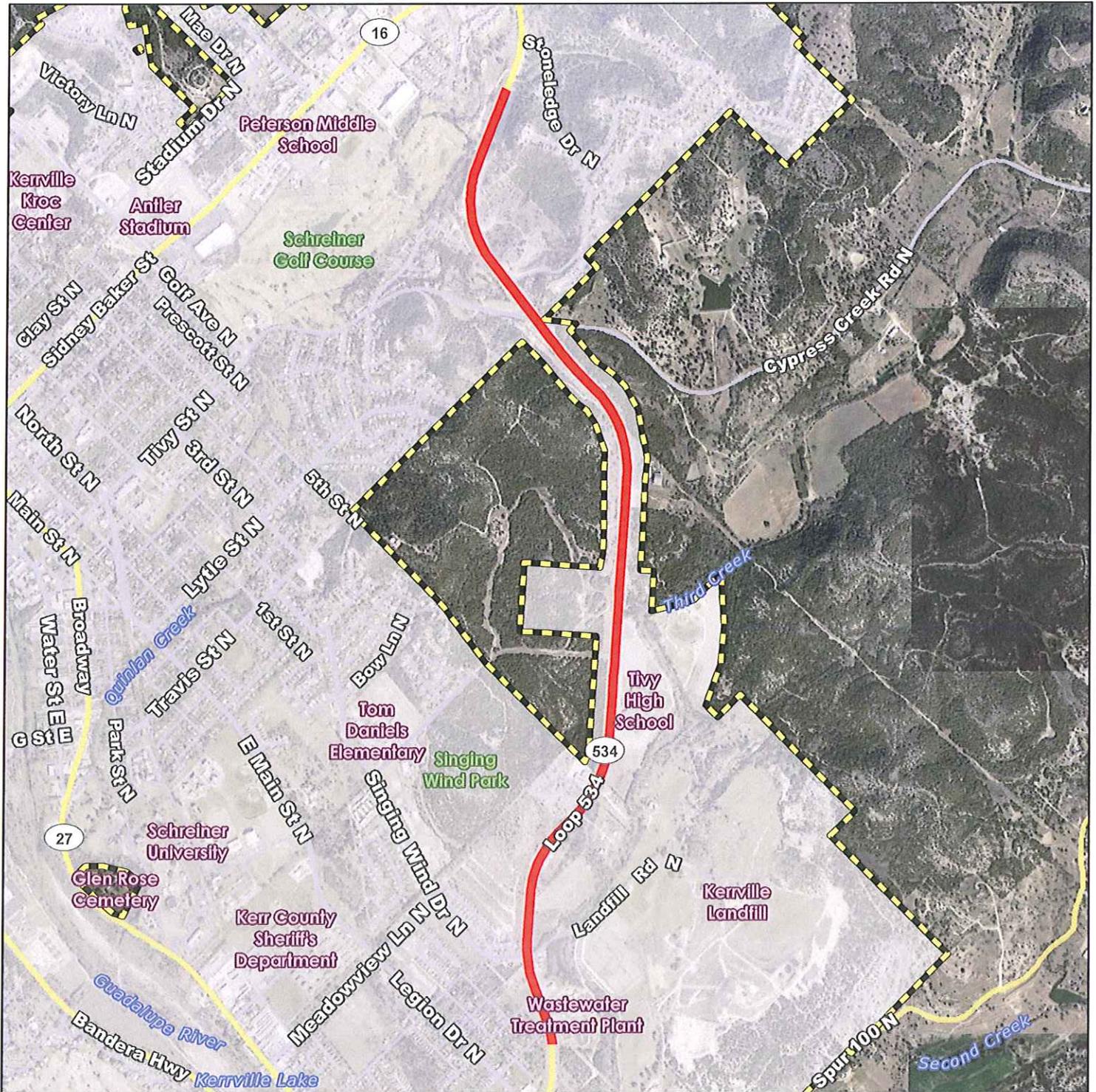
Michael C. Hayes, City Attorney



Exhibit A



Recommended Loop 534 Speed Limit Reduction



Legend

-  TxDOT Speed Limit Change
-  City Limits



Exported By: joyoung
 Exported On: 8/18/2016 11:34 AM



Agenda Item:

6A. Interlocal Agreement for the continued existence of a joint airport board to provide management of the Kerrville/Kerr County Airport. (Mayor White)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Interlocal agreement for the continued existence of a joint airport board to provide management of the Kerrville/Kerr County Airport

FOR AGENDA OF: Aug. 23, 2016 **DATE SUBMITTED:** Aug. 16, 2016

SUBMITTED BY: Bonnie White **CLEARANCES:** Todd Parton
Mayor City Manager

EXHIBITS: Draft Agreement – Dated 8/10/2016 (Redlined Version)
Draft Agreement – Dated 8/10/2016 (Clean Version)

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Representatives of Kerrville and Kerr County have met to negotiate the terms of a new interlocal agreement for the management and operations of the Kerrville/Kerr County Municipal Airport. Attached is a draft of a new agreement, dated August 10, 2016.

The representatives of both parties mutually agreed that the existing interlocal agreement had worked effectively since 2011 and, with some amendments, would be a good basis for the next interlocal agreement. The draft document attached to this report is a redlined draft that shows where the existing agreement had been modified by mutual consent of the parties.

RECOMMENDED ACTION

I recommend that the City Council adopt this draft Interlocal Agreement for the Continued Existence of A Joint Airport Board as presented.

DRAFT 8/10/16

**INTERLOCAL AGREEMENT FOR THE CONTINUED EXISTENCE OF A
JOINT AIRPORT BOARD TO PROVIDE MANAGEMENT
OF KERRVILLE/KERR COUNTY AIRPORT**

This Joint Action Agreement ("Agreement"), pursuant to Chapter 22 of the Texas Transportation Code, is entered into between Kerr County, Texas ("County") and the City of Kerrville, Texas ("City"), also referred to individually as "Party", or collectively as "Parties", on the ____ day of _____, 2016.

Deleted: 2011

WHEREAS, County and City jointly own the real property upon which is located the Kerrville/Kerr County Airport, sometimes referred to as Louis Schreiner Field ("Airport"); and,

WHEREAS, County and City have previously, by their actions, jointly managed said Airport under Tex. Rev. Civ. Stat. Ann. Art. 46d, Municipal Airport Act, the statutory predecessor to Chapter 22 of the Texas Transportation Code ("Code"); and

WHEREAS, County and City find that it is in the best interests of the citizens of County and City for the Airport to continue to be managed by a Joint Airport Board pursuant to the Code; and

WHEREAS, County and City are desirous of the continuous operation of the Airport in an effective manner; and

NOW, THEREFORE, in consideration of these promises, covenants, and agreements, the Parties agree as follows:

Deleted: WHEREAS, County and City now reconstitute and reorganize the Joint Airport Board to reflect the terms of this Agreement.¶

1. **Duration of Agreement:** This Agreement shall be effective as of October 1, 2016, and remain in effect through September 30, 2017. However, prior to termination, this Agreement shall automatically renew for an additional one-year term, limited to four such one-year renewals, unless terminated as provided for below.

Deleted: 2011

Deleted: 2012

2. **Proportionate Interest in Airport Property:** Each Party owns an equal, undivided interest in the real property as described in Exhibit A, along with all structures, fixtures, and other assets purchased or otherwise acquired by the Airport Board, a list of which shall be furnished by the Airport Manager to each Party annually. Title to all Airport property shall remain jointly vested in the County and City.

Deleted: and assets located within the bounds of the Airport, more particularly

Deleted: and as that property description may be expanded or developed, and in the buildings, improvements, and other fixtures located on the property

3. **Joint Airport Board:** The Parties affirm the creation and continued existence of the Joint Airport Board ("Board"). The Board shall consist and operate as follows:

(a) **Membership.** The Board shall be comprised of five members. The approval by each Party is required to constitute an appointment to the Board.

Deleted: The current Board members as of September 30, 2011, are hereby reappointed by the Parties to serve the remainder of their Term of Office left as of September 30, 2011.

(b) **Term of Office.** Each Board member shall be appointed for a two year term and shall continue to serve in this capacity until their successor is appointed and is duly qualified. Upon the death of any member or should any member resign or for any

reason become unable to serve, a replacement shall be appointed in the same manner as provided below to fill the vacancy for the unexpired term.

(c) Oath. Following appointment, each Board member shall qualify for office by taking the required oath of office before the County Judge.

Deleted: and Bond

(d) Appointment. The process for appointment by action of each Party shall be as designated below:

1) The Board shall recommend persons to the County and City for consideration of appointment. The Board shall submit the names of such persons to each Party at least 60 days prior to the end of the particular place's term. In the event that a candidate recommended by the Board is not appointed by either Party, the Board shall recommend an alternative candidate. In the event that this second candidate is not appointed by either Party, the Board shall select another candidate who will be automatically appointed to the Board without the approval of the Parties.

2) It is deemed desirable that all Board members possess and will contribute a balance of expertise in business, financial, aviation, or management training and experience. Appointments shall be made on or before June 1 of each year.

3) Replacement of members shall be in the same manner and under the same qualification as described above with such replacement being appointed to fulfill only that portion of the remaining term.

4) Any Board member may be removed by a majority vote of each Party, for any reason. In addition, the Board may recommend to the County and City that a Board member be removed.

5) Board members shall be eligible for reappointment, but Board members are prohibited from serving more than 3 consecutive, 2-year terms.

Deleted: Only reappointments made after October 1, 2011, shall count towards this limitation.

(e) Officers: The Board shall appoint a President and Vice President who shall be selected from the Board's membership. If the Board appoints a Treasurer, the Treasurer shall execute a bond in an amount determined by the Board, with a corporate surety authorized to do business in the State of Texas and conditioned upon the faithful performance of the treasurer's duties. In addition, the Board shall record the minutes of the Board meetings. The term for each position shall be for two years.

Deleted: appoint a secretary who shall

(f) Compensation: Service on the Board is without compensation. However, each Board member is entitled to reimbursement for necessary expenses incurred in the performance of his/her duties as a Board member, subject to the Board Budget and a written Board policy regarding the reimbursement of expenses, which has been approved by each Party.

(g) Authority, Powers and Duties: The Board shall have the following authority, powers and duties:

- 1) The Board may exercise on behalf of the Parties any power possessed by either Party and those specifically provided by the Code, including the power to lease property and facilities, and to buy and sell goods as an incident to the operation of the Airport. However, the Board is not authorized to impose a property tax, sell bonds, or otherwise enter into other debt instruments, dispose of Airport property, or exercise the power of eminent domain without the prior written consent of each Party.
- 2) The Board, following the prior written consent of each Party, has the authority to apply for and to execute grant funding agreements.
- 3) The Board may improve, equip, maintain, operate, manage, regulate, protect, and police the Airport.
- 4) The Board may realign, alter, acquire, abandon, or close a portion of a roadway or alleyway without a showing of paramount importance if the portions to be realigned, altered, abandoned, or closed are in the geographical boundaries of the Airport at the time of or after the realignment, alteration, acquisition, abandonment, or closing.
- 5) The Board shall have the responsibility and be in charge of the property, improvements, and other assets of the Airport and shall be in charge of the disbursement of Airport funds for Airport purposes, and pursuant to the approved Board Budget. The Board shall also cause records to be kept of any and all revenues and disbursements.
- 6) The Board shall maintain a fund for the purpose of depositing all revenues of the Airport, including each Party's share of the operating costs. This fund shall be kept and managed by the Board and shall be established at a bank with a branch in Kerr County. Federal, state, or other contributions or loans and the revenue obtained from the operation of the Airport shall be deposited to the credit of the joint fund.
- 7) The Board shall have an audit of the financial affairs of the Board and its operation of the Airport conducted each year by an independent accountant and shall furnish the audit to each Party no later than February 28 of each year.
- 8) The Board shall ensure that all records regarding the operation of the Airport are maintained, retained, and made available for public review in accordance with the Texas Public Information Act. All records shall be maintained at the Airport.

9) The Board shall hire and employ an Airport Manager (“Manager”) and such other employees as are necessary for the operation of the Airport. The Board shall develop a written job description for the Manager and shall include written performance criteria, goals, and benchmarks that the Manager is required to meet each year.

Deleted: The Board shall include such documents as part of the Board Budget which is subject to yearly approval by each Party.

10) The Board, through its Manager and any other employees, shall be responsible for the day-to-day management of the Airport. Toward that end, the Board is authorized to enter into service contracts with other public or private entities, but where such a contract exceeds \$50,000.00, both Parties must approve the contract.

Deleted: 25,000.00

11) The Board may adopt resolutions, rules, and orders for the operation of the Airport.

12) The Board may lease Airport property and may adopt fees and rental rates with respect to the use of Airport services or use of Airport property. Such fees and rates shall be included within the Board Budget, which may be amended by the approval of both Parties.

13) The Parties acknowledge that the Airport property is within the City’s limits and is subject to the City’s regulations and that land adjacent to the Airport but outside the City limits is subject to the adoption, administration, and enforcement by either a county or Joint Airport Zoning Board of airport hazard area and compatible land use zoning. However, the Board shall monitor and consider appropriate zoning for the Airport and the immediately surrounding areas whose use may impact Airport operations.

14) The Board shall adopt policies and procedures on an annual basis for the purchase of goods and services and for the accounting of the Airport’s finances, each in accordance with state law.

15) The Board may insure itself, its contractors, and subcontractors against liability arising from the operation of the Airport for damages to the person or property of others, workers’ compensation, and officers’ and employees’ liability. The insurance may consist of self-insurance and/or purchased insurance.

16) The Board is prohibited from giving, leasing, or otherwise allowing the use of any part of the Airport for no value, without first having received approval from both Parties.

17) The Board shall comply with the Code and other state laws and local laws in all respects.

(h) Meetings: The Board shall meet on dates and times as agreed upon by the Board, which schedule may be changed from time to time; however in no event shall the Board meet less frequently than once per calendar quarter. The President of the Board or any two Board members shall have the authority to call a meeting. All such meetings of the Board shall be held in accordance with the Texas Open Meetings Act and three members of the Board shall constitute a quorum of the Board. The Board shall make its own rules of order, by-laws, set the time and place for regular meetings, and shall keep minutes of its meetings.

(i) Fiscal year. The Board shall observe a fiscal year that begins each October 1 and ends September 30.

(j) Reporting. The Board through its Manager shall provide quarterly written reports to each Party (1) regarding the operations of the Airport and its finances; and (2) encompassing the information required by ¶6(d).

(k) Litigation. The Board shall not enter into litigation of any kind without prior approval from both Parties. However, the Board may provide an appropriate response to a lawsuit or claim filed against it in an effort to protect its rights and defenses prior to any approval from both Parties.

4. Board Budget: The Board is responsible for the operations and needs of the Airport and shall develop a budget for Airport operations ("Board Budget") to be approved by both Parties. The Board Budget shall consist of the following parts: 1) maintenance and operations; 2) capital improvements; and 3) a fee schedule for all fees imposed at the Airport, to include lease rates. In addition, the Board shall include as an addendum to the Board Budget a description and discussion of, at a minimum, proposed capital improvements looking forward 5 years. For purposes of this Agreement, "capital improvements" are defined as a project that will result in a physical object with a value of \$5,000.00 or more. The Board shall submit and present the Board Budget to the County and the City for approval. Should either Party not approve the Board Budget, the previous year's Board Budget shall be automatically adopted for the upcoming year.

Deleted: and

(a) Submission Required. The Board shall submit the Board Budget to both Parties not later than June 1st of each year for Parties' consideration no later than September 30 of each year.

(b) Content and Format. The Board Budget shall substantially conform to the format and line item content as specified and depicted in **Exhibit B**.

(c) Excess Spending. The Board shall not spend nor incur obligations which at any time will exceed the Board Budget approved and adopted by the County and City for that current fiscal year, except for an emergency expenditure, which is declared by the Board President. An "emergency expenditure" is defined as an expenditure necessary for the immediate preservation of the public peace, property, health, or safety. Prior to

or immediately following such expenditure, the Board President shall notify the County Judge and Mayor in writing of the declared emergency expenditure.

(d) Movement between Funds. The Board is authorized to move funds between line items concerning maintenance and operating expenses, but in no event shall the funds being moved over a fiscal year period exceed 5% of the Board Budget for that year.

(e) Airport Revenues. The Board shall only use revenues generated by operation of the Airport for Airport purposes.

(f) Board Budget Calculation. The Board shall create a draft Board Budget as follows:

(1) Total of all revenues, not including contributions from the Parties, less total expenses, which shall include all grant matches.

(2) Where a negative sum occurs, the Board shall seek contributions from the Parties as provided below.

(3) In no case shall contingency funds exceed 5% of the amount budgeted for annual maintenance and operating expenses.

5. County and City Funding: To assure the objective of the continuation of efficient Airport operations, each Party is obligated to the other Party to contribute funds as follows:

(a) Maintenance and Operations. The County and City shall each fund one-half (1/2) of all the costs related to the maintenance and operations part of the Board Budget,

Deleted: or the County and City shall each fund \$110,000.00, whichever is less

(b) Capital Improvements. The County and City shall be equally responsible for expenses directly resulting from the part of the Board Budget regarding capital improvements. On an annual basis as part of the draft Board Budget review process, both Parties must review proposed capital improvement projects. Only those projects approved as part of the Board Budget shall be submitted for bidding, where applicable, and construction.

(c) Schedule of Payments. Pursuant to the Board Budget and the amount of each Party's contributions, each Party shall forward 12 equal monthly payments to the Board in the amount of 1/12th of their total contribution on or before the 15th day of each month.

6. Airport Planning Committee. The Parties hereby create an Airport Planning Committee ("Committee") as follows:

(a) Membership. The Committee shall consist of the following persons:

(1) County Appointees. The Commissioners Court shall appoint 2 representatives to the Committee,

Deleted: 3

Deleted: , which shall consist of no more than 2 members of the Commissioners Court

(2) City Appointees. The City Council shall appoint 2 representatives to the Committee.

Deleted: 3

Deleted: , which shall consist of no more than 2 Councilmembers

(3) Board Appointee. The Board shall appoint 2 representatives to the Committee.

(4) Manager. The Manager shall be a member of the Committee.

(b) Meetings. The Committee shall meet no less than twice per year or as called by either the County or City.

Deleted: once

Deleted: calendar quarter

(c) Purpose. The purpose of the Committee is to (1) receive and discuss in detail from the Board information regarding the operations of the Airport and its finances; (2) discuss short and long term planning for the operation, management, and economic development of the Airport; and (3) formulate recommendations to be presented to each Party regarding the short and long term goals for the Airport.

(d) Reports. Following its meetings, the Manager shall provide quarterly written reports to each Party regarding the information presented during the meeting and recommendations of the Committee.

7. Amendment: This Agreement may only be amended by written agreement of the Parties.

8. Termination of Agreement Prior to Expiration: Either party may terminate the Agreement for any reason upon the terminating Party giving the nonterminating Party no less than one-hundred eighty (180) days written notice thereof.

9. Notices: Any notice required or permitted to be given pursuant to this Agreement or under the laws of this state shall be given in writing and may be given via the United States Postal Service, certified mail, or commercial courier service, addressed to the applicable Party at the address set forth below:

City: City of Kerrville
Attention: Mayor
701 Main Street
Kerrville, TX 78028

Deleted: City Manager

Deleted: 800 Junction Highway

County: Kerr County, Texas
Attention: County Judge
Kerr County Courthouse
700 Main Street
Kerrville, TX 78028

Board: Joint Airport Board
Attention: President
Kerrville/Kerr County Airport
1875 Airport Loop Road
Kerrville, TX 78028

Deleted: Airport Manager

10. Governing Law and Venue: This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any cause of action shall be in a court of competent jurisdiction in Kerr County, Texas.

11. Severability: If any provision of this Agreement is invalid or unenforceable, this Agreement shall be considered severable as to such provision, and the remainder of this Agreement shall remain valid and binding as though such invalid or unenforceable provision was not included.

12. Captions: Section headings are inserted herein only as a matter of convenience and for reference, and in no way defines, limits, or describes the scope or intent to any provision.

13. Use of Language: Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

14. Entire Agreement: This Agreement embodies the entire agreement between the Parties, and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter. This Agreement shall not be amended, discharged or extended, except by written instrument executed by the Parties. The Parties agree that no representations or warranties shall be binding upon either Party unless expressed in writing in the Agreement.

15. Multiple Counterparts: This Agreement may be executed in multiple counterparts, each of which constitutes an original.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be legally executed this _____ day of _____, 2016.

Deleted: 2011

CITY OF KERRVILLE

COUNTY OF KERR, TEXAS

By: _____
Bonnie White, Mayor

By: _____
Tom Pollard, County Judge

Deleted: David Wampler

Deleted: Pat Tinley

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:

Michael C. Hayes, City Attorney

ATTEST:

Rebecca Bolin, County Clerk

APPROVED AS TO FORM:

Heather Stebbins, County Attorney

Deleted: Jannett Pieper

Deleted: Robert Henneke

**INTERLOCAL AGREEMENT FOR THE CONTINUED EXISTENCE OF A
JOINT AIRPORT BOARD TO PROVIDE MANAGEMENT
OF KERRVILLE/KERR COUNTY AIRPORT**

This Joint Action Agreement ("Agreement"), pursuant to Chapter 22 of the Texas Transportation Code, is entered into between Kerr County, Texas ("County") and the City of Kerrville, Texas ("City"), also referred to individually as "Party", or collectively as "Parties", on the ____ day of _____, 2016.

WHEREAS, County and City jointly own the real property upon which is located the Kerrville/Kerr County Airport, sometimes referred to as Louis Schreiner Field ("Airport"); and,

WHEREAS, County and City have previously, by their actions, jointly managed said Airport under Tex. Rev. Civ. Stat. Ann. Art. 46d, Municipal Airport Act, the statutory predecessor to Chapter 22 of the Texas Transportation Code ("Code"); and

WHEREAS, County and City find that it is in the best interests of the citizens of County and City for the Airport to continue to be managed by a Joint Airport Board pursuant to the Code; and

WHEREAS, County and City are desirous of the continuous operation of the Airport in an effective manner; and

NOW, THEREFORE, in consideration of these promises, covenants, and agreements, the Parties agree as follows:

1. **Duration of Agreement**: This Agreement shall be effective as of October 1, 2016, and remain in effect through September 30, 2017. However, prior to termination, this Agreement shall automatically renew for an additional one-year term, limited to four such one-year renewals, unless terminated as provided for below.

2. **Proportionate Interest in Airport Property**: Each Party owns an equal, undivided interest in the real property as described in **Exhibit A**, along with all structures, fixtures, and other assets purchased or otherwise acquired by the Airport Board, a list of which shall be furnished by the Airport Manager to each Party annually. Title to all Airport property shall remain jointly vested in the County and City.

3. **Joint Airport Board**: The Parties affirm the creation and continued existence of the Joint Airport Board ("Board"). The Board shall consist and operate as follows:

(a) **Membership**. The Board shall be comprised of five members. The approval by each Party is required to constitute an appointment to the Board.

(b) **Term of Office**. Each Board member shall be appointed for a two year term and shall continue to serve in this capacity until their successor is appointed and is duly qualified. Upon the death of any member or should any member resign or for any

reason become unable to serve, a replacement shall be appointed in the same manner as provided below to fill the vacancy for the unexpired term.

(c) Oath. Following appointment, each Board member shall qualify for office by taking the required oath of office before the County Judge.

(d) Appointment. The process for appointment by action of each Party shall be as designated below:

1) The Board shall recommend persons to the County and City for consideration of appointment. The Board shall submit the names of such persons to each Party at least 60 days prior to the end of the particular place's term. In the event that a candidate recommended by the Board is not appointed by either Party, the Board shall recommend an alternative candidate. In the event that this second candidate is not appointed by either Party, the Board shall select another candidate who will be automatically appointed to the Board without the approval of the Parties.

2) It is deemed desirable that all Board members possess and will contribute a balance of expertise in business, financial, aviation, or management training and experience. Appointments shall be made on or before June 1 of each year.

3) Replacement of members shall be in the same manner and under the same qualification as described above with such replacement being appointed to fulfill only that portion of the remaining term.

4) Any Board member may be removed by a majority vote of each Party, for any reason. In addition, the Board may recommend to the County and City that a Board member be removed.

5) Board members shall be eligible for reappointment, but Board members are prohibited from serving more than 3 consecutive, 2-year terms.

(e) Officers: The Board shall appoint a President and Vice President who shall be selected from the Board's membership. If the Board appoints a Treasurer, the Treasurer shall execute a bond in an amount determined by the Board, with a corporate surety authorized to do business in the State of Texas and conditioned upon the faithful performance of the treasurer's duties. In addition, the Board shall record the minutes of the Board meetings. The term for each position shall be for two years.

(f) Compensation: Service on the Board is without compensation. However, each Board member is entitled to reimbursement for necessary expenses incurred in the performance of his/her duties as a Board member, subject to the Board Budget and a written Board policy regarding the reimbursement of expenses, which has been approved by each Party.

(g) Authority, Powers and Duties: The Board shall have the following authority, powers and duties:

1) The Board may exercise on behalf of the Parties any power possessed by either Party and those specifically provided by the Code, including the power to lease property and facilities, and to buy and sell goods as an incident to the operation of the Airport. However, the Board is not authorized to impose a property tax, sell bonds, or otherwise enter into other debt instruments, dispose of Airport property, or exercise the power of eminent domain without the prior written consent of each Party.

2) The Board, following the prior written consent of each Party, has the authority to apply for and to execute grant funding agreements.

3) The Board may improve, equip, maintain, operate, manage, regulate, protect, and police the Airport.

4) The Board may realign, alter, acquire, abandon, or close a portion of a roadway or alleyway without a showing of paramount importance if the portions to be realigned, altered, abandoned, or closed are in the geographical boundaries of the Airport at the time of or after the realignment, alteration, acquisition, abandonment, or closing.

5) The Board shall have the responsibility and be in charge of the property, improvements, and other assets of the Airport and shall be in charge of the disbursement of Airport funds for Airport purposes, and pursuant to the approved Board Budget. The Board shall also cause records to be kept of any and all revenues and disbursements.

6) The Board shall maintain a fund for the purpose of depositing all revenues of the Airport, including each Party's share of the operating costs. This fund shall be kept and managed by the Board and shall be established at a bank with a branch in Kerr County. Federal, state, or other contributions or loans and the revenue obtained from the operation of the Airport shall be deposited to the credit of the joint fund.

7) The Board shall have an audit of the financial affairs of the Board and its operation of the Airport conducted each year by an independent accountant and shall furnish the audit to each Party no later than February 28 of each year.

8) The Board shall ensure that all records regarding the operation of the Airport are maintained, retained, and made available for public review in accordance with the Texas Public Information Act. All records shall be maintained at the Airport.

9) The Board shall hire and employ an Airport Manager (“Manager”) and such other employees as are necessary for the operation of the Airport. The Board shall develop a written job description for the Manager and shall include written performance criteria, goals, and benchmarks that the Manager is required to meet each year.

10) The Board, through its Manager and any other employees, shall be responsible for the day-to-day management of the Airport. Toward that end, the Board is authorized to enter into service contracts with other public or private entities, but where such a contract exceeds \$50,000.00, both Parties must approve the contract.

11) The Board may adopt resolutions, rules, and orders for the operation of the Airport.

12) The Board may lease Airport property and may adopt fees and rental rates with respect to the use of Airport services or use of Airport property. Such fees and rates shall be included within the Board Budget, which may be amended by the approval of both Parties.

13) The Parties acknowledge that the Airport property is within the City’s limits and is subject to the City’s regulations and that land adjacent to the Airport but outside the City limits is subject to the adoption, administration, and enforcement by either a county or Joint Airport Zoning Board of airport hazard area and compatible land use zoning. However, the Board shall monitor and consider appropriate zoning for the Airport and the immediately surrounding areas whose use may impact Airport operations.

14) The Board shall adopt policies and procedures on an annual basis for the purchase of goods and services and for the accounting of the Airport’s finances, each in accordance with state law.

15) The Board may insure itself, its contractors, and subcontractors against liability arising from the operation of the Airport for damages to the person or property of others, workers’ compensation, and officers’ and employees’ liability. The insurance may consist of self-insurance and/or purchased insurance.

16) The Board is prohibited from giving, leasing, or otherwise allowing the use of any part of the Airport for no value, without first having received approval from both Parties.

17) The Board shall comply with the Code and other state laws and local laws in all respects.

(h) Meetings: The Board shall meet on dates and times as agreed upon by the Board, which schedule may be changed from time to time; however in no event shall the Board meet less frequently than once per calendar quarter. The President of the Board or any two Board members shall have the authority to call a meeting. All such meetings of the Board shall be held in accordance with the Texas Open Meetings Act and three members of the Board shall constitute a quorum of the Board. The Board shall make its own rules of order, by-laws, set the time and place for regular meetings, and shall keep minutes of its meetings.

(i) Fiscal year: The Board shall observe a fiscal year that begins each October 1 and ends September 30.

(j) Reporting: The Board through its Manager shall provide quarterly written reports to each Party (1) regarding the operations of the Airport and its finances; and (2) encompassing the information required by ¶6(d).

(k) Litigation: The Board shall not enter into litigation of any kind without prior approval from both Parties. However, the Board may provide an appropriate response to a lawsuit or claim filed against it in an effort to protect its rights and defenses prior to any approval from both Parties.

4. Board Budget: The Board is responsible for the operations and needs of the Airport and shall develop a budget for Airport operations (“Board Budget”) to be approved by both Parties. The Board Budget shall consist of the following parts: 1) maintenance and operations; 2) capital improvements; and 3) a fee schedule for all fees imposed at the Airport, to include lease rates. In addition, the Board shall include as an addendum to the Board Budget a description and discussion of, at a minimum, proposed capital improvements looking forward 5 years. For purposes of this Agreement, “capital improvements” are defined as a project that will result in a physical object with a value of \$5,000.00 or more. The Board shall submit and present the Board Budget to the County and the City for approval. Should either Party not approve the Board Budget, the previous year’s Board Budget shall be automatically adopted for the upcoming year.

(a) Submission Required. The Board shall submit the Board Budget to both Parties not later than June 1st of each year for Parties’ consideration no later than September 30 of each year.

(b) Content and Format. The Board Budget shall substantially conform to the format and line item content as specified and depicted in **Exhibit B**.

(c) Excess Spending. The Board shall not spend nor incur obligations which at any time will exceed the Board Budget approved and adopted by the County and City for that current fiscal year, except for an emergency expenditure, which is declared by the Board President. An “emergency expenditure” is defined as an expenditure necessary for the immediate preservation of the public peace, property, health, or safety. Prior to

or immediately following such expenditure, the Board President shall notify the County Judge and Mayor in writing of the declared emergency expenditure.

(d) Movement between Funds. The Board is authorized to move funds between line items concerning maintenance and operating expenses, but in no event shall the funds being moved over a fiscal year period exceed 5% of the Board Budget for that year.

(e) Airport Revenues. The Board shall only use revenues generated by operation of the Airport for Airport purposes.

(f) Board Budget Calculation. The Board shall create a draft Board Budget as follows:

(1) Total of all revenues, not including contributions from the Parties, less total expenses, which shall include all grant matches.

(2) Where a negative sum occurs, the Board shall seek contributions from the Parties as provided below.

(3) In no case shall contingency funds exceed 5% of the amount budgeted for annual maintenance and operating expenses.

5. County and City Funding: To assure the objective of the continuation of efficient Airport operations, each Party is obligated to the other Party to contribute funds as follows:

(a) Maintenance and Operations. The County and City shall each fund one-half (1/2) of all the costs related to the maintenance and operations part of the Board Budget.

(b) Capital Improvements. The County and City shall be equally responsible for expenses directly resulting from the part of the Board Budget regarding capital improvements. On an annual basis as part of the draft Board Budget review process, both Parties must review proposed capital improvement projects. Only those projects approved as part of the Board Budget shall be submitted for bidding, where applicable, and construction.

(c) Schedule of Payments. Pursuant to the Board Budget and the amount of each Party's contributions, each Party shall forward 12 equal monthly payments to the Board in the amount of 1/12th of their total contribution on or before the 15th day of each month.

6. Airport Planning Committee: The Parties hereby create an Airport Planning Committee ("Committee") as follows:

(a) Membership. The Committee shall consist of the following persons:

(1) County Appointees. The Commissioners Court shall appoint 2 representatives to the Committee.

(2) City Appointees. The City Council shall appoint 2 representatives to the Committee.

(3) Board Appointee. The Board shall appoint 2 representatives to the Committee.

(4) Manager. The Manager shall be a member of the Committee.

(b) Meetings. The Committee shall meet no less than twice per year or as called by either the County or City.

(c) Purpose. The purpose of the Committee is to (1) receive and discuss in detail from the Board information regarding the operations of the Airport and its finances; (2) discuss short and long term planning for the operation, management, and economic development of the Airport; and (3) formulate recommendations to be presented to each Party regarding the short and long term goals for the Airport.

(d) Reports. Following its meetings, the Manager shall provide quarterly written reports to each Party regarding the information presented during the meeting and recommendations of the Committee.

7. **Amendment**: This Agreement may only be amended by written agreement of the Parties.

8. **Termination of Agreement Prior to Expiration**: Either party may terminate the Agreement for any reason upon the terminating Party giving the nonterminating Party no less than one-hundred eighty (180) days written notice thereof.

9. **Notices**: Any notice required or permitted to be given pursuant to this Agreement or under the laws of this state shall be given in writing and may be given via the United States Postal Service, certified mail, or commercial courier service, addressed to the applicable Party at the address set forth below:

City: City of Kerrville
Attention: Mayor
701 Main Street
Kerrville, TX 78028

County: Kerr County, Texas
Attention: County Judge
Kerr County Courthouse
700 Main Street
Kerrville, TX 78028

Board: Joint Airport Board
Attention: President
Kerrville/Kerr County Airport
1875 Airport Loop Road
Kerrville, TX 78028

10. Governing Law and Venue: This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. Venue for any cause of action shall be in a court of competent jurisdiction in Kerr County, Texas.

11. Severability: If any provision of this Agreement is invalid or unenforceable, this Agreement shall be considered severable as to such provision, and the remainder of this Agreement shall remain valid and binding as though such invalid or unenforceable provision was not included.

12. Captions: Section headings are inserted herein only as a matter of convenience and for reference, and in no way defines, limits, or describes the scope or intent to any provision.

13. Use of Language: Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires.

14. Entire Agreement: This Agreement embodies the entire agreement between the Parties, and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter. This Agreement shall not be amended, discharged or extended, except by written instrument executed by the Parties. The Parties agree that no representations or warranties shall be binding upon either Party unless expressed in writing in the Agreement.

15. Multiple Counterparts: This Agreement may be executed in multiple counterparts, each of which constitutes an original.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be legally executed this _____ day of _____, 2016.

CITY OF KERRVILLE

COUNTY OF KERR, TEXAS

By: _____
Bonnie White, Mayor

By: _____
Tom Pollard, County Judge

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

ATTEST:

Rebecca Bolin, County Clerk

APPROVED AS TO FORM:

Heather Stebbins, County Attorney

Agenda Item:

6B. Interlocal agreement between the City of Kerrville, Kerr County, and Upper Guadalupe River Authority to hire an engineering firm to evaluate flooding risks for Kerr County and provide recommendations. (Mayor White)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Consideration of an interlocal agreement between the City of Kerrville, Kerr County, and Upper Guadalupe River Authority to hire an engineering firm to evaluate flooding risks for Kerr County and provide recommendations

FOR AGENDA OF: Aug. 23, 2016 **DATE SUBMITTED:** Aug. 17, 2016

SUBMITTED BY: Bonnie White **CLEARANCES:** Todd Parton
Mayor City Manager

EXHIBITS: Interlocal Agreement Regarding Kerr County Flood Warning System Evaluation
Proposed Plan of Action

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$10,000	\$7,500	\$114,865	01-870-306

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

In response to the flash flooding and numerous flood related tragedies in and around our state in recent months, Commissioner Moser of the Kerr County Commissioner's Court has endeavored to pursue a county-wide early flood warning system for residents and visitors of Kerr County. In July Commissioner Moser assembled a group of participants from various entities which included representatives from UGRA, Kerr County, the City of Ingram, TxDOT, the City of Kerrville, and GrantWorks to discuss the feasibility and necessity of investigating such a system. Pursuant to the steering committee meetings, Commissioner Moser and Ray Buck of UGRA prepared an Interlocal Agreement Regarding a Kerr County Flood Warning System, a copy of which is attached for Council consideration.

RECOMMENDED ACTION

City representatives who attended the steering committee meetings and staff have brought the agreement before Council per the Committee's request for Council consideration and recommendation.

DRAFT 8-~~01~~18-16

INTERLOCAL AGREEMENT REGARDING KERR COUNTY FLOOD WARNING SYSTEM EVALUATION

THE STATE OF TEXAS §
 § KNOW ALL BY THESE PRESENTS:
COUNTY OF KERR §

THIS INTERLOCAL AGREEMENT REGARDING KERR COUNTY FLOOD WARNING SYSTEM EVALUATION (“*Agreement*”) is entered into between the Upper Guadalupe River Authority, a political subdivision of the State of Texas (“*UGRA*”), Kerr County, a political subdivision of the State of Texas (“*County*”), and the City of Kerrville, a Texas home rule municipality (“*Kerrville*”)~~and the City of Ingram, a Texas general law municipality (“*Ingram*”)~~. In this Agreement, UGRA, County, and Kerrville ~~and Ingram~~ are sometimes individually referred to as a “*Party*” and collectively referred to as the “*Parties*”.

Recitals

WHEREAS, the Parties mutually recognize the potential risk to the safety and property of their constituents presented by flash flooding in Kerr County, Texas;

WHEREAS, an effective Flood Warning System would potentially allow property owners to vacate properties where risk to life by floodwaters is imminent, allow motorists to avoid dangerous or impassable road crossings, and would allow public safety officials to respond to flood emergencies as promptly as practicable;

WHEREAS, the Parties therefore desire to mutually retain a professional engineering consultant to undertake an engineering study to evaluate the feasibility, cost and implementation of a Flood Warning System in Kerr County, Texas; and

WHEREAS, this Agreement is intended to set forth the terms and conditions pursuant to which the Parties shall jointly participate in an engineering study to evaluate a Flood Warning System for Kerr County, Texas.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreements of the Parties contained in this Agreement, the Parties agree as follows:

I.
FLOOD WARNING SYSTEM PROJECT COMMITTEE

1.01 **Composition of Project Committee.** There is hereby created a Flood Warning System Project Committee (the “*Project Committee*”) to be composed of not less than one representative appointed by each Party. Each such representative may appoint additional representatives on behalf of its Party. Each representative of a Party shall serve at the will of the

governing body or management of the Party that the person represents. Upon the death, resignation, or revocation of the power of such representative, the appropriate Party shall promptly appoint a new representative (or alternate representative) to the Project Committee, and shall immediately notify the other Party of such appointment.

1.02 Responsibility of Project Committee. The Project Committee shall represent the individual and collective interests of the Parties with respect to the following matters:

- (i) Review and comment upon preparation of a Request for Qualifications to retain a professional engineering consultant (the "*Project Engineer*") to undertake the an engineering study regarding the feasibility, cost and implementation of a Flood Warning System in Kerr County, Texas (the "*Engineering Study*");
- (ii) Review and comment on proposals submitted by each professional engineering consultant in response to the RFQ and selection of the Project Engineer;
- (iii) Participate in meetings with the Project Engineer regarding the Engineering Study;
- (iv) Review and comment on the draft Engineering Study; and
- (v) Participate in any other pertinent proceedings and matters relating to the evaluation, financing and possible implementation of the Flood Warning System for the inhabitants and motorists within Kerr County, Texas.

The Project Committee shall meet at regular intervals to review the matters over which it has authority. The Project Committee shall be diligent, prompt and timely in reviewing and acting on matters submitted to it.

II. ENGINEERING EVALUATION

2.01 Engineering Consultant.

(a) Kerr County agrees to prepare a Request for Qualifications ("*RFQ*") and after review and approval by each of the other Parties (through its representative on the Project Committee), solicit proposals from qualified engineering consultants to undertake the Engineering Study. The Engineering Study will generally include the following tasks:

Task 1. Data Collection and Local Agency Meetings

Coordination meetings will be held with several agencies in Kerr County as part of the data collection task of the engineering study. Meetings will be held with the following agencies:

1. Kerr County Commissioners
2. Emergency Management Coordinators
3. Kerr County Sheriff
4. Kerr County Engineer

5. City of Kerrville

~~6. City of Ingram~~

~~7.6. TxDOT~~

~~8.7. Upper Guadalupe River Authority (UGRA)~~

Formatted: Indent: Left: 0.75", No bullets or numbering

The purpose of the meetings will be to discuss previously installed gauges, historical flooding at low water crossings, desired hardware components at crossings and preferred notification options including radio communication, sirens, and web-based communication. In addition, these meetings will discuss interagency coordination.

Task 2. Identify and Prioritize Low Water Crossings

Based on the results of the agency coordination meetings, potential sites for High Water Detection System installations will be identified. This task will include site visits to each of the potential installation sites. The Consulting Engineer will analyze each identified low water crossing location in order to determine the proposed location for the master sensor, associated remote advance warning sign and beacon, and potential crossing gates within the public right of way.

Additionally, the site visits will observe site clearance, document any existing obstructions, photograph and determine proposed locations of system equipment, and perform a preliminary utility location evaluation to identify any potential conflicts. The Project Team will identify the nearest reasonable location along the existing roadway for a passenger vehicle to make a U-turn movement during a high-water event. The purpose of identifying this location is to assist in locating any advance warning signs and beacons lights.

In order to prioritize the potential low water crossings, a Crossing Impact Index will be developed that takes into account population served such as camps or RV Parks, road category, traffic volumes, history of accidents and/or fatalities, distance to possible alternative routes, and frequency of flood occurrence. This criteria will be used to develop a Crossing Impact Index that will help County staff prioritize the low water crossings.

Task 3. Evaluate High Water Detection System Components

The evaluation of the High Water Detection System components will include a review of current vendors and components required at the low water crossing locations. Components at each location could include rainfall gauges, pressure transducers, mechanical float cans, data logger/transmitters, and possibly Automated Barrier Gates or an Advance Warning Station that includes a traffic warning sign with mounted flashing lights to provide advance warning. The Project Team will review each proposed low water crossing and provide a recommendation for the High Water Detection System Components at each location.

Task 4. Evaluate Software/Communication Options

The intent of the High Water Detection System is to identify hazardous conditions and to notify the community. This work task will evaluate tools for Kerr County to warn its residents in the event of a flooding event. The project team will provide recommendations as to the potential future development of the following:

- Flood Warning Sirens
- Reverse 911 call systems or CodeRed Emergency Notification System
- Notification of key emergency management personnel
- Web-Based Application: These web-based applications such as ATXFLOODS.com provide warning alerts to the public of flooded area along roadways or hazardous conditions

Task 5. Estimate Costs and Funding Options

Cost estimates will be prepared for the different hardware component options and software/communications options. The Project Team will provide an Opinion of Probable Construction Cost (OPCC) for each crossing site. This OPCC will be based on the results of Tasks 2, 3 and 4 described above. In addition, the cost estimates will provide an estimated maintenance cost for each option.

This task will also research and identify potential local, state and federal funding sources and opportunities. This task will include coordination with the grant administrator and will assist with possible grant requirements and application deadlines.

Task 6. Prepare Summary Report

A Summary Report will be prepared which will document the results of the tasks described above. A tentative outline of the Summary Report is listed below:

1. Introduction
2. Coordination Meetings with Local Agencies
 - a. Emergency Management Coordinators
 - b. Kerr County Sheriff
 - c. Kerr County Engineer
 - d. City of Kerrville
 - e. City of Ingram
 - f. TxDOT
 - g. Upper Guadalupe River Authority (UGRA)
3. Identify and Prioritize Low Water Crossing Locations
4. Evaluate Proposed Components
 - a. Rainfall Monitoring
 - b. High Water Detection System
 - c. Flood Warning Systems
5. Provide Software/Communications Options
 - a. Flood Warning Systems
 - b. Sirens
 - c. Web-Based Application
6. Estimated Costs
 - a. Installation

Formatted: Indent: Left: 1", No bullets or numbering

- b. Maintenance
- 7. Funding Options
- 8. Implementation Schedule/Phasing
- 9. Recommendations
- 10. Summary

(b) If any member of the Project Committee does not agree upon the RFQ, selection of the Project Engineer or findings and recommendations of the Summary Report, then such Party may withdraw from this Agreement by providing written notice of withdrawal to the other Parties. Upon such withdrawal, that Party will be without further duty or obligation under this Agreement. In such an event, the Party withdrawing from this Agreement shall be free to proceed with implementation of its own Flood Warning System, as determined in its sole discretion and cost, and the other Parties shall have no obligations or liabilities in connection therewith.

2.02 Cost of Engineering Study.

(a) Kerr County will advance and pay the cost of the Engineering Study, with a total cost not to exceed \$50,000, subject to its right to reimbursement by each of the other Parties for a portion of the total amount not to exceed \$50,000 based on the following cost allocation percentages (the "Cost Allocation Percentages"):

- (i) Kerr County- 40%
- (ii) Kerrville- ~~15%~~20%
- (iii) UGRA- 40%
- (iv) ~~Ingram~~ 5%

Formatted: Indent: Left: 1.5", No bullets or numbering

(b) Upon Kerr County's approval of each invoice for the Engineering Study, Kerr County will transmit a copy of the invoice to the other Parties. The other Parties each agree to pay its prorata portion of each invoice, which will be determined by multiplying its respective Cost Allocation Percentage by the total amount of the approved invoice, to Kerr County in accordance with the timeframes set forth in Chapter 2251 of the Texas Government Code (the Texas Prompt Payment Act). Any amounts due to Kerr County which are not paid within 30 days of delivery will accrue interest in accordance with the provisions of the Texas Prompt Payment Act.

(c) In the event of any Party withdraws from this Agreement in accordance with Section 2.01(c) above, the remaining Parties' Cost Allocation Percentages for any remaining services to be furnished by the Project Engineer relating to the Engineering Study shall be adjusted accordingly.

2.03 Work Product. Each Party agrees to share with the remaining Parties all work product generated by the Project Engineer in connection with the Engineering Study.

III.
PROJECT IMPLEMENTATION

3.01 Project Implementation. The Parties mutually acknowledge and agree that this Agreement is not intended to provide for funding or implementation of the Flood Warning System. Instead, this Agreement is intended to allow the Parties to more fully evaluate the feasibility and cost of the Flood Warning System by undertaking the Engineering Study. In the event two or more of the Parties elect to mutually proceed with funding and implementation of the Flood Warning System based on the results of the Engineering Study, the terms and conditions of such funding and implementation will be set forth in one or more agreements to be entered into by two or more of the Parties in the future. Nothing in this Agreement shall be construed to prevent any Party from implementing a Flood Warning System independently of the other Parties, or from conducting any engineering analyses in such Party's sole discretion and at such Party's sole cost.

IV.
GENERAL PROVISIONS

4.01 Authority. This Agreement is made in part under the authority conferred in Chapter 791, *Texas Government Code*.

4.02 Termination. Any Party may withdraw from this Agreement by providing not less than 30 days prior written of termination to the other Parties at any time. In the event of such withdrawal, the Agreement shall remain in full force and effect with respect to the remaining Parties. Any Party that withdraws shall remain responsible for reimbursement of its pro rata share of all costs and expenses thereafter due for services undertaken by the Project Engineer rendered prior to the effective date of withdrawal.

4.03 Severability. The provisions of this Agreement are severable and, if any provision of this Agreement is held to be invalid for any reason by a court or agency of competent jurisdiction, the remainder of this Agreement will not be affected and this Agreement will be construed as if the invalid portion had never been contained herein.

4.04 Payments from Current Revenues. Any payments required to be made by a Party under this Agreement will be paid from current revenues or other funds lawfully available to the Party for such purpose.

4.05 Cooperation. The Parties agree to cooperate at all times in good faith to effectuate the purposes and intent of this Agreement.

4.06 Entire Agreement. This Agreement contains the entire agreement of the Parties regarding the subject matter hereof and supersedes all prior or contemporaneous understandings or representations, whether oral or written, regarding the subject matter.

4.07 Amendments. Any amendment of this Agreement must be in writing and will be effective if signed by the authorized representatives of the Parties.

4.08 Applicable Law; Venue. This Agreement will be construed in accordance with Texas law. Venue for any action arising hereunder will be in Kerr County, Texas.

4.09 Notices. Any notices given under this Agreement will be effective if (i) forwarded to a Party by hand-delivery; (ii) transmitted to a Party by confirmed telecopy; or (iii) deposited with the U.S. Postal Service, postage prepaid, certified, to the address of the Party indicated below:

KERR COUNTY: 700 Main Street
Kerrville, Texas 78028
Attn: County Judge
Facsimile: _____

UGRA: 125 Lehmann Drive
Kerrville, Texas 78028
Attn: General Manager
Facsimile:(830) 257-2621

KERRVILLE: 701 Main Street
Kerrville, TX 78028
Attn: City Manager
Facsimile: _____

INGRAM: _____ 230 Hwy 39
Ingram, TX 78025
Attn: City Administrator
Facsimile:(830) 367-3175

4.10 Counterparts; Effect of Partial Execution. This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which will constitute the same instrument.

4.11 Authority. Each Party represents and warrants that it has the full right, power and authority to execute this Agreement.

ATTEST:

UPPER GUADALUPE RIVER AUTHORITY:

Secretary

By: _____
Printed Name: _____
Title: _____
Date: _____

ATTEST:

KERR COUNTY:

County Clerk

By: _____
Printed Name: _____
Title: _____
Date: _____

ATTEST:

CITY OF KERRVILLE:

City Secretary

By: _____
Printed Name: _____
Title: _____
Date: _____

ATTEST:

CITY OF INGRAM:

City Secretary

By: _____
Printed Name: _____
Title: _____
Date: _____

Proposed Plan of Action:

1. August 15, 2016 - Finalize the draft of the Interlocal Agreement (ILA) (Buck) to include detailed tasks of the Engineering Study (Hewitt):
 - a. Kerr County – 40%
 - b. UGRA – 40%
 - c. City of Kerrville – 20%.
2. August 22 & 23, 2016 - Present to the Commissioners' Court and Kerrville City Council, respectively, for consideration and approval of the ILA and funding of the Engineering Study.
3. August 24, 2016 - Release Request for Qualification (RFQ) for Engineering Study
4. NLT August 26, 2016 - Present to the UGRA Board and City of Ingram for consideration and approval of the ILA and funding of the Engineering Study.
5. September 7, 2016 – Award Engineering Study Contract. Consortium would be obligated for estimated cost of \$50,000.
6. September 8 thru November 15, 2106 - Perform Engineering Study and prepare final report. This would provide the scope and cost of the KCFWS.
7. November 15, 2016 – Consortium decision to proceed with grant application for KCFWS Project. Application would be for the cost of the KCFWS (75%/25% cost share) for the project design and construction and reimbursement of Engineering Study.
8. December 11, 2016 – Submit application for the KCFWS Project grant.
9. Mid – 2018 – Grant Approval.
10. FY 2019 – Design and construction of KCFWS.

Approval to present plan to governing bodies:

Tom Moser, Kerr County Commissioner

Bonnie White, Mayor City of Kerrville

Ray Buck, Executive Director UGRA

Dub Thomas, Kerr County EMC

Agenda Item:

6C. Community survey through the National Citizen Survey to conduct a community-wide public opinion survey on eight key areas of community liability, including public safety infrastructure, recreation and community engagement.
(staff)

addresses within a community. The NCS will then Geocode those addresses to ensure they fall within city limits and randomly select the households which will receive a survey. This ensures a random, scientific sample of residents in Kerrville. All households selected to participate will be contacted 3 times in order to encourage maximum participation in the survey.

Again, the basic service includes a sample size of 1,500 households. The typical response rate for that sample size is between 300 and 400 households. The sample size can be increased for additional fees which are listed in the attached materials.

If the City desires, the service will also provide an opt-in web link that can be made available to all residents for participation. This opt-in data collection stays completely separate from the scientific results, but still allows the city to gain feedback from all interested parties.

Once the process is initiated the survey results should be ready within 17 weeks. A typical timeline of the survey process is also attached for review. If the city elects to conduct a survey prior to September 1st, the results could be available before the end of the current calendar year.

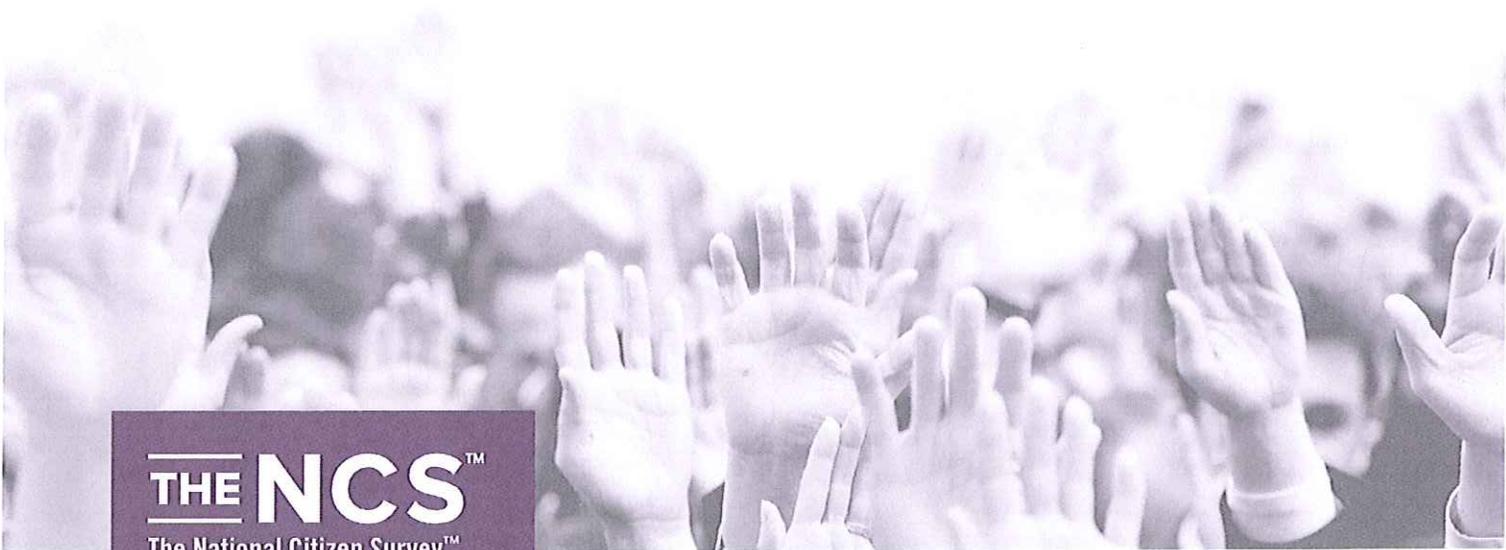
The final report of results made available can be tracked based on geographic area and benchmarked against the results from more than 500 additional citizen surveys. These scientific results are particularly desirable since they provide such a broad sampling of the community on a variety of topics.

As a member of ICMA, the City of Kerrville would receive a 10% discount on this service. You will find several sample invoices attached which break down the prices associated with the basic service and customizable add-ons.

RECOMMENDED ACTION

Proceed with conducting a community survey through the service offered by the National Citizen Survey.

Advise staff whether any customizable survey options should also be included.



THE NCS™
The National Citizen Survey™

**Planning for the future shouldn't be guesswork.
Use The NCS™ for a data-based picture of community
needs and perspectives.**

Understanding the needs of your community is crucial to ensuring resident satisfaction and high livability standards. Getting a clear and accurate picture from the residents themselves is the best way to accomplish this.

The National Citizen Survey™ (The NCS™) is the gold standard in community assessments — in fact, we wrote the book on citizen surveys. The NCS is tried and trusted and provides a broad but accurate picture of community quality and resident perspectives about local government services, policies and management. The NCS uses scientific survey methods to guarantee valid findings and compare local results with benchmarks compiled from surveys conducted across the U.S.

Our unique community livability framework facilitates connections among different groups in your community by providing valuable insight into shared community needs.

The NCS was developed by experts to produce clear, unbiased and accurate results that can be used as the basis for action. The NCS can be tailored to your specific needs with custom questions to best fit your community's topical issues and comparisons to the opinions of residents in communities across the country to help interpret results.

Visit www.n-r-c.com/thencs to learn more about The NCS.

City managers and local government leaders across the nation already use The NCS for:

**Strategic
planning**

**Program
and capital
investment**

Budgeting

**Performance
monitoring**

Communications

Fundraising



National Research Center, Inc. (NRC) is the leading public-sector research firm with over 20 years of experience in survey research for government. Our skilled team of researchers supports cities, counties, foundations and nonprofit organizations in using research to move communities forward. Visit www.n-r-c.com to learn how our suite of surveys — The NCS™, The NES™, The NBS™ and CASOA™ — provide a complete picture of your community.



The NCS is presented by National Research Center, Inc. in collaboration with ICMA.



NRC
National Research Center, Inc.

P: 303.444.7863 Search



WHAT WE DO SURVEY PRODUCTS WHO WE ARE MEDIA

THE NATIONAL CITIZEN SURVEY™ NEXT

BUILDING UPON YEARS OF RESEARCH ON CITIZEN SURVEYS AND COMMUNITY LIVABILITY, NATIONAL RESEARCH CENTER, INC. IS PROUD TO PRESENT THE NCS™ NEXT.

THE NCS NEXT INCORPORATES ALL OF THE BEST FEATURES OF THE NCS INTO A SUITE OF PRODUCTS TO HELP YOU DISCOVER WHAT'S NEXT FOR YOUR COMMUNITY.

The National Citizen Survey™ (The NCS™) was among the first scientific surveys to gather resident opinion on a range of community issues, and has been used by more than 350 unique jurisdictions in 44 states. Communities using The NCS have reported that the tool improved service delivery, strengthened communications with community stakeholders and identified clear priorities for use in strategic planning and budget setting. The NCS is the only citizen survey tool endorsed by the International City/County Management Association (ICMA) and the National League of Cities (NLC).

The NCS Next begins with a customizable survey of questions relevant to your community. The survey measures public opinion in eight key areas of community livability. In each domain, residents report their perceptions about the quality of their community and related services, as well as their own engagement within the community.

The NCS Next includes:

- Multiple reports to communicate results in a way that enables every audience – staff, elected officials, business owners, and residents – to quickly find the information they need and want
- Surveys completed by a representative cross-section of the population
- Multiple contacts with residents to ensure adequate response rates
- Benchmarking to compare local results to those of similar communities
- Customized questions and reporting options to address specific needs

The NCS Next also includes access to The NCS Toolkits, a suite of materials and workshops that can provide you with additional insights and help you create an action plan that takes your community to the next level.

DISCOVER WHAT'S NEXT FOR YOUR COMMUNITY



2955 Valmont Road, Suite 300
Boulder, Colorado 80301



phone 303.444.7863
fax 303.444.1145

Join our mailing list



THE NCS PRICING

THE NCS BASIC SERVICE INCLUDES:

- Full report of results, plus multiple layers of reporting to meet the needs of different stakeholders
- Responses weighted to reflect characteristics of your entire community
- Benchmarking against more than 500 citizen survey results
- Tracking of results and response rates by geographic area
- Opt-in web survey included in addition to the scientific, random-sampled survey

FIRST STEP: CHOOSE YOUR BASIC SERVICE COLLECTION METHOD

	Full price	Discounted price*	Notes
Primarily by mail (most common choice); the mailed survey is also available online at no added cost.	\$15,400	\$13,860	Includes a sample size of 1,500 households
Web only, with mail invitations (using a scientific sample)	\$11,900	\$10,710	Includes a sample size of 1,800 households
Web only, all residents are eligible, you promote participation (non-scientific)	\$7,650	\$6,885	Opt in; no mailed or other individual invitations to participate

SECOND STEP: CHOOSE YOUR ADD-ON OPTIONS

	Full price	Discounted price*	Notes
Larger sample size!	Varies	Varies	See below for example sample sizes
Reminder postcard (4th mailing)	Varies	Varies	See below for example sample sizes
Demographic Subgroup Comparison Report	\$900	\$810	Compare results by population demographics
Geographic Subgroup Comparison Report	\$900	\$810	Compare results by geographic area
Spanish	\$750	\$675	Respondents can complete the survey online in Spanish
Custom Benchmark Comparisons	\$1050	\$945	Benchmark results against communities meeting specific criteria
One open-ended question	\$1,950	\$1,755	Includes one open-ended question added to survey. Responses will be categorized and reported in a table under separate cover, accompanied by a complete list of verbatim responses.
In-person presentation	\$3,500	\$3,150	Assumes location within 50 miles of int'l airport
Next steps workshop	\$4,350	\$3,915	Delve deeper into how you can use your survey data in strategic planning. An NRC representative will come to your location to facilitate this half-day interactive workshop and help to develop strategy and offer

recommendations. Assumes location within 50 miles of
int'l airport

Compare prior results \$2,000 \$1,800 Compare current results to those of a previous (non-NCS) survey

EXAMPLE SAMPLE SIZES

	Regular mailing (3 contacts)		Reminder postcard (4th contact)	
	Full Price	Discounted Price*	Full Price	Discounted Price*
+0	-	-	\$990	\$891
+300 (1,800 total)	\$1,430	\$1,287	\$1,120	\$1,008
+700 (2,200 total)	\$3,100	\$2,790	\$1,310	\$1,179
+1,100 (2,600 total)	\$4,770	\$4,293	\$1,490	\$1,341
+1,500 (3,000 total)	\$6,440	\$5,796	\$1,680	\$1,512

*Please note all prices are subject to change.

*You are eligible for a 10% discount on The NCS, The NES, The NBS or CASOA if you:

- Have conducted any of these surveys in the past
- Are an ICMA member, work with an ICMA CMS partner or use ICMA Insights
- Are an NLC member
- Are an Association of Government Accountants member

Not sure if you're eligible? Just give us a call!

CANCELLATION POLICY

We will withhold an administrative fee of \$700 from any refund for a cancellation before hours/costs are expended; once the project work has begun and money has been spent (hours or hard costs), we're unable to make a refund.

DON'T SEE WHAT YOU NEED? CONTACT US TODAY FOR ADDITIONAL OPTIONS!

* Please note all prices subject to change.

GET THE BIGGER PICTURE WITH THESE SURVEY ADD-ONS



2955 Valmont Road, Suite 300
Boulder, Colorado 80301



Join our mailing list

phone 303.444.7863
fax 303.444.1145



THE NCS TIMELINE

We have created the following sample timeline for a typical administration of The NCS. Should you prefer to have additional time for survey development, extend data collection or shift the delivery of the final reports – or any other revisions – we will work closely with you to design a timeline that meets your needs.



Preparing for the Survey

- The NCS survey process is initiated upon receipt of your first payment
- NRC emails you information to customize The NCS
- Due to NRC: Selection of add-on options
- Due to NRC: Drafts of the optional custom questions to be included in the survey
- Due to NRC: Zip code information and GIS boundary data
- Due to NRC: Additional payment for add-on options
- NRC finalizes the survey instrument and mailing materials and sends pdf samples for your records
- NRC generates the sample of households in your community
- NRC prints materials and prepares mailings
- Due to NRC: Selection of custom benchmark profile(s) (if custom benchmark add-on selected)

Conducting the survey

- Survey materials are mailed
- Premortification postcards sent
- 1st wave of surveys sent
- 2nd wave of surveys sent
- Data collection: surveys received and processed for your community
- Due to NRC: Final count of returned postcards
- Survey analysis and report writing
- NRC emails draft report (in PDF format) to you along with invoice for balance due on The NCS Basic Service and any additional add-on options
- Due to NRC: community feedback on the draft report (most final reports are identical to the draft reports, except being labeled as final instead of draft)
- NRC emails final report and data file to you

The XYZ of ABC 2016 Citizen Survey

Please complete this questionnaire if you are the adult (age 18 or older) in the household who most recently had a birthday. The adult's year of birth does not matter. Please select the response (by circling the number or checking the box) that most closely represents your opinion for each question. Your responses are anonymous and will be reported in group form only.

1. Please rate each of the following aspects of quality of life in ABC:

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't know</i>
ABC as a place to live.....	1	2	3	4	5
Your neighborhood as a place to live.....	1	2	3	4	5
ABC as a place to raise children.....	1	2	3	4	5
ABC as a place to work.....	1	2	3	4	5
ABC as a place to visit.....	1	2	3	4	5
ABC as a place to retire.....	1	2	3	4	5
The overall quality of life in ABC.....	1	2	3	4	5

2. Please rate each of the following characteristics as they relate to ABC as a whole:

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't know</i>
Overall feeling of safety in ABC.....	1	2	3	4	5
Overall ease of getting to the places you usually have to visit.....	1	2	3	4	5
Quality of overall natural environment in ABC.....	1	2	3	4	5
Overall "built environment" of ABC (including overall design, buildings, parks and transportation systems).....	1	2	3	4	5
Health and wellness opportunities in ABC.....	1	2	3	4	5
Overall opportunities for education and enrichment.....	1	2	3	4	5
Overall economic health of ABC.....	1	2	3	4	5
Sense of community.....	1	2	3	4	5
Overall image or reputation of ABC.....	1	2	3	4	5

3. Please indicate how likely or unlikely you are to do each of the following:

	<i>Very likely</i>	<i>Somewhat likely</i>	<i>Somewhat unlikely</i>	<i>Very unlikely</i>	<i>Don't know</i>
Recommend living in ABC to someone who asks.....	1	2	3	4	5
Remain in ABC for the next five years.....	1	2	3	4	5

4. Please rate how safe or unsafe you feel:

	<i>Very safe</i>	<i>Somewhat safe</i>	<i>Neither safe nor unsafe</i>	<i>Somewhat unsafe</i>	<i>Very unsafe</i>	<i>Don't know</i>
In your neighborhood during the day.....	1	2	3	4	5	6
In ABC's downtown/commercial area during the day.....	1	2	3	4	5	6

5. Please rate each of the following characteristics as they relate to ABC as a whole:

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't know</i>
Traffic flow on major streets.....	1	2	3	4	5
Ease of public parking.....	1	2	3	4	5
Ease of travel by car in ABC.....	1	2	3	4	5
Ease of travel by public transportation in ABC.....	1	2	3	4	5
Ease of travel by bicycle in ABC.....	1	2	3	4	5
Ease of walking in ABC.....	1	2	3	4	5
Availability of paths and walking trails.....	1	2	3	4	5
Air quality.....	1	2	3	4	5
Cleanliness of ABC.....	1	2	3	4	5
Overall appearance of ABC.....	1	2	3	4	5
Public places where people want to spend time.....	1	2	3	4	5
Variety of housing options.....	1	2	3	4	5
Availability of affordable quality housing.....	1	2	3	4	5
Fitness opportunities (including exercise classes and paths or trails, etc.).....	1	2	3	4	5
Recreational opportunities.....	1	2	3	4	5
Availability of affordable quality food.....	1	2	3	4	5
Availability of affordable quality health care.....	1	2	3	4	5
Availability of preventive health services.....	1	2	3	4	5
Availability of affordable quality mental health care.....	1	2	3	4	5

6. Please rate each of the following characteristics as they relate to ABC as a whole:

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't know</i>
Availability of affordable quality child care/preschool.....	1	2	3	4	5
K-12 education.....	1	2	3	4	5
Adult educational opportunities.....	1	2	3	4	5
Opportunities to attend cultural/arts/music activities.....	1	2	3	4	5
Opportunities to participate in religious or spiritual events and activities.....	1	2	3	4	5
Employment opportunities.....	1	2	3	4	5
Shopping opportunities.....	1	2	3	4	5
Cost of living in ABC.....	1	2	3	4	5
Overall quality of business and service establishments in ABC.....	1	2	3	4	5
Vibrant downtown/commercial area.....	1	2	3	4	5
Overall quality of new development in ABC.....	1	2	3	4	5
Opportunities to participate in social events and activities.....	1	2	3	4	5
Opportunities to volunteer.....	1	2	3	4	5
Opportunities to participate in community matters.....	1	2	3	4	5
Openness and acceptance of the community toward people of diverse backgrounds.....	1	2	3	4	5
Neighborliness of residents in ABC.....	1	2	3	4	5

7. Please indicate whether or not you have done each of the following in the last 12 months.

	<i>No</i>	<i>Yes</i>
Made efforts to conserve water.....	1	2
Made efforts to make your home more energy efficient.....	1	2
Observed a code violation or other hazard in ABC (weeds, abandoned buildings, etc.).....	1	2
Household member was a victim of a crime in ABC.....	1	2
Reported a crime to the police in ABC.....	1	2
Stocked supplies in preparation for an emergency.....	1	2
Campaigned or advocated for an issue, cause or candidate.....	1	2
Contacted the XYZ of ABC (in-person, phone, email or web) for help or information.....	1	2
Contacted ABC elected officials (in-person, phone, email or web) to express your opinion.....	1	2

8. In the last 12 months, about how many times, if at all, have you or other household members done each of the following in ABC?

	<i>2 times a week or more</i>	<i>2-4 times a month</i>	<i>Once a month or less</i>	<i>Not at all</i>
Used ABC recreation centers or their services.....	1	2	3	4
Visited a neighborhood park or XYZ park.....	1	2	3	4
Used ABC public libraries or their services.....	1	2	3	4
Participated in religious or spiritual activities in ABC.....	1	2	3	4
Attended a XYZ-sponsored event.....	1	2	3	4
Used bus, rail, subway or other public transportation instead of driving.....	1	2	3	4
Carpooled with other adults or children instead of driving alone.....	1	2	3	4
Walked or biked instead of driving.....	1	2	3	4
Volunteered your time to some group/activity in ABC.....	1	2	3	4
Participated in a club.....	1	2	3	4
Talked to or visited with your immediate neighbors.....	1	2	3	4
Done a favor for a neighbor.....	1	2	3	4

9. Thinking about local public meetings (of local elected officials like City Council or County Commissioners, advisory boards, town halls, HOA, neighborhood watch, etc.), in the last 12 months, about how many times, if at all, have you or other household members attended or watched a local public meeting?

	<i>2 times a week or more</i>	<i>2-4 times a month</i>	<i>Once a month or less</i>	<i>Not at all</i>
<u>Attended</u> a local public meeting.....	1	2	3	4
<u>Watched</u> (online or on television) a local public meeting.....	1	2	3	4

The XYZ of ABC 2016 Citizen Survey

10. Please rate the quality of each of the following services in ABC:

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't know</i>
Police/Sheriff services.....	1	2	3	4	5
Fire services.....	1	2	3	4	5
Ambulance or emergency medical services.....	1	2	3	4	5
Crime prevention.....	1	2	3	4	5
Fire prevention and education.....	1	2	3	4	5
Traffic enforcement.....	1	2	3	4	5
Street repair.....	1	2	3	4	5
Street cleaning.....	1	2	3	4	5
Street lighting.....	1	2	3	4	5
Snow removal.....	1	2	3	4	5
Sidewalk maintenance.....	1	2	3	4	5
Traffic signal timing.....	1	2	3	4	5
Bus or transit services.....	1	2	3	4	5
Garbage collection.....	1	2	3	4	5
Recycling.....	1	2	3	4	5
Yard waste pick-up.....	1	2	3	4	5
Storm drainage.....	1	2	3	4	5
Drinking water.....	1	2	3	4	5
Sewer services.....	1	2	3	4	5
Power (electric and/or gas) utility.....	1	2	3	4	5
Utility billing.....	1	2	3	4	5
XYZ parks.....	1	2	3	4	5
Recreation programs or classes.....	1	2	3	4	5
Recreation centers or facilities.....	1	2	3	4	5
Land use, planning and zoning.....	1	2	3	4	5
Code enforcement (weeds, abandoned buildings, etc.).....	1	2	3	4	5
Animal control.....	1	2	3	4	5
Economic development.....	1	2	3	4	5
Health services.....	1	2	3	4	5
Public library services.....	1	2	3	4	5
Public information services.....	1	2	3	4	5
Cable television.....	1	2	3	4	5
Emergency preparedness (services that prepare the community for natural disasters or other emergency situations).....	1	2	3	4	5
Preservation of natural areas such as open space, farmlands and greenbelts.....	1	2	3	4	5
ABC open space.....	1	2	3	4	5
XYZ-sponsored special events.....	1	2	3	4	5
Overall customer service by ABC employees (police, receptionists, planners, etc.).....	1	2	3	4	5

11. Overall, how would you rate the quality of the services provided by each of the following?

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't know</i>
The XYZ of ABC.....	1	2	3	4	5
The Federal Government.....	1	2	3	4	5

12. Please rate the following categories of ABC government performance:

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>	<i>Don't know</i>
The value of services for the taxes paid to ABC.....	1	2	3	4	5
The overall direction that ABC is taking.....	1	2	3	4	5
The job ABC government does at welcoming citizen involvement.....	1	2	3	4	5
Overall confidence in ABC government.....	1	2	3	4	5
Generally acting in the best interest of the community.....	1	2	3	4	5
Being honest.....	1	2	3	4	5
Treating all residents fairly.....	1	2	3	4	5

13. Please rate how important, if at all, you think it is for the ABC community to focus on each of the following in the coming two years:

	<i>Essential</i>	<i>Very important</i>	<i>Somewhat important</i>	<i>Not at all important</i>
Overall feeling of safety in ABC.....	1	2	3	4
Overall ease of getting to the places you usually have to visit	1	2	3	4
Quality of overall natural environment in ABC	1	2	3	4
Overall “built environment” of ABC (including overall design, buildings, parks and transportation systems)	1	2	3	4
Health and wellness opportunities in ABC.....	1	2	3	4
Overall opportunities for education and enrichment.....	1	2	3	4
Overall economic health of ABC.....	1	2	3	4
Sense of community	1	2	3	4

xx. Custom Question #1
 Custom Question #1 Custom Question #1 Custom Question #1 Custom Question #1 Custom Question #1
 Custom Question #1 Custom Question #1 Custom Question #1 Custom Question #1 Custom Question #1
 Custom Question #1 Custom Question #1

- Scale point 1 Scale point 2 Scale point 3 Scale point 4 Scale point 5

xx. Custom Question #2
 Custom Question #2 Custom Question #2 Custom Question #2 Custom Question #2 Custom Question #2
 Custom Question #2 Custom Question #2 Custom Question #2 Custom Question #2 Custom Question #2
 Custom Question #2 Custom Question #2

- Scale point 1 Scale point 2 Scale point 3 Scale point 4 Scale point 5

xx. Custom Question #3
 Custom Question #3 Custom Question #3 Custom Question #3 Custom Question #3 Custom Question #3
 Custom Question #3 Custom Question #3 Custom Question #3 Custom Question #3 Custom Question #3
 Custom Question #3 Custom Question #3

- Scale point 1 Scale point 2 Scale point 3 Scale point 4 Scale point 5

xx. OPTIONAL [See Worksheets for details and price of this option] Open-Ended Question Open-Ended Question
 Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended
 Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-
 Ended Question

The XYZ of ABC 2016 Citizen Survey

Our last questions are about you and your household. Again, all of your responses to this survey are completely anonymous and will be reported in group form only.

D1. How often, if at all, do you do each of the following, considering all of the times you could?

	<i>Never</i>	<i>Rarely</i>	<i>Sometimes</i>	<i>Usually</i>	<i>Always</i>
Recycle at home.....	1	2	3	4	5
Purchase goods or services from a business located in ABC.....	1	2	3	4	5
Eat at least 5 portions of fruits and vegetables a day	1	2	3	4	5
Participate in moderate or vigorous physical activity	1	2	3	4	5
Read or watch local news (via television, paper, computer, etc.)	1	2	3	4	5
Vote in local elections	1	2	3	4	5

D2. Would you say that in general your health is:

- Excellent Very good Good Fair Poor

D3. What impact, if any, do you think the economy will have on your family income in the next 6 months? Do you think the impact will be:

- Very positive Somewhat positive Neutral Somewhat negative Very negative

D4. What is your employment status?

- Working full time for pay
 Working part time for pay
 Unemployed, looking for paid work
 Unemployed, not looking for paid work
 Fully retired

D5. Do you work inside the boundaries of ABC?

- Yes, outside the home
 Yes, from home
 No

D6. How many years have you lived in ABC?

- Less than 2 years 11-20 years
 2-5 years More than 20 years
 6-10 years

D7. Which best describes the building you live in?

- One family house detached from any other houses
 Building with two or more homes (duplex, townhome, apartment or condominium)
 Mobile home
 Other

D8. Is this house, apartment or mobile home...

- Rented
 Owned

D9. About how much is your monthly housing cost for the place you live (including rent, mortgage payment, property tax, property insurance and homeowners' association (HOA) fees)?

- Less than \$300 per month
 \$300 to \$599 per month
 \$600 to \$999 per month
 \$1,000 to \$1,499 per month
 \$1,500 to \$2,499 per month
 \$2,500 or more per month

D10. Do any children 17 or under live in your household?

- No Yes

D11. Are you or any other members of your household aged 65 or older?

- No Yes

D12. How much do you anticipate your household's total income before taxes will be for the current year? (Please include in your total income money from all sources for all persons living in your household.)

- Less than \$25,000
 \$25,000 to \$49,999
 \$50,000 to \$99,999
 \$100,000 to \$149,999
 \$150,000 or more

Please respond to both questions D13 and D14:

D13. Are you Spanish, Hispanic or Latino?

- No, not Spanish, Hispanic or Latino
 Yes, I consider myself to be Spanish, Hispanic or Latino

D14. What is your race? (Mark one or more races to indicate what race you consider yourself to be.)

- American Indian or Alaskan Native
 Asian, Asian Indian or Pacific Islander
 Black or African American
 White
 Other

D15. In which category is your age?

- 18-24 years 55-64 years
 25-34 years 65-74 years
 35-44 years 75 years or older
 45-54 years

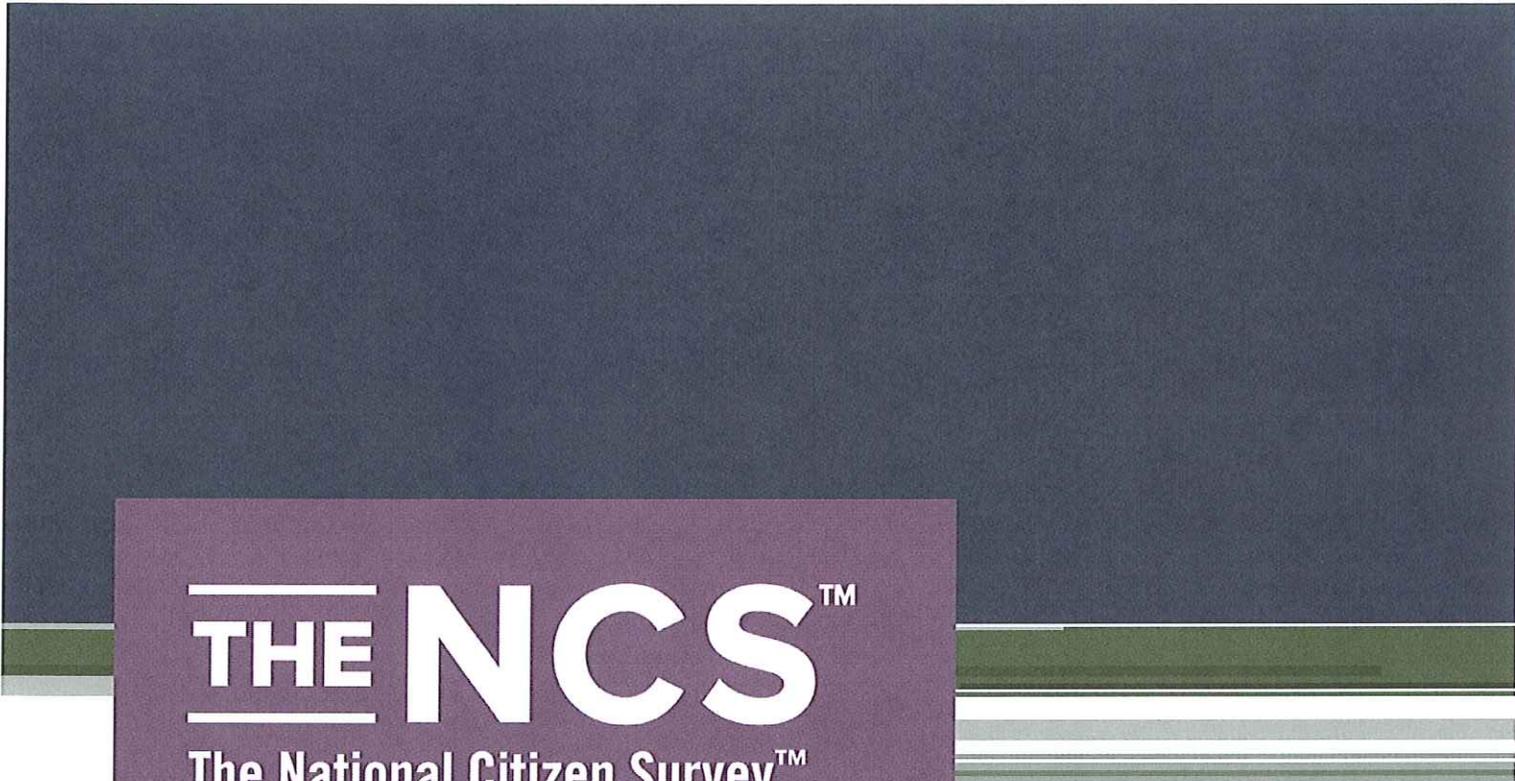
D16. What is your sex?

- Female Male

D17. Do you consider a cell phone or land line your primary telephone number?

- Cell Land line Both

Thank you for completing this survey. Please return the completed survey in the postage-paid envelope to: National Research Center, Inc., PO Box 549, Belle Mead, NJ 08502



THE NCSTM
The National Citizen SurveyTM

Carlton, IA

Sample Community Livability Report

2015



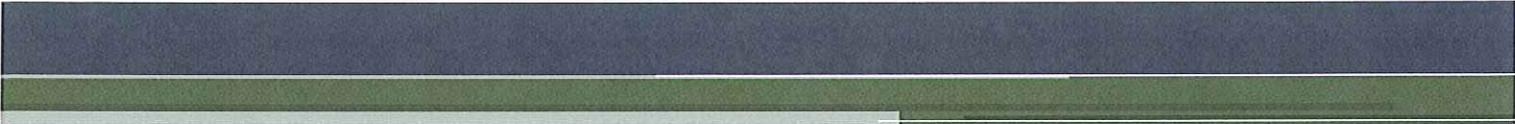
NRC
National Research Center Inc

2955 Valmont Road Suite 300
Boulder, Colorado 80301
n-r-c.com • 303-444-7863

ICMA

Leaders at the Core of Better Communities

777 North Capitol Street NE Suite 500
Washington, DC 20002
icma.org • 800-745-8780



Contents

About.....	1
Quality of Life in ABC	2
Community Characteristics	3
Governance	5
Participation	7
Special Topics.....	9
Conclusions	10

About

The National Citizen Survey™ (The NCS) report is about the “livability” of Carlton. The phrase “livable community” is used here to evoke a place that is not simply habitable but that is desirable. It is not only where people do live, but where they want to live.

Great communities are partnerships of the government, private sector, community-based organizations and residents, all geographically connected. The NCS captures residents’ opinions within the three pillars of a community (Community Characteristics, Governance and Participation) and across eight central facets of community (Safety, Mobility, Natural Environment, Built Environment, Economy, Recreation and Wellness, Education and Enrichment and Community Engagement).

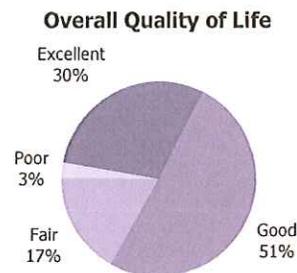
The *Community Livability Report* provides the opinions of a representative sample of 1,200 residents of the City of Carlton. The margin of error around any reported percentage is 5% for the entire sample (382 completed surveys). The methods used to garner these opinions can be found in the *Technical Appendices* provided under separate cover.



Quality of Life in Carlton

Most residents rated the quality of life in Carlton as “excellent” or “good,” which was similar to ratings in other communities across the U.S.

Shown below are the eight facets of community. The color of each community facet summarizes how residents rated it across the three sections of the survey that represent the pillars of a community – Community Characteristics, Governance and Participation. When most ratings across the three pillars were higher than the benchmark, the color for that facet is the darkest shade; when most ratings were lower than the benchmark, the color is the lightest shade. A mix of ratings (higher and lower than the benchmark) results in a color between the extremes.

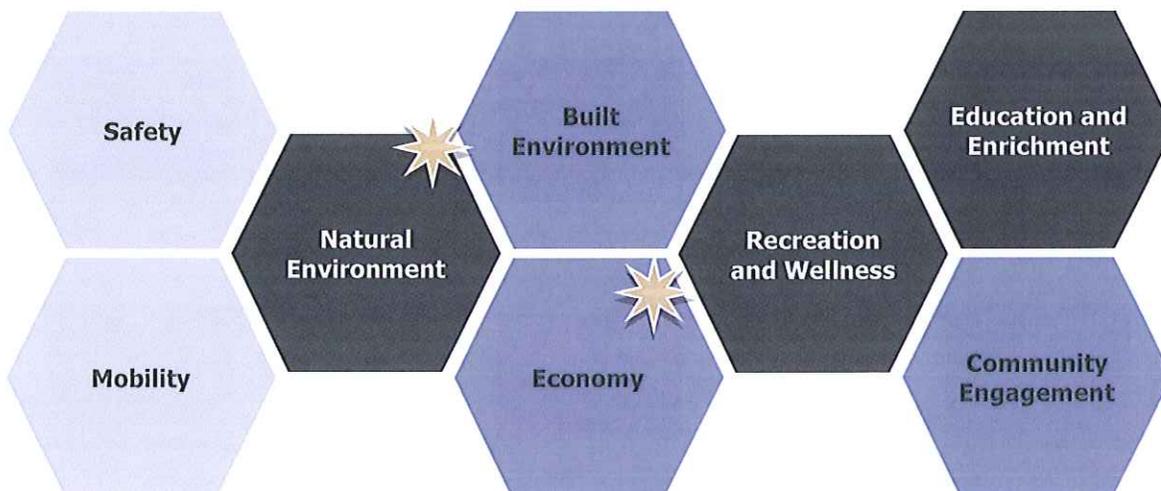


In addition to a summary of ratings, the image below includes one or more stars to indicate which community facets were the most important to residents’ overall quality of life. Residents identified these facets of community life, Natural Environment and Economy, as the most central to what makes Carlton their home. It is noteworthy that Carlton residents gave favorable ratings to most aspects of livability, especially in the areas of Safety and Recreation and Wellness. This overview of the key aspects of community quality provides a quick summary of where residents see exceptionally strong performance and where performance offers the greatest opportunity for improvement. Linking quality to importance offers community members and leaders a view into the characteristics of the community that matter most and that seem to be working best.

Details that support these findings are contained in the remainder of this Livability Report, starting with the ratings for Community Characteristics, Governance and Participation and ending with results for Carlton’s unique questions.

Legend

- Higher than national benchmark
- Similar to national benchmark
- Lower than national benchmark
- Benchmark comparison not available
- Most important to quality of life



Community Characteristics

What makes a community livable, attractive and a place where people want to be?

Overall quality of community life represents the natural ambience, services and amenities that make for an attractive community. How residents rate their overall quality of life is an indicator of the overall health of a community. In the case of Carlton, 80% of residents rated their overall quality of life as “excellent” or “good” while only 3% of respondents felt they had a “poor” quality of life. Respondents’ ratings of quality of life in Carlton were similar to ratings in other communities across the nation (see Appendix B of the *Technical Appendices* provided under separate cover).

In addition to rating their overall quality of life, respondents rated several aspects of community quality including Carlton as a place to live, raise children and retire, as well as their neighborhood as a place to live, the overall image or reputation of Carlton and its overall appearance. Carlton as a place to live was rated the most positively with 85% of respondents rating this aspect of the community as “excellent” or “good;” these ratings were similar to other communities in the U.S. While slightly fewer respondents in Carlton rated the overall image or reputation of Carlton and the overall appearance of Carlton positively (about 70% “excellent” or “good”), these aspects of the community were higher in Carlton than in other communities across the nation.

Delving deeper into Community Quality, survey respondents rated over 40 features of the community within the eight dimensions of Community Livability. Carlton performed strongly in the areas of the Natural Environment and Education and Enrichment. For example, aspects of the Natural Environment (including the overall natural environment, air quality and cleanliness) were rated as “excellent” or “good” by at least 7 in 10 respondents and all three aspects received ratings higher than the national benchmark.

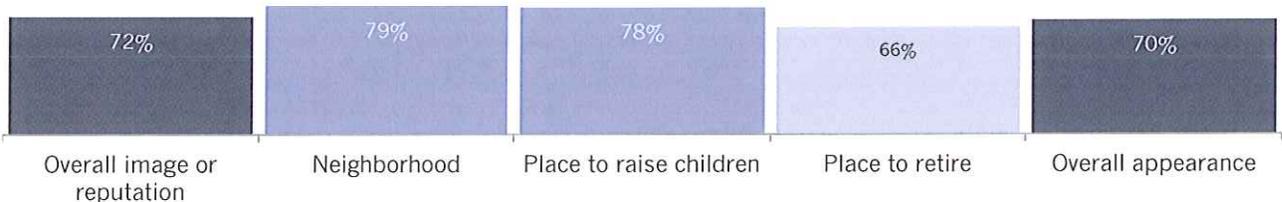


Challenges for Carlton may lie in the areas of Safety and the Built Environment. About two-thirds of respondents rated the overall feeling of safety in Carlton as “excellent” or “good,” which was lower than the national benchmark. While the majority of respondents felt “very” or “somewhat” safe in their neighborhood (78%), these ratings were lower in Carlton than in other communities in the U.S.

Percent rating positively (e.g., excellent/good)

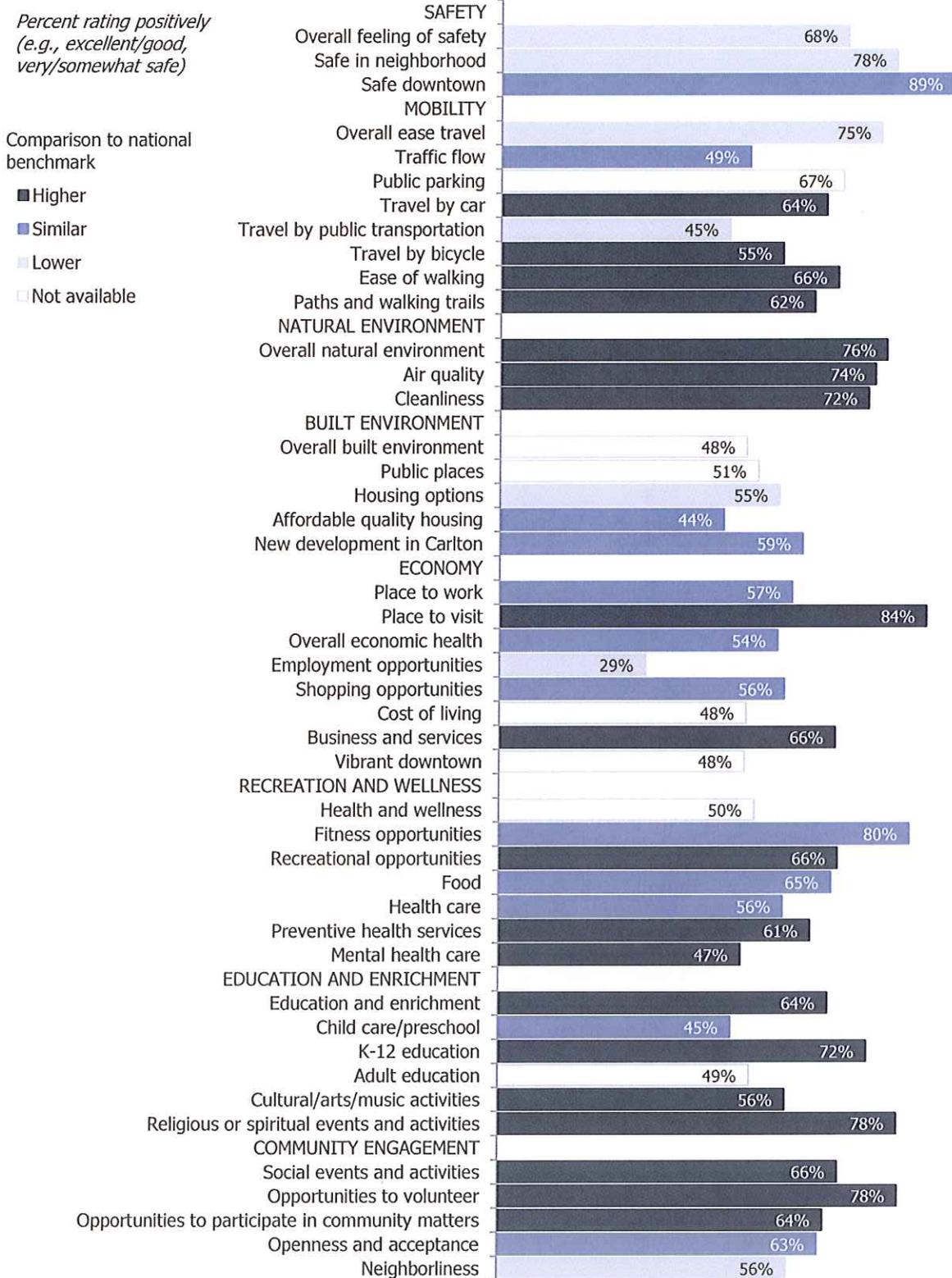
Comparison to national benchmark

■ Higher ■ Similar ■ Lower □ Not available



The National Citizen Survey™

Figure 1: Aspects of Community Characteristics



Governance

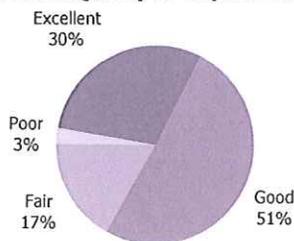
How well does the government of Carlton meet the needs and expectations of its residents?

The overall quality of services provided by Carlton as well as the manner in which these services are provided are key components of how residents rate their quality of life. About 8 in 10 survey respondents rated the overall quality of services provided by Carlton as “excellent” or “good” (about half as many felt this way about the services provided by the federal government). Ratings for the services provided by Carlton were higher than the benchmark when compared to other communities in the U.S.

Survey respondents also rated various aspects of Carlton’s leadership and governance. Overall, about half of respondents felt the City did an “excellent” or “good” job of welcoming citizen involvement, acting in the best interest of Carlton and treating all residents fairly. While about 60% of respondents were pleased with the overall direction of Carlton, fewer (51%) had confidence in the government of Carlton. About 8 in 10 survey respondents felt City employees provided “excellent” or “good” customer service, a rating that was higher in Carlton when compared to its national peers.

Respondents evaluated over 30 individual services and amenities available in Carlton. Carlton performed well in the areas of Safety, Natural Environment and Recreation and Wellness. Of the seven Safety services rated, six were rated higher the national benchmark: fire, ambulance/EMS, police, fire prevention, crime prevention and emergency preparedness. Ratings for services related to the Natural Environment fared similarly well and all four Recreation and Wellness services were rated higher in Carlton when compared to other communities across the nation.

Overall Quality of City Services

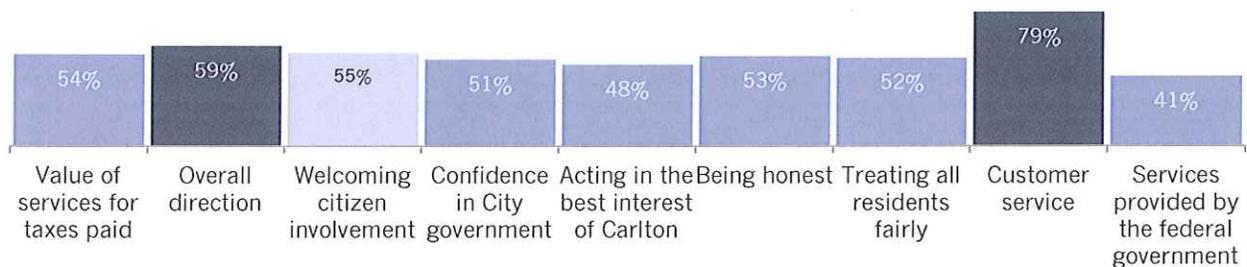


Carlton may face some challenges in the areas of Mobility and the Built Environment. Overall, ratings for Mobility and Built Environment tended to be rated lower when compared to other services provided by the City; between half to three-quarters of respondents rated these services as “excellent” or “good.”

Percent rating positively (e.g., excellent/good)

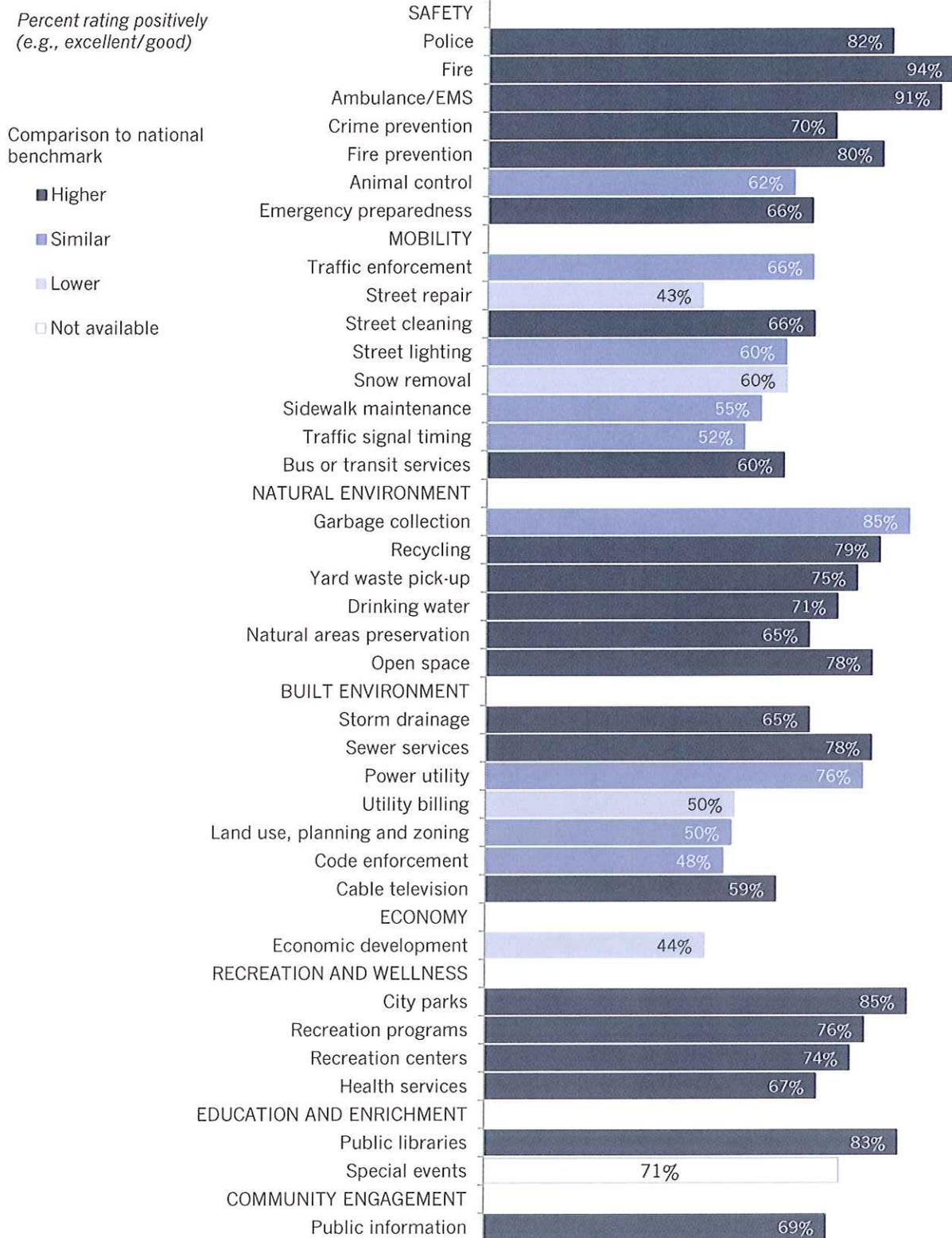
Comparison to national benchmark

■ Higher ■ Similar ■ Lower □ Not available



The National Citizen Survey™

Figure 2: Aspects of Governance



Participation

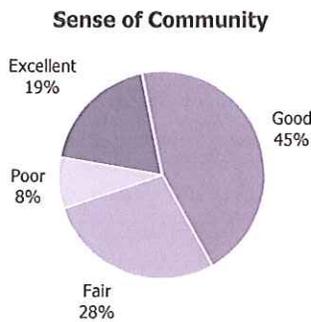
Are the residents of Carlton connected to the community and each other?

The sense of community in Carlton was similar to other communities across the nation with about two-thirds of survey respondents rating it as “excellent” or “good.” About three-quarters of respondents were “very” or “somewhat” likely to recommend living in Carlton to someone who asks (similar to the national benchmark) and to remain in Carlton for the next five years (higher than the national benchmark). Also, about half of respondents had reached out to the City for help or information, a proportion that was lower in Carlton than in its national peers.

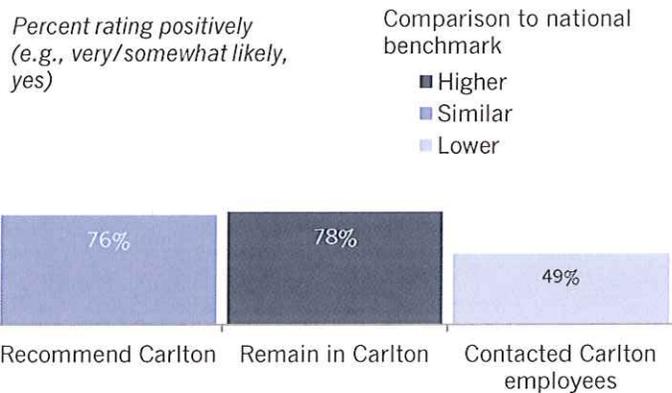
The survey included over 30 activities and behaviors that respondents indicated how often they participated in or performed each, if at all. Overall, for the 18 activities for which benchmark comparisons were available, Carlton residents tended to participate in these various activities at rates similar to or lower than residents in other communities across the country.

In the area of Community Engagement, about one-quarter of respondents had attended or watched a local public meeting, a proportion that was higher in Carlton than in other communities. However, fewer respondents in Carlton than in other U.S. communities had participated in other Community Engagement activities such as volunteering, talking with neighbors or voting in local elections.

While the proportion of residents who had visited a City park was similar to that of other communities (about 30%), compared to the national benchmark fewer residents in Carlton took advantage of other Recreation and Wellness activities such as using recreation centers (15% of respondents) or public libraries (21%). The percent of Carlton residents who reported themselves as being in “excellent” or “very good” health (69%) was similar to the national benchmark.

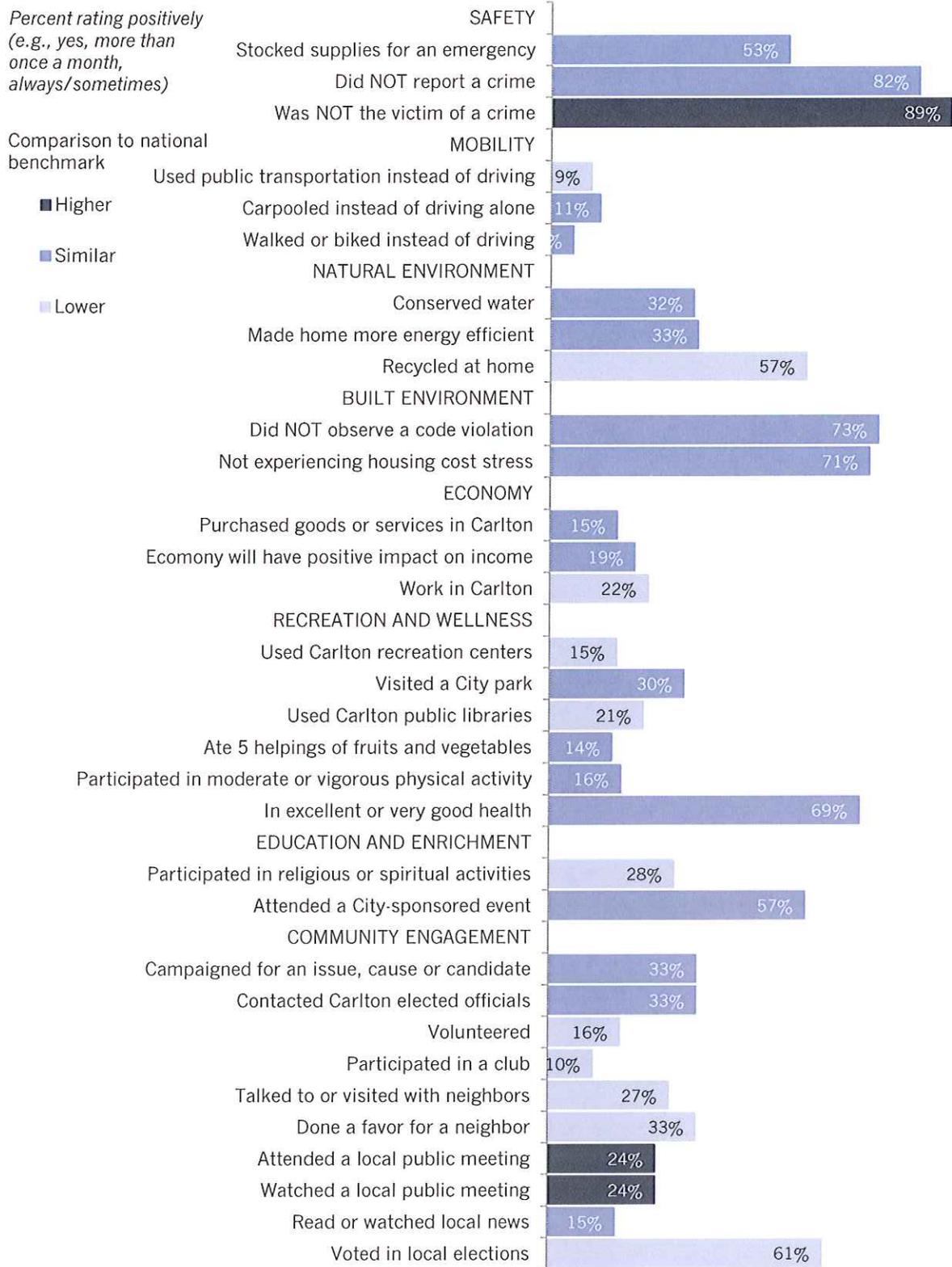


Survey respondents exhibited lower than average engagement in the area of the Natural Environment. Less than 6 in 10 respondents “sometimes” or “always” recycled at home, a rate that was lower in Carlton than in other communities across the nation. About one-third of respondents had conserved water or made their homes more energy efficient in the past 12 months; benchmark comparisons for these two activities were not available.



The National Citizen Survey™

Figure 3: Aspects of Participation

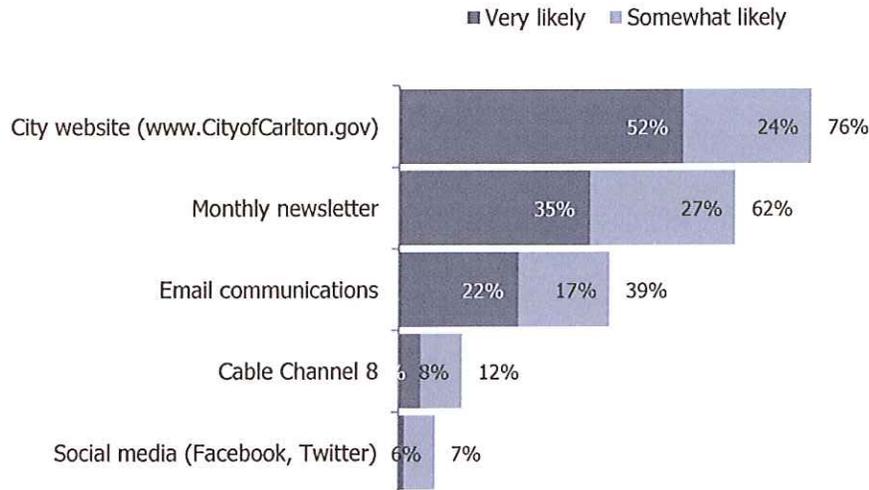


Special Topics

The City of Carlton included a question of special interest on The NCS. The City was interested in knowing which information sources residents would be the most likely to use. Overall, residents expressed strong preferences for the City's website and monthly newsletter, while few would use social media to find information about the City.

Figure 4: Question 13a

How likely or unlikely are you to use each of the following sources to find information about the City, its services, programs and events?



Conclusions

The Natural Environment is an asset of Carlton.

The overall natural environment, air quality and cleanliness of Carlton were rated as “excellent” or “good” by at least 7 in 10 respondents and all three aspects received ratings higher than the national benchmark. Between 65% and 85% of respondents rated recycling, open space, yard waste pick-up, drinking water and preservation of natural areas as “excellent” or “good” and all were higher than the national benchmark. However, less than 6 in 10 respondents “sometimes” or “always” recycled at home, a rate that was lower in Carlton than in other communities across the nation, and only one-third of respondents had conserved water or made their homes more energy efficient in the past 12 months.

Despite excellent Safety services and low crime victimization, residents do not feel safe.

Of the seven Safety services rated, six were rated higher the national benchmark: fire, ambulance/EMS, police, fire prevention, crime prevention and emergency preparedness. About 1 in 10 respondents had been the victim of a crime (which was lower in Carlton when compared to other communities) and 82% had reported a crime to police (which was similar in Carlton when compared to other communities). While the majority of respondents felt “very” or “somewhat” safe in their neighborhood (78%), this rating was lower in Carlton than in other communities in the U.S. The overall feeling of safety was rated as “excellent” or “good” by 68% of respondents and was lower than the national benchmark.

Residents appreciate Carlton’s great Community Engagement opportunities.

Social events and activities, opportunities to volunteer and opportunities to participate in community matters received ratings higher than the national benchmark, as did the City’s public information services. While higher proportions of residents in Carlton reported having attended or watched a local public meeting when compared to other communities across the country, fewer had volunteered, participated in a club, or voted in local elections. Both the sense of community and the openness and acceptance of people of diverse backgrounds were rated similar to the national benchmark. Compared to other communities in the U.S., Carlton residents were less likely to have talked or visited with neighbors or done a favor for a neighbor; this may account for the neighborliness of Carlton as being rated lower in Carlton than in other communities.



NRC
National Research Center Inc.

2955 Valmont Road
Suite 300
Boulder, CO 80301
T: (303) 444-7863
F: (303) 444-1145

Invoice

Date	Invoice No.
xx	xxxx

Bill to:
xx XYZ of ABC xx xx xx

Terms
Net 30 days

Description	Total	Amount Paid	Amount Due
The National Citizen Survey™ Basic Service	\$13,860	\$0	\$9,500
		\$0	\$0

TOTAL	\$13,860.00	\$0.00	\$9,500.00
--------------	-------------	--------	------------

If payment is not received within 30 days, National Research Center, Inc. reserves the right to charge an additional fee of 3% of the total invoiced amount on any late payments. This policy helps keep costs low for clients that pay in a timely fashion.



NRC
National Research Center Inc.

2955 Valmont Road
Suite 300
Boulder, CO 80301
T: (303) 444-7863
F: (303) 444-1145

Invoice

Date	Invoice No.
xx	xxxx

Bill to:
xx XYZ of ABC xx xx xx

Terms
Net 30 days

Description	Total	Amount Paid	Amount Due
The National Citizen Survey™ Basic Service	\$13,860	\$0	\$9,500
Increased sample size (+300; 1,800 total)	\$1,287	\$0	\$0

TOTAL	\$15,147.00	\$0.00	\$9,500.00
--------------	-------------	--------	------------

If payment is not received within 30 days, National Research Center, Inc. reserves the right to charge an additional fee of 3% of the total invoiced amount on any late payments. This policy helps keep costs low for clients that pay in a timely fashion.



NRC
National Research Center Inc

2955 Valmont Road
Suite 300
Boulder, CO 80301
T: (303) 444-7863
F: (303) 444-1145

Invoice

Date	Invoice No.
xx	xxxx

Bill to:
xx XYZ of ABC xx xx xx

Terms
Net 30 days

Description	Total	Amount Paid	Amount Due
The National Citizen Survey™ Basic Service	\$13,860	\$0	\$9,500
Open-ended question	\$1,755	\$0	\$0

TOTAL	\$15,615.00	\$0.00	\$9,500.00
--------------	-------------	--------	------------

If payment is not received within 30 days, National Research Center, Inc. reserves the right to charge an additional fee of 3% of the total invoiced amount on any late payments. This policy helps keep costs low for clients that pay in a timely fashion.



NRC
National Research Center Inc.

2955 Valmont Road
Suite 300
Boulder, CO 80301
T: (303) 444-7863
F: (303) 444-1145

Invoice

Date	Invoice No.
xx	xxxx

Bill to:
xx XYZ of ABC xx xx xx

Terms
Net 30 days

Description	Total	Amount Paid	Amount Due
The National Citizen Survey™ Basic Service	\$13,860	\$0	\$9,500
Increased sample size (+300; 1,800 total)	\$1,287	\$0	\$0
Open-ended question	\$1,755	\$0	\$0

TOTAL	\$16,902.00	\$0.00	\$9,500.00
--------------	--------------------	---------------	-------------------

If payment is not received within 30 days, National Research Center, Inc. reserves the right to charge an additional fee of 3% of the total invoiced amount on any late payments. This policy helps keep costs low for clients that pay in a timely fashion.

Agenda Item:

6D. Consideration of fiscal year 2017 budget for the City of Kerrville Economic Improvement Corporation. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Consideration of the Fiscal Year 2017 (FY2017) budget for the City of Kerrville Economic Improvement Corporation

FOR AGENDA OF: Aug. 23, 2016 **DATE SUBMITTED:** Aug. 16, 2016

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS: FY2017 EIC Budget

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

At its meeting of Monday, July 18, 2016, the City of Kerrville Economic Improvement Corporation voted to approve its FY2017 budget. This budget allocates \$4,895,236 for FY2017.

Revenue projections for FY2017 are \$3,307,505 and the budget contemplates a planned draw down of reserves of \$1,500,000. The FY2016 Economic Improvement Corporation budget projected an unrestricted fund balance of \$3,665,450.

The FY2017 budget allocates expenditures for Administration, Category 1 – Business Development, Category II – Quality of Life, and Category III – Public Infrastructure categories. The Economic Improvement Corporation approved the following allocations:

Administration = \$1,395,236

- Includes debt service payments for the River Trail and Athletic Complex projects;
- Includes a contribution to the Kerrville Economic Development Corporation;

Category I – Business Development = \$500,000

- Consists of an economic development set-aside of \$500,000;
- Annual unexpended allocations for economic development set-aside are swept into a restricted fund balance for economic development purposes;

Category II – Quality of Life = \$1,000,000

- Includes \$750,000 for the first of two set-asides for upgrades to the Tennis Center;

- Includes \$250,000 for the construction of a downtown water feature contemplated as part of the city's downtown enhancement plan; and
- Category III – Public Infrastructure
- Provides for an allocation of \$1,500,000 for a portion of the funding for the extension of reclamation water distribution mains (the City Council has authorized an application for a grant of up to \$3.0 million to fund the construction of these mains).

The Economic Improvement Corporation budget is included as a Component Unit Fund in the city's overall annual budget.

RECOMMENDED ACTION

City staff recommends approval of the City of Kerrville Economic Improvement Corporation annual budget for FY2017.

EIC - Proposed FY17 Budget

	FY16 Adopted	FY17 Proposed	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected
BEGINNING CASH BALANCE	\$3,657,920	\$3,665,450	\$2,077,719	\$432,122	\$1,573,068	\$1,852,178	\$3,247,858
REVENUE:							
Sales and Use Tax	\$3,206,316	\$3,302,505	\$3,368,555	\$3,536,983	\$3,678,463	\$3,788,816	\$3,864,593
Interest	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Transfers In							
TOTAL REVENUE	\$3,211,316	\$3,307,505	\$3,373,555	\$3,541,983	\$3,683,463	\$3,793,816	\$3,869,593
EXPENDITURES:							
Administrative							
Local Meeting - Workshops	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Advertising							
Debt Service - Series 2011A (River Trail)	\$256,923	\$258,456	\$259,890	\$261,223	\$262,456	\$260,256	\$260,390
Debt Service - Series 2012 (River Trail)	\$255,630	\$252,863	\$253,413	\$250,547	\$250,997	\$248,863	\$253,197
Debt Service - Series 2015 (Athletic Complex)	\$596,329	\$603,417	\$605,350	\$603,767	\$605,400	\$603,517	\$604,850
Economic Development Governing Body	\$154,404	\$180,000	\$180,000	\$185,000	\$185,000	\$185,000	\$185,000
Administrative Services Fee	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Administrative	\$1,363,786	\$1,395,236	\$1,399,153	\$1,401,036	\$1,404,353	\$1,398,136	\$1,403,936
Category I - Business Development							
ED Set Aside	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
James Avery Craftsman	\$610,000						
Unspecified	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Category I	\$610,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Category II - Quality of Life							
Schreiner University Project							
Tennis Center		\$750,000	\$750,000				
LHP Lighting	\$250,000						
Olympic Pool	\$100,000						
Downtown Streetscape Enhancements							
Parking Garage	\$160,000						
Planter Boxes	\$20,000						
Street Furniture	\$100,000						
Water Feature		\$250,000					
Gateway Features			\$120,000				
Singing Wind Ball Fields			\$750,000				
Guadalupe Park Enhancements					\$1,500,000		
Unspecified	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Category II	\$630,000	\$1,000,000	\$1,620,000	\$0	\$1,500,000	\$0	\$0
Category III - Public Infrastructure							
Housing	\$100,000	\$500,000		\$500,000		\$500,000	
Village West Utilities							
Water 1/2 cost							
Wastewater (line extension)							
IH10 @ FM 783	\$500,000						
Reuse Distribution Lines		\$1,500,000	\$1,500,000				
Unspecified	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Category III	\$600,000	\$2,000,000	\$1,500,000	\$500,000	\$0	\$500,000	\$0
Contingency							
TOTAL EXPENDITURES	\$3,203,786	\$4,895,236	\$5,019,153	\$2,401,036	\$3,404,353	\$2,398,136	\$1,903,936
NET REVENUES TO EXPENDITURES	\$7,530	-\$1,587,731	-\$1,645,597	\$1,140,947	\$279,110	\$1,395,680	\$1,965,656
FUND BALANCE	\$3,665,450	\$2,077,719	\$432,122	\$1,573,068	\$1,852,178	\$3,247,858	\$5,213,515
Accumulated ED Set Aside	\$500,000	\$1,000,000	\$1,500,000	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000

Agenda Item:

6E. Review and discussion of public comments made by elected officials regarding the river trail. (Councilmember Stork)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Review and discussion of public comments made by elected officials regarding the river trail

FOR AGENDA OF: Aug. 23, 2016 **DATE SUBMITTED:** Aug. 16, 2016

SUBMITTED BY: Gary Stork **CLEARANCES:** Todd Parton
Council Member – Place 3 City Manager

EXHIBITS: Excerpt of Transcript – Harley Belew Radio Show of July 15, 2016
Recognitions Awarded to the City of Kerrville Finance Department

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Elected officials have made public comments regarding the river trail project. Those comments have pertained to project budgeting, project accounting, easement acquisition, and land purchase.

RECOMMENDED ACTION

These comments need to be reviewed and discussed by the City Council.

Radio Program:

Harley Belew and Mayor Bonnie White

Belew: Rumor on the street that we don't have a final total of what we spent on the river trail so far—is that true or not, or do you know or not, or you can't ask the person that you need to ask? Do we know what we spent on the river trail?

White: That's a good question. We're kind of in limba. You know it is interesting on the accounting for that. I had asked questions and I have a file on that in the office. Originally my understanding is that the monies that were borrowed and the monies that were given, granted by EIC, cash money, were attributed to the river trail and the trail only and that all outside professional fees, acquisition fees, legal fees, even the paving in those parks was not accounted for was my understanding.

Belew: Not part of the original?

White: Of the river trail project budget.

Belew: Nobody sat down and tallied it all up?

White: Well, yes, there's tallies for everything, all I am saying is that my understanding is that originally the numbers for, in other words, the river trail accounting that Sandra gives us is for the trail, itself only the construction of the trail only and that's the number that I believe Councilman Stork was giving you the number on; now, was that all of the payments for the Lowry trail extension, I think so but it doesn't include, as I understood emails given me in the past is it doesn't include the fees for the acquisition of easements, professional fees for surveying, legal fees, even the paving.

Belew: But it has to be part of the total cost.

White: Well, I would think that it should be, yes, but I was told originally that it was not and that would add, I figured, about \$900,000 somewhere in that to what we are showing as the project budget. I will confirm these numbers, I don't want to give out anything that is incorrect. That's one of my projects because we do, we are continuing in executive session. Councilman Fine has had discussions on the westward extension and those are under economic discussions and real estate discussions.

Belew: The way it is now it goes westward up on to the sidewalk.

White: Up on to Guadalupe Street, that is correct.

Belew: And that's where it stops.

White: Pedestrian bridge, yes, and there's a little park area, the bicycle parking area at this point that's where it stops, so they've been openly, been in open session discussed

that, I believe, that Mr. Parton was asked several weeks ago if discussions were on going and he said yes with property owners along that trail.

Belew: So there will be; one of the things that Councilman Stork said yesterday that he's not a pro eminent domain guy, he was a pro private property guy so I don't know how many of you there are on city council that will take the side of anybody that doesn't want the river trail in their back yard. What is your position?

White: Well, you know my opinions are based upon the economics of anything. I will just tell you, priorities in spending. My contention, my question, let's say, for a long time and my position has been that, look, if the citizens want to add people to the parks department to maintain these things rather than people to the street department to fix the streets, that's up to the public. But that's in my opinion where we are. At this point I believe we have more employees in the parks department than we do in the streets department, so you know, my position is to the citizens if you complain about the streets tell us, if that's where you want the dollars to be spent, tell us because that all has to come out of the general fund.

Belew: That's what I hear most of, I don't ever hear anybody tell me that the parks aren't mowed or kept up or anything. We have nice (ends).

History for Certificate of Achievement for Excellence in Financial Report:

Fiscal year ending September 30, 1984 – September 30, 2014

Fiscal year ending September 30, 2015 has been submitted for consideration and should be determined by October 2016

History for Distinguished Budget Presentation Award:

Fiscal year beginning October 1, 1985 – October 1, 2005

*was not submitted for October 1, 2006

Fiscal year beginning October 1, 2007 – October 1, 2015



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kerrville
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



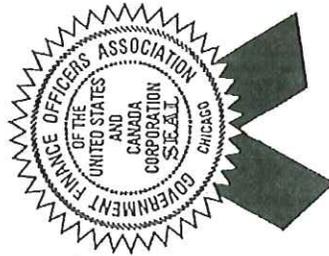
The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
City of Kerrville, Texas



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date September 9, 2015



Government Finance Officers Association
203 N. LaSalle Street - Suite 2700
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

September 9, 2015

Sandra Yarbrough
Finance Director
City of Kerrville
701 Main Street
Kerrville TX 78028

Dear Ms. Yarbrough:

We are pleased to notify you that your comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014, qualifies for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Each entity submitting a report to the Certificate of Achievement review process is provided with a "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements in its financial reporting techniques. Your list has been enclosed. You are strongly encouraged to implement the recommended improvements into the next report and submit it to the program. If it is unclear what must be done to implement a comment or if there appears to be a discrepancy between the comment and the information in the CAFR, please contact the Technical Services Center (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.

Certificate of Achievement program policy requires that written responses to the comments and suggestions for improvement accompany the next fiscal year's submission. Your written responses should provide detail about how you choose to address each item that is contained within this report. These responses will be provided to those Special Review Committee members participating in the review.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. Enclosed is an AFRA for:

Finance Department, City of Kerrville

Continuing participants will find a certificate and brass medallion enclosed with these results. First-time recipients will find a certificate enclosed with these results followed by a plaque in about 10 weeks. We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and that appropriate publicity will be given to this notable achievement. A sample news release has been enclosed. We suggest that you provide copies of it to local newspapers, radio stations and television stations. In addition, details of recent recipients of the Certificate of Achievement and other information about Certificate Program results are available in the "Awards Program" area of our website, www.gfoa.org.

A current holder of a Certificate of Achievement may include a reproduction of the award in its immediately subsequent CAFR. A camera ready copy of your Certificate is enclosed for that purpose. If you reproduce your Certificate in your next report, please refer to the enclosed instructions. A Certificate of Achievement is valid for a period of one year. To continue to participate in the Certificate of Achievement Program it will be necessary for you to submit your next CAFR to our review process.

In order to expedite your submission we have enclosed a Certificate of Achievement Program application form to facilitate a timely submission of your next report. This form should be completed and sent (postmarked) with three copies of your report, three copies of your application, three copies of your written responses to the program's comments and suggestions for improvement from the prior year, and any other pertinent material with the appropriate fee by March 31, 2016.

Your continued interest in and support of the Certificate of Achievement Program is most appreciated. If we may be of any further assistance, please contact Delores Smith (dsmith@gfoa.org or (312) 578-5454).

Sincerely,
Government Finance Officers Association

A handwritten signature in cursive script that reads "Stephen J. Gauthier". The signature is written in black ink and is positioned above the typed name and title.

Stephen J. Gauthier, Director
Technical Services Center

SJG/ds



Government Finance Officers Association
203 N. LaSalle Street - Suite 2700
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

09/09/2015

NEWS RELEASE

For Information contact:
Stephen Gauthier (312) 977-9700

(Chicago)--The Certificate of Achievement for Excellence in Financial Reporting has been awarded to **City of Kerrville** by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

An Award of Financial Reporting Achievement has been awarded to the individual(s), department or agency designated by the government as primarily responsible for preparing the award-winning CAFR. This has been presented to:

Finance Department, City of Kerrville

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL, and Washington, D.C.

PRESENTATION OF THE CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Certificate of Achievement for Excellence in Financial Reporting is the highest form of recognition in governmental accounting and financial reporting. The Certificate program thereby advocates that recipients be formally recognized for their outstanding accomplishments. If you would like a formal presentation of the Certificate of Achievement plaque, you should contact your GFOA State Representative. The contact information follows:

Ms. Micki A. Rundell
Chief Financial Officer
City of Georgetown
PO Box 409
Georgetown, TX 78627
UNITED STATES

Phone:
(512) 930-3677

Fax:
(512) 930-3681

Email:
Micki.rundell@georgetown.org

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
COMMENTS AND SUGGESTIONS FOR IMPROVEMENTS**

The detailed comments and suggestions for improvements are comprised of: 1) an indication above the comment that provides either the specific certificate program checklist question to which the item directly relates or the notation "Additional Comment" to indicate the comment does not directly relate to a specific checklist question and 2) text that generally identifies the location of the item in your CAFR, the reason for the comment, and the particular item you should address. Following is the legend for the references to specific authoritative literature that are provided for the majority of comments.

SLG	-	<i>Audits of State and Local Governments</i> , American Institute of Certified Public Accountants, March 1, 2013
GAAFR	-	<i>Governmental Accounting, Auditing, and Financial Reporting</i> , GFOA 2012
GASB - I	-	GASB Interpretation
GASB - S	-	GASB Statement
GASB - TB	-	GASB Technical Bulletin
Q&A	-	2012-2013 <i>Comprehensive Implementation Guide</i> , GASB
NCGA - I	-	National Council on Governmental Accounting Interpretation
NCGA - S	-	National Council on Governmental Accounting Statement

All references listed above, except those for "GAAFR," "Q&A," and *Audits of State and Local Governments*, are followed by the number of the pronouncement, if applicable, and the specific paragraph(s), footnote(s), or appendix (appendices) within the publication that is being referenced. The references to "GAAFR" are to pages in that publication. For "Q&A," the references are to the applicable chapters and questions in that publication. For *Audits of State and Local Governments*, the references are to the chapter and specific paragraph.

Certificate of Achievement For Excellence in Financial Reporting

Summary of Grading

Name of Unit: City of Kerrville
Fiscal Year of Report FY2014

Report # 2,660.00

The Certificate of Achievement Program Special Review Committee (SRC) has completed its review of your comprehensive annual financial report (CAFR). Listed below are the grading categories used and a summary of the SRC's evaluation of your CAFR. The detailed comments and suggestions for reporting improvements on the attached listing are grouped under similar grading categories. Any category which received a grade of "Needs Significant Improvement" indicates an area of particular concern to the SRC and the related comments and suggestions for improvement in this category should be given special attention. An indication is provided on the list by the specific comments(s) or category(ies) that were the cause of receiving this grade. For each item, the notation also states whether it is 1) the basis or part of the basis for the CAFR not receiving the Certificate of Achievement, 2) a serious deficiency which will almost certainly preclude the awarding of the Certificate of Achievement if it is not corrected in your next CAFR, or 3) a deficiency, that if not corrected in future CAFRs, could result in the Certificate of Achievement not being awarded.

Grading Category

Grade

Cover, table of contents, and formatting	Proficient
Introductory section	Proficient
Report of the independent auditor	Proficient
Management's discussion and analysis (MD&A)	Proficient
Basic financial statements (preliminary considerations)	Proficient
Government-wide financial statements	Proficient
Fund financial statements (general considerations)	Proficient
Governmental fund financial statements	Proficient
Proprietary fund financial statements	Proficient
Fiduciary fund financial statements	Not Applicable
Summary of significant accounting policies (SSAP)	Proficient
Note disclosure (other than the SSAP and pension-related disclosures)	Proficient
Pension-related note disclosures	Proficient
Required supplementary information (RSI)	Proficient
Combining and individual fund information and other supplementary information	Proficient
Statistical section	Proficient
Other considerations	Proficient

ELIGIBILITY REQUIREMENTS

1. **Type of Report.** The report submitted to the program must be the published comprehensive annual financial report (CAFR) of a state or local governmental entity, including special-purpose entities such as public employee retirement systems, public colleges and universities, government investment pools and stand-alone enterprise funds. Component units and departments are eligible to submit their CAFR, provided that they meet certain requirements outlined below.
2. **Scope.** To qualify as “comprehensive,” the CAFR must include all funds, account groups and component units of the entity, in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB).

A component unit that publishes a CAFR is eligible to submit its report to the program for review, provided that it includes all of the component unit’s funds, account groups and (sub)component units. Furthermore, with the exception of the component unit’s general fund (which properly is reclassified as a special revenue fund in the primary government’s report), the fund types used in the component unit’s report must be the same as those used to account for its activities in the primary government’s report (e.g., a component unit may not use proprietary fund accounting in its separate report if its activities are reported in governmental funds in the primary government’s report).

A department of a government that publishes a CAFR is eligible to submit its report to the program for review, provided that the department is composed of one or more separate funds. Thus, a department reported as a separate special revenue fund is eligible to participate, whereas a department that is included as part of the general fund is not. Once again, the fund type(s) used in the department’s report must be consistent with the fund type(s) used in the government’s report.

3. **Audit requirements.** The financial section of the CAFR must include the report of an independent auditor on the fair presentation of the financial statements.

The auditor must have performed the audit in accordance with either generally accepted auditing standards (GAAS) or generally accepted government auditing standards (GAGAS) as set forth in the General Accounting Office’s *Government Auditing Standards*.

The scope of the auditor’s opinion must encompass, at a minimum, the fair presentation of the general purpose financial statements (GPFS). In addition, the auditor’s report must provide at least “in relation” audit coverage for other contents of the financial section of the CAFR.

A qualified opinion or a disclaimer of opinion based upon the inadequacy or unavailability of the government’s accounting records will render a report ineligible, as will the omission of a fund type, individual fund, account group or component unit from the scope of the auditor’s opinion.

**Certificate of Achievement for Excellence in Financial Reporting
Program Staff**

Program Policy: Stephen Gauthier, Director (sgauthier@gfoa.org)
Steven Solomon, Deputy Director (ssolomon@gfoa.org)

Program Management: James Phillips, Senior Program Manager (jphillips@gfoa.org)

Senior Reviewers: James Falconer, Senior Manager (jfalconer@gfoa.org)
Zhikuan Hu, Manager (zhu@gfoa.org)
Qun Wang, Manager (qwang@gfoa.org)

Reviewers: Jay Howard, Senior Program Associate (jhoward@gfoa.org)
Qiujian Jiang, Senior Program Associate (qjiang@gfoa.org)
Tahrer Khalil, Program Associate (tkhalil@gfoa.org)
Zaklina Lakic, Program Associate (zlakic@gfoa.org)

Program Support: Kathleen Schultz, Senior Program Associate (kschultz@gfoa.org)
Tami Garrett, Secretary (tgarrett@gfoa.org)
Robert Kotchen, Administrative Assistant (rkotchen@gfoa.org)
Delores Smith, Secretary (dsmith@gfoa.org)

Government Finance Officers Association

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL
REPORTING PROGRAM**

PROGRAM POLICIES AND PROCEDURES

**HOW TO SUBMIT A REPORT TO THE CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING PROGRAM**

To participate in the Certificate of Achievement for Excellence in Financial Reporting (certificate program), a unit of government must submit three copies of their comprehensive annual financial report (CAFR) with a completed application form and cover letter formally requesting that the review be performed. In addition, the entry must be accompanied by the appropriate fee which is based on total revenues of all funds and component units. Finally, written responses to all comments and suggestions for improvement must be submitted if the government participated in the program the previous year unless there was only an internal review performed in the previous year.

All the aforementioned items must be postmarked to the Government Finance Officers Association (GFOA) no later than six months after the government's fiscal year end. However, the certificate program does occasionally grant extensions for a period of one month. To request an extension, the government must submit a letter explaining their need for an extension. The program staff objectively evaluates the need for the extension on an individual basis. Program policy prohibits granting an extension in two consecutive years for the same reason. Generally, the program discourages extensions because timeliness is believed to be imperative to effective financial reporting.

JUDGING THE CAFR

Upon successful completion of the eligibility process, each CAFR is assigned and mailed to two Special Review Committee (SRC) members for review. The reviewers selected may not be from the same firm as that which audited the unit of government nor may they be from the same state as the government. Simultaneously, an acknowledgement letter is forwarded to the submitting government indicating its assigned six-digit computer code. This code enables program staff to easily access necessary data pertinent to future inquiries. In addition, the letter serves as the government's opportunity to verify information that the program has compiled from records received.

To qualify for a certificate, a report must receive the unanimous approval of both reviewers. The decision to award or not is the result of a thorough examination of the CAFR by the reviewers. The appropriate reviewer's checklist is used as a guide with particular attention placed on questions therein which have asterisks. These questions represent items which are considered to be of potentially disqualifying significance. Another significant factor is the government's responses to prior year comments and suggestions for improvement. The reviewer must assess whether or not reasonable attempts were made by the government to correct or justify previously noted problems. Upon the completion of their reviews, the SRC members return the completed grading summaries to the GFOA where the program staff conducts an in-house review to verify comments and suggestions for improvement and thereby assure consistency within the program.

This consistency measure often results in the need for the program staff to contact the SRC member to discuss various issues related to the report. Occasionally, a gray area exists in deciding whether or not to award a government with a Certificate. Under certain situations, the certificate program adheres to a policy which permits the awarding of a "qualified" certificate. The qualification is designed to alert the government that serious reporting deficiencies exist which must be corrected or the presence of such deficiencies will almost certainly preclude the awarding of a future certificate.

RESULTS OF THE REVIEW PROCESS

If a CAFR is judged to have conformed substantially with program standards, a Certificate of Achievement for Excellence in Financial Reporting is awarded to the government. When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also awarded to the individual(s) designated by the government as primarily responsible for the government's having earned the certificate.

To further communicate the results of the review process, additional items are forwarded to the appropriate individual. The official who requested the review receives a letter advising him/her of the outcome of the review (i.e., award, qualified award, denial) and comments and suggestions for improvement for implementation in future CAFRs, accompanied by a Summary of Grading Results that defines which areas were acceptable or unacceptable in accordance with established program guidelines. Finally, the program staff prepare a preprinted form that contains information for certain application questions for the government, based on data compiled from the current year's records. The intent behind this is to alleviate some of the necessary paper work done by the government for the following year. In addition, the government may use this preprinted form to alert the program to updates as they occur throughout the year.

When the official's government earns the Certificate of Achievement, a photostatic copy (i.e., camera-ready copy) of the award is also enclosed with the review results. This copy may be reproduced in the government's CAFR for the subsequent year. In this case, the official also receives the AFRA, a press release, and the name of their state representative who may be called upon to arrange a formal presentation of the Certificate. If the Certificate of Achievement is awarded for the first time, the GFOA will notify the State Representative to arrange for a formal presentation.

Also, when a government receives an award, a letter that communicates the review results is simultaneously sent to the party designated to receive a formal acknowledgement of the award. Finally, the names of successful participants are communicated to GFOA members by means of the annual RESULTS brochure.

Program participants can expect to receive the results of the review within six months from the date the program receives all pertinent submission components. Submissions are processed on a first-in, first-out basis. For this reason, the program encourages early submission by governments.

APPEAL PROCESS

The decision of the review is considered final unless appealed by the government. To appeal, the government must submit a formal request for reconsideration within 30 days of the receipt of the initial results notification letter. The formal request should include responses to the comments and suggestions for improvement concentrating on those grading categories that were noted as unacceptable. The request will be forwarded to the original reviewers for further consideration. Decisions resulting from the appeal process are final.

4. The CAFR of a PERS must include the most recent actuarial certificate opinion and/or a letter from the system's independent actuary.
5. The application must be postmarked no later than six months after the end of the government's fiscal year. An extension of 30 days is available when justified by extenuating circumstances (e.g., personnel changes, illness, systems conversions). A government is not eligible to receive an extension in two consecutive years for the same reason.
6. If the government participated in the program in the preceding year, its submission package must include written responses to all of the prior year's comments and suggestions for improvement.
7. If the CAFR references a separately issued budgetary report to demonstrate budgetary compliance at the legal level of control, it must submit one copy of that report as part of its submission package.

If a CAFR that has been submitted to the program is determined to be ineligible, the submitting government will be immediately so informed by GFOA staff.

Occasionally, submitters of CAFRs that are determined to be ineligible desire to have an "in-house review" performed on their report by GFOA staff. The cost of such a review is the same as that applicable to regular program submissions. The results of a staff in-house review are strictly confidential. If a government that requests an in-house review decides to submit its CAFR for a regular review in the subsequent year, that CAFR will be treated as a "new submission" (e.g., there is no requirement to formally respond to comments and suggestions arising from the in-house review).

REPORTING SEPARATE BUDGETARY REQUIREMENTS

The separately issued publicly available budgetary reports submitted to the program:

1. shall be bound;
2. shall present all individual governmental funds for which an annual appropriated budget is adopted;
3. shall present separate columns: 1) for budget and 2) for actual expenditures on a budgetary basis at the legal level of control;
4. shall present information at the legal level of control within the individual fund; and,
5. shall identify names of all individual funds and accounts included on the report (may also present fund/account numbers, however, fund and account numbers alone are not acceptable).



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

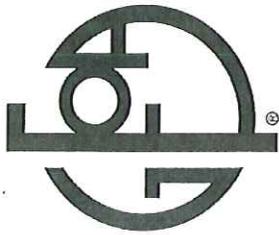
**City of Kerrville
Texas**

For the Fiscal Year Beginning

October 1, 2015

Jeffrey R. Enos

Executive Director



The Government Finance Officers Association
of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

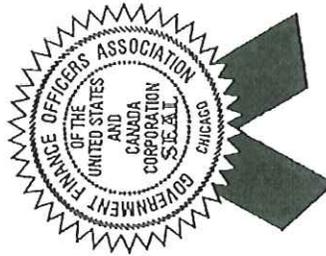
to

Finance Department
City of Kerrville, Texas

The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Executive Director

Date March 02, 2016





Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

March 2, 2016

Sandra Yarbrough
City of Kerrville
701 Main Street
Kerrville, TX 78028

Dear Ms. Yarbrough:

A Panel of independent reviewers has completed its examination of your budget document. We are pleased to inform you that the panel has voted to award your budget document the Distinguished Budget Presentation Award for the current fiscal period. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by your organization.

The Distinguished Budget Presentation Award is valid for one year. To continue your participation in the program, it will be necessary to submit your next annual budget document to GFOA within 90 days of the proposed budget's submission to the legislature or within 90 days of the budget's final adoption. Enclosed is an application form to facilitate a timely submission. This form should be submitted with four copies of your budget accompanied by the appropriate fee.

Each program participant is provided with confidential comments and suggestions for possible improvements to the budget document. Your comments are enclosed. We urge you to carefully consider the suggestions offered by our reviewers as you prepare your next budget.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. Enclosed is a Certificate of Recognition for Budget Preparation for:

Finance Department

Continuing participants will find a certificate and brass medallion enclosed with these results. First-time recipients will receive an award plaque that will be mailed separately and should arrive within eight to ten weeks. Enclosed is a camera-ready reproduction of the award for inclusion in your next budget. If you reproduce the camera-ready in your next budget, it should be accompanied by a statement indicating continued compliance with program criteria.

The following standardized text should be used:



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

Sandra Yarbrough

March 2, 2016

Page 2

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of Kerrville, Texas** for its annual budget for the fiscal year beginning **October 1, 2015**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

A press release is enclosed.

The Government Finance Officers Association encourages you to make arrangements for a formal presentation of the award. If you would like the award presented by a member of your state or provincial finance officers association, we can provide the name of a contact person for that group.

We appreciate your participation in this program and we sincerely hope that your example will encourage others in their efforts to achieve and maintain excellence in governmental budgeting. The most current list of award recipients (with hyperlinks) can be found on GFOA's website at www.gfoa.org. If we can be of further assistance, please contact the Technical Services Center.

Sincerely,

A handwritten signature in cursive script that reads "Stephen J. Gauthier". The signature is written in black ink and is positioned below the word "Sincerely,".

Stephen J. Gauthier, Director
Technical Services Center

Enclosure



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

March 2, 2016

PRESS RELEASE

For Further Information Contact
Stephen J. Gauthier (312) 977-9700

Chicago--The Government Finance Officers Association of the United States and Canada (GFOA) is pleased to announce that **City of Kerrville, Texas** has received the GFOA's Distinguished Budget Presentation Award for its budget.

The award represents a significant achievement by the entity. It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as:

- a policy document
- a financial plan
- an operations guide
- a communications device

Budget documents must be rated "proficient" in all four categories, and the fourteen mandatory criteria within those categories, to receive the award.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. This has been presented to **Finance Department**

For budgets beginning in 2014, 1,491 participants received the Award. Award recipients have pioneered efforts to improve the quality of budgeting and provide an excellent example for other governments throughout North America.

The Government Finance Officers Association is a major professional association servicing the needs of 18,300 appointed and elected local, state, and provincial-level government officials and other finance practitioners. It provides top quality publications, training programs, services, and products designed to enhance the skills and performance of those responsible for government finance policy and management. The association is headquartered in Chicago, Illinois, with offices in Washington D.C. The GFOA's Distinguished Budget Presentation Awards Program is the only national awards program in governmental budgeting.

BUDGET REVIEW COMPOSITE RATING FORM
GFOA Distinguished Budget Presentation Awards Program

fiscal period beginning October 2015

document number B9935122 4,480

At least two of the three reviewers must rate the document proficient or outstanding ratings on all four overall categories and all mandatory criteria in order for the document to receive the award.

Information	Does Not		
Not Present	Satisfy	Proficient	Outstanding
(1)	(2)	(3)	(4)

		✓	✓	✓	*
		✓	✓	✓	
		✓	✓	✓	
		✓	✓	✓	*
		✓	✓	✓	*

Introduction and Overview

- * C1 Table of contents (mandatory)
- P1 Strategic goals & strategies
- P2 Short-term organization-wide factors influencing decisions
- * P3 Priorities and issues (mandatory)
- * C2 Budget Overview (mandatory)

		✓	✓	✓	*
		✓	✓	✓	
		✓	✓	✓	
		✓	✓	✓	*
		✓	✓	✓	*

Financial Structure, Policy, and Process

- * O1 Organization chart (mandatory)
- F1 Fund descriptions and fund structure
- O2 Department/fund relationship
- F2 Basis of Budgeting
- * P4 Financial policies (mandatory)
- * P5 Budget process (mandatory)

		✓	✓	✓	*
		✓	✓	✓	*
		✓	✓	✓	*
		✓	✓	✓	*
		✓	✓	✓	

Financial Summaries

- * F3 Consolidated financial schedule (mandatory)
- * F4 Three (four) year consolidated and fund financial schedules (mandatory)
- * F5 Fund balance (mandatory)
- * F6 Revenues (mandatory)
- F7 Long-range financial plans

		✓	✓	✓	*
	✓	✓	✓	✓	
		✓	✓	✓	*

Capital & Debt

- * F8 Capital expenditures (mandatory)
- F9 Impact of capital investments on operating budget
- * F10 Debt (mandatory)

		✓	✓	✓	*
		✓	✓	✓	*
		✓	✓	✓	
		✓	✓	✓	

Departmental Information

- * O3 Position summary schedule (mandatory)
- * O4 Department descriptions (mandatory)
- O5 Unit goals and objectives
- O6 Performance measures

		✓	✓	✓	
		✓	✓	✓	
		✓	✓	✓	
		✓	✓	✓	

Document-wide Criteria

- C3 Statistical/supplemental section
- C4 Glossary
- C5 Charts and graphs
- C6 Understandability and usability

		✓	✓	✓	
		✓	✓	✓	
		✓	✓	✓	
		✓	✓	✓	

- Overall as a policy document
- Overall as a financial plan
- Overall as an operations guide
- Overall as a communications device

yes no

SPECIAL CAPITAL RECOGNITION - outstanding ratings by all three reviewers on F#8 & F#9

SPECIAL PERFORMANCE MEASURE RECOGNITION - outstanding ratings by all three reviewers on O#6

1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

Please rate each criterion and each overall category

	Policy	Financial	Operations	Communications	Criteria Description
Introduction and Overview					
* C1				3	Table of contents (mandatory)
P1	3				Strategic goals & strategies
P2	3				Short-term organization-wide factors influencing decisions
* P3	4				Priorities and issues (mandatory)
* C2				3	Budget Overview (mandatory)
Financial Structure, Policy, and Process					
* O1			3		Organization chart (mandatory)
F1		3			Fund descriptions and fund structure
O2			3		Department/fund relationship
F2		3			Basis of Budgeting
* P4	4				Financial policies (mandatory)
* P5	3				Budget process (mandatory)
Financial Summaries					
* F3		3			Consolidated financial schedule (mandatory)
* F4		3			Three (four) year consolidated and fund financial schedules (mandatory)
* F5		3			Fund balance (mandatory)
* F6		4			Revenues (mandatory)
F7		4			Long-range financial plans
Capital & Debt					
* F8		3			Capital expenditures (mandatory)
F9		2			Impact of capital investments on operating budget
* F10		4			Debt (mandatory)
Departmental Information					
* O3			3		Position summary schedule (mandatory)
* O4			4		Department descriptions (mandatory)
O5			4		Unit goals and objectives
O6			3		Performance measures
Document-wide Criteria					
C3				4	Statistical/supplemental section
C4				3	Glossary
C5				3	Charts and graphs
C6				3	Understandability and usability
	3				Overall as a policy document
		3			Overall as a financial plan
			3		Overall as an operations guide
				3	Overall as a communications device

Reviewer ID: S402
Name of Entity: City of Kerrville
Record Number: 116142001

Document Number: B9935122
State/Province: TX

SCORING NARRATIVE

Introduction and Overview

P1: The city's approach to strategic planning incorporates a broad set of goals. The balance of the presentation occurs on the unit level. This makes it difficult to understand the future direction the Council wishes to achieve. In order to achieve a comprehensive approach to strategic planning, a foundation of objectives must accompany those goals. The goals and objectives must then offer specific action plans that can be tracked through performance measures. The objectives needed to achieve long-term goals developed in response to the City's overall vision and mission should be more specific in what they wish to accomplish. A set of action plans would give the objectives substance. Council directives developed through specific actions are critical steps in actualizing the strategic plan.

P2: The budget provides a substantive discussion of short-term organization-wide factors that address the funding of specific service delivery needs of the City. These factors are structured in a manner that directly relates to decision-making. There is a connection between various initiatives and how they are constructed to accomplish current year initiatives. The presentation offers information on how economic realities frame the budget's discussion. The City's effort to overcome resource limitations delivers a solid discussion on which to build.

P3: The budget offers an excellent presentation of the financial issues facing the City. The narrative demonstrates a solid grasp of the economic and structural issues that frame the City's priorities. The impact of resource challenges is detailed in a clear and concise narrative. Economic factors are discussed in relation to future growth applications. With a five-year timeframe, the budget offers a comprehensive picture of how priorities are reflected over time instead of a simple year over year approach. Public policy decisions beyond the immediate budget year are based on a forecast of the economy over this extended time period. As a result, a meaningful discussion of issues and priorities is presented to the citizens of Kerrville.

Financial Structure, Policy, and Process

O2: While revenue deployment from specific funds is provided, the level of analysis is not on pages 43-44. Instead, it can be found under View #2 on page 21. To enhance this table consider breaking General Government into its various components. This is necessary in order to arrive at some recognition of the availability of resources for continuing operations when revenue sources are under pressure. If the City would rather not, a matrix that plots various funds versus departments would achieve the aggregate function.

P4: An excellent presentation of entity-wide financial policies is provided in the budget. The parameters for operations and governance offer a base for decision-making. The financial perspective facilitates other discussions throughout the narrative. This information provides an understanding of the procedural aspects that support budget formation.

Financial Summaries

F6: The budget offers an excellent presentation of revenue sources. The narrative offers a substantive discussion providing information on a variety of topics critical to understanding future revenue streams of the City. From providing solid definitions to explaining the City's methodology for estimating revenues, the document provides a comprehensive amount of information. An effort is made to validate projections to offer a better degree of accuracy.

It should be noted that the current condition of the economy has deteriorated over this fiscal year. The deflationary trends which have occurred as a result of the collapse in oil prices may be symptomatic of a greater problem. The global nature of the economy cannot be understated. With that said, the City's revenue projections may be optimistic.

F7: The presentation develops long-range financial plans as part of its basic approach to budgeting. When a forward-looking perspective is part of the budget methodology, it becomes a natural extension of what is being examined. The City's approach is very nicely structured and informative. The level of difficulty involved in achieving this type of approach cannot be overstated. The City's superior efforts are thus recognized.

Capital & Debt

F9: While the budget continues to provide insight into capital investment, it fails to offer a substantive discussion of the impacts of infrastructure improvements on the operating budget in dollar terms. The presentation must provide, on an individual expenditure basis, an explanation of how capital investment impacts operations as generated from each outlay. The impacts are often cumulative and exist for the life of the improvement.

F10: The budget offers a comprehensive discussion of the City's debt service and the principles that govern it. The budget offers a well thought-out narrative that gives the reader a systematic review of the necessary financial information to understand the financing of capital investments. The presentation is given additional depth with an excellent discussion of debt structure and comprehensive debt tables. In this way, the impact of debt on future revenue streams can be developed. The reader can then recognize how debt impact limits future operating budget growth.

Department Information

O4: The budget provides a comprehensive discussion of each Department and their various divisions. An extraordinary level of detail exists that allows the reader to understand who is responsible for delivering services within the City. It is an excellent presentation which serves as a good foundation for the budget as an operational guide.

O5: The budget document provides an excellent discussion of unit goals and objectives. The linkage of these goals and objectives to the Commission-mandated strategic directives is both clear and concise. Incorporating short-term entity-wide goals and objectives into broader long term directives demonstrates how the overall vision of the entity is carried through to the unit level. The strength of the document's performance measures should then be drawn from this association with quantifiable objectives.

Document-wide Criteria

C3: The statistical and supplemental data provided by the budget presentation is excellent. The information provides a foundation for the balance of the budget discussion. The information on economic development and local business operations allows a better understanding of the City's resources. The presentation is enhanced with a history of the City that provides a developmental understanding. The demographic analysis of the population supports service delivery choices.

C6: The budget presentation offers the reader a substantive discussion of the overall approach to the delivery of services. The document provides an improved structure and format. The readers of the document are given a great amount of detail to make judgments on how the City is spending its money and the issues that impact that effort. The level of work demonstrated by this budget package is very good.

1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

Please rate each criterion and each overall category

	Policy	Financial	Operations	Communications	Criteria Description
Introduction and Overview					
* C1				4	Table of contents (mandatory)
P1	3				Strategic goals & strategies
P2	3				Short-term organization-wide factors influencing decisions
* P3	3				Priorities and issues (mandatory)
* C2				3	Budget Overview (mandatory)
Financial Structure, Policy, and Process					
* O1			3		Organization chart (mandatory)
F1		4			Fund descriptions and fund structure
O2			3		Department/fund relationship
F2		4			Basis of Budgeting
* P4	4				Financial policies (mandatory)
* P5	4				Budget process (mandatory)
Financial Summaries					
* F3		4			Consolidated financial schedule (mandatory)
* F4		4			Three (four) year consolidated and fund financial schedules (mandatory)
* F5		4			Fund balance (mandatory)
* F6		4			Revenues (mandatory)
F7		4			Long-range financial plans
Capital & Debt					
* F8		3			Capital expenditures (mandatory)
F9		3			Impact of capital investments on operating budget
* F10		4			Debt (mandatory)
Departmental Information					
* O3			3		Position summary schedule (mandatory)
* O4			4		Department descriptions (mandatory)
O5			4		Unit goals and objectives
O6			3		Performance measures
Document-wide Criteria					
C3				3	Statistical/supplemental section
C4				3	Glossary
C5				4	Charts and graphs
C6				3	Understandability and usability
	4				Overall as a policy document
		4			Overall as a financial plan (provisional)
			3		Overall as an operations guide
				3	Overall as a communications device

GOVERNMENT FINANCE OFFICERS ASSOCIATION
DISTINGUISHED BUDGET PRESENTATION AWARDS PROGRAM
BUDGET REVIEWER'S COMMENTS AND SUGGESTIONS

For: CITY OF KERRVILLE, TX

Fiscal Year: 2015-16

Introduction and Overview:

Kerrville presented a linked table of contents to which pages linked back, their vision, mission, goals, principles, issues and challenges that guided them in the budget development process and provide the framework for future budgets.

Financial Structure, Policy and Process:

All criteria were rated at least proficient. A fund structure chart enhanced F1. The basis of budgeting and accounting and the differences were explained very well. Extensive financial policies were provided. The budget process was enhanced with a detailed calendar.

Financial Summaries:

Budget year, multi-year and forecasted categorized summaries were presented. Fund balances were projected and discussed. Revenues were enhanced with trend charts and assumptions. Nice job overall!

Capital and Debt:

All criteria were rated at least proficient. Capital was presented (add grand totals to the bottom of page 215). Operating impacts were presented. Extensive debt information was provided including per capita, ratings, etc.

Departmental Information:

All criteria were rated at least proficient. Departments presented objectives linked to Council goals. Expand the measures to three years and present total FTEs on a multi-year basis within the departments.

Document-Wide Criteria:

All criteria were rated at least proficient. Did I overlook your major taxpayers? Add amortization, depreciation and special revenue fund to the glossary. Charts and graphs were effectively presented.

Other Comments/Suggestions:

The GFOA publication by John Fishbein, Building A Better Budget Document, 2nd edition and the GFOA website under Best Practices are valuable resources available to assist you in further enhancing your budget document to earn additional outstanding ratings. Staff is to be commended for their efforts.

CONTROL: B9935122

RECORD #116142001

REVIEWER: S411

FEB 2016

Reviewer ID
 Name of Entity
 Record Number

R28
 City of Kerrville
 116142001

Document Number
 State/Province
 Order Rec'd Number

B9935122
 TX
 4480

1 = Information not present, 2= Does not satisfy criterion, 3=Proficient, 4= Outstanding

Please rate each criterion and each overall category

	Policy	Financial	Operations	Communications	Criteria Description
Introduction and Overview					
* C1				3	Table of contents (mandatory)
P1	3				Strategic goals & strategies
P2	3				Short-term organization-wide factors influencing decisions
* P3	3				Priorities and issues (mandatory)
* C2				3	Budget Overview (mandatory)
Financial Structure, Policy, and Process					
* O1			3		Organization chart (mandatory)
F1		3			Fund descriptions and fund structure
O2			3		Department/fund relationship
F2		3			Basis of Budgeting
* P4	3				Financial policies (mandatory)
* P5	3				Budget process (mandatory)
Financial Summaries					
* F3		3			Consolidated financial schedule (mandatory)
* F4		3			Three (four) year consolidated and fund financial schedules (mandatory)
* F5		3			Fund balance (mandatory)
* F6		3			Revenues (mandatory)
F7		4			Long-range financial plans
Capital & Debt					
* F8		3			Capital expenditures (mandatory)
F9		3			Impact of capital investments on operating budget
* F10		4			Debt (mandatory)
Departmental Information					
* O3			3		Position summary schedule (mandatory)
* O4			3		Department descriptions (mandatory)
O5			4		Unit goals and objectives
O6			3		Performance measures
Document-wide Criteria					
C3				3	Statistical/supplemental section
C4				3	Glossary
C5				3	Charts and graphs
C6				3	Understandability and usability
	3				Overall as a policy document
		3			Overall as a financial plan
			3		Overall as an operations guide
				3	Overall as a communications device

Return this rating sheet and your narrative comments to the Budget Awards Program (budgetawards@gfoa.org)

Introduction and Overview

- C1. **Mandatory:** The document shall include a table of contents that makes it easier to locate information in the document. **Proficient.**
- P1. The document should include a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues. **Proficient.** Overall organizational goals are introduced early in the budget and provide the framework for allocations.
- P2. The document should describe the entity's short-term factors that influence the decisions made in the development of the budget for the upcoming year. **Proficient.** In addition to attaining the long term goals, the economic growth impacted budget development in meeting increased demands. Also the budget year goals for major funds are included.
- P3. **Mandatory:** The document shall include a budget message that articulates priorities and issues for the upcoming year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (*e.g., transmittal letter, budget summary section*). **Proficient.** The transmittal meets criteria and includes the impact of economic growth on the City, forecasting methodology, personnel, debt and both long and short term goals. Nice job.
- C2. **Mandatory:** The document should provide an overview of significant budgetary items and trends. An overview should be presented within the budget document either in a separate section (*e.g., executive summary*) or integrated within the transmittal letter or as a separate budget-in-brief document. **Proficient.** Criteria met.

Financial Structure, Policy, and Process

- O1. **Mandatory:** The document shall include an organization chart(s) for the entire entity **Proficient.**
- F1. The document should include and describe all funds that are subject to appropriation. **Proficient.** Funds are clearly defined.
- O2. The document should provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and non-major funds in the aggregate. **Proficient.**
- F2. The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis. **Proficient.**
- P4. **Mandatory:** The document should include a coherent statement of entity-wide long-term financial policies. **Proficient.** Please indicate if any/all policies are formally adopted by council. Formal adoption emphasizes the importance of these guidelines. Many jurisdictions simply add a sentence to the annual budget legislation adopting all financial policies in place as of the date of budget passage.
- P5. **Mandatory:** The document shall describe the process for preparing, reviewing, and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption. **Proficient.** Criteria met. You clearly describe the budget process and the steps taken that result in the finished product.

Financial Summaries

- F3. **Mandatory:** The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization. **Proficient.**
- F4. **Mandatory:** The document must include summaries of revenues and other financing sources and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year. **Proficient.**
- F5. **Mandatory:** The document shall include projected changes in fund balances, as defined by entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if no governmental funds are included in the document). **Proficient.** Fund balances and sustainability are thoroughly discussed and financials included.
- F6. **Mandatory:** The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends. **Proficient.** Forecasting methods are defined, trends presented and revenues defined.
- F7. The document should explain long-range financial plans and its affect upon the budget and the budget process. **Outstanding.** *Operational:* Outstanding presentation on the long term forecast. The assumptions are presented, related narratives, financial and the conclusions derived from the forecasts are also addressed. *Capital:* Excellent job on the CIP. Full plan financials are included as well as selected impacts for the life of the plan.

Capital & Debt

- F8. **Mandatory:** The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget. **Proficient.** Capital is defined, current and future projects are included for the life of the CIP. Well done.
- F9. The document should describe if and to what extent significant nonrecurring capital expenditures will affect the entity's current and future operating budget and the services that the entity provides. **Proficient.** Some impacts are presented. In future budgets please consider an impact summary. Please see the Longmont sample at the end of the review that addresses all projects for the life of the CIP.
- F10. **Mandatory:** The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current operations. **Outstanding.** You provide a primer on debt for the lay reader. You present clear and relevant facts and financials. Excellent job.

Departmental Information

- O3. **Mandatory:** A schedule or summary table of personnel or position counts for prior, current and budgeted years shall be provided. **Proficient.** Single page summary is appreciated.
- O4. **Mandatory:** The document shall describe activities, services or functions carried out by organizational units. **Proficient.** Departments are defined and include responsibilities, accomplishments, objectives, measures and financials. Comprehensive presentation.
- O5. The document should include clearly stated goals and objectives of organizational units (*e.g., departments, divisions, offices or programs*). **Outstanding.** Departmental objectives are presented to visually link to overall goals. Excellent job.
- O6. The document should provide objective measures of progress toward accomplishing the government's mission as well as goals and objectives for specific units and programs.

Proficient. Performance measures/outcomes are presented. Please consider identifying the linked objective related to each measure to ensure the linkage to overall goals is apparent. Please see samples at the end of the review for some linked presentations.

Document-wide Criteria

- C3. The document should include statistical and supplemental data that describe the organization, its community, and population. It should also furnish other pertinent background information related to the services provided. **Proficient.** The profile and location are on target. Demographics are appropriate and you include some of the events that make your City unique. Well done.
- C4. A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understandable to a reasonably informed lay reader. **Proficient.** Thanks for including structural balance to the glossary. Acronyms?
- C5. Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident. **Proficient.** Graphics are crisp, relevant and well positioned.
- C6. The document should be produced and formatted in such a way as to enhance its understanding by the average reader. It should be attractive, consistent, and oriented to the reader's needs. **Proficient.**

The budget as a policy document:	Overall	proficient
The budget as a financial plan:	Overall	proficient
The budget as an operations guide:	Overall	proficient
The budget as a communication device:	Overall	proficient

General comments:

You have produced an informative document. Please continue to fine tune. Congratulations.

Suggested priorities for improving the budget presentation:

Included in review.

Please add state name to cover.

Noteworthy pages or unique item/presentation

Sustainability Models and Trends

Agenda Item:

6F. Review and discussion of public comments regarding the Kerrville Public Utility Board loan made by Mayor White during open session at the City Council meeting of July 26, 2016, concerning the filing of a class action lawsuit against the City of Kerrville as those comments pertained to the loan agreement between the City and KPUB (Councilmember Stork)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Review and discussion of public comments regarding the Kerrville Public Utility Board loan made by Mayor White during open session at the City Council meeting of July 26, 2016

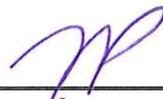
FOR AGENDA OF: Aug. 23, 2016 **DATE SUBMITTED:** Aug. 16, 2016

SUBMITTED BY: Gary Stork **CLEARANCES:** Todd Parton
Council Member – Place 3 City Manager

EXHIBITS: Excerpt of Transcript – City Council Meeting of July 26, 2016

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

On July 26, 2016, the City Council discussed and ultimately voted to confirm the Kerrville Public Utility Board loan amount of \$7.5 million. During the open session, Mayor White suggested that the City of Kerrville could be subject to a class action lawsuit. This statement was made in the presence of an attorney who, prior to the mayor's comments, had addressed the city council regarding his opposition to the loan agreement.

RECOMMENDED ACTION

These comments need to be reviewed and discussed by the City Council.

July 26, 2016

CC Meeting Item 4D

BW: Item number 4D is to confirm the amount of funding from Kerrville Public Utility Board pursuant to Loan Agreement, with proceeds to be used for construction of reuse water pond. Mr. Parton?

TP: Thank you. On March 22nd 2016 there was a resolution number 09-2016 was passed by City Council. That resolution stated the City's intent and accepted the bones of a loan agreement between the City and KPUB to be applied toward construction costs related with the City's reuse reclamation project. That agreement specified that the City would be able to borrow up to 8.5 million dollars. The terms of that were a ten year maturity, so it matures in 2026, with a fixed 2.4% interest rate applied to that. Again, one of the key elements to that is that it was an amount up to 8.5 million dollars to give the City some opportunity determine exactly what amount that ya'll were ultimately looking to borrow. The funds were made available through some unexpected earnings that KPUB had received, and that was through a settlement agreement that occurred between the City and LCRA. So, the plan that KPUB had stated for the use of those funds is really to apply those toward future capital projects that they needed. Understanding that they've got a multi-year capital plan. There's other projects and capital needs that are there. Specifically they discussed about a back-up power generation plant, or a supplementary plant; what they called a peak loading plant. So, when we're facing situations of brown-outs and those types of things, then this plant would be a quick-fire plant that would supplement our local energy supply so we didn't have shortages in a sustainable energy supply. So with this, and the fact that they were anticipating applying those and setting those aside for capital, they looked at the fact that those funds wouldn't be necessary or needed directly for a period of about ten to fifteen years in total. So, they had some that would be available to the City to borrow on a shorter term timeframe. So, with that we had entered into this resolution agreement. The agreement says the amount would be provided to the City by August 1st. We've been working staff-wise on a couple of other elements to ultimately to try to come down to determine what that amount recommended to Council would be. We've been going through a process of looking at capital needs, looking at our water and sewer fund and trying to look at again dollars that were needed to look at City projects over a ten year plan. If you'll look at our reuse plan today, we've got a total of 10 million dollars that we have in bonds sold in '16, there's 1.3 million dollars in cash that you have contributed to the project. If you borrow this, there's 7.5, that would give you access to 18.8 million dollars in cash. We've looked at a project; we're talking about 18.3 million dollars for the reuse reclamation project. So, borrowing this amount would obviously cover the balance of that. Initially, when we looked at that water reclamation project, we anticipated a 10 million dollar sale in '16 and then another balance of funds needed for Fiscal Year '17, so this would be in lieu of having to borrow any additional funds to fund that project. In addition to that, this loan does not count toward the City's debt caps or credit ratings or anything like that, so it doesn't affect the City from that perspective either. So, from that perspective it makes positive financial sense for the City. In looking to recommend that amount, I'm going to go through kind of a quick overview of what we're looking at on the

capital side. What we've identified for the next ten years, '17 through 2026 is about 38.8 million dollars worth of capital needs; and so that covers the items we have in our water and wastewater master plan, it covers the anticipated need to build a DPR plant and system. It also looks at the other major water and sewer projects that we have on our water and wastewater master plan. Now when we looked at our rate models we had identified some of those items in yellow, and those were some other moving parts. City Council had authorized staff to apply to EIC for an amount not to exceed 3 million dollars that would help to fund the distribution portions for the water reclamation project. So, if you look at 7.5 plus the 3 million which is highlighted in yellow, that ultimately gives you a 41 million dollar revenue of total funding that you have to apply toward 38.8 million dollars worth of projects. You can see in the years '17 through 2026 how the various revenue streams and expenditures will roll up and how those funds move forward. In some of our initial planning, you'll see in '19 6.7 million dollars. We had originally enclosed into our capital planning side looking at 8-9 million dollars in that window. Again, that's because one of our major lift station projects that we need to do is scheduled fiscal year 2019, that's going to be an 8 million dollar project. So, there are outliers that you see in years 2023 and 2026; we ran our fiscal models to look at what your debt capacity could be under your rate models and revenue anticipation for this ten year horizon. In anticipation of that, we had factored that you could potentially have 10 million available to you to borrow in 2023 another 5 million dollars in 2026. Of course, all those are subject to some actual real-time events, financial events, rate of water sales, number of connections, all of those things have an implication to that rate model we anticipate on an annualized basis. The other element to this is that when we look at our rate modeling, and anticipate our revenue stream, we are looking at really a conservative estimate that really is based on a typical year that would have more typical Stage 2 water limitations or a Stage 2 water conservation standards or status applied to it. That's kind of what we saw about 2 years ago with regard to the level and type of water sales and water consumption that we had, so we're trying to be a little bit conservative with our financial modeling here. So, those numbers could adjust. Ultimately, if EIC does agree to a grant of funds of up to 3 million dollars, and Council does agree to accept that grant, then you have some additional access funds available to you. Some of the other funds that have been dedicated can be applied to some of these other outstanding projects. You've got project needs that outweigh the dollars that you have on hand today, and we have a plan to fund those over time, but it reduces the amount that you might have to leverage to try to accomplish those projects. There is a financial balance that we are looking at with regard to the picture. I appreciate ya'll bearing through some of these details with me, but I think it's hard to talk about the particular project and this without the context of the bigger picture on the overall capital needs for the utility fund. I draw your attention to the balance that you see really in 2026, at the end of that term, you're estimated at about 2.1 million dollars in remaining capital balance in anticipation that you could either look at some of those years, and you could reduce the amount of funds that you are leveraging, and bringing in, and you're probably going to have some additional updates to master plans and you're going to have additional project needs that go beyond this ten year window. So you got some options with regard to how you move forward financially in funding on these capital projects as you move forward. So, our recommendation to Council would be to notify

KPUB of the City's request that they fund 7.5 million dollars. KPUB is ready to fund that, and pursuant to our agreement, that would be funded by August the 1st. They are ready to make that transfer should we proceed forward.

BW: Mr. Parton I have one question, and we have some speakers from the audience that would like to ask questions as well. But, one thing right of the bat, it said 18 ½, but in item 4H we said 18.3 million was the scope of the project, and I think there were several other times. If we take that 18.3 as the scope of the project and we fund it at 11.3 there would be 7 million left to fund. If 3 million is approved by Council, it's already been approved by EIC, there's 4 million left to fund on this particular project. The options would be #1 some other form of funding, a loan next year, this particular option, or from project budgets that were maybe under from other projects that maybe come in under as we have from time to time, or from reserve cash. So, let me ask you, your plan was to go out for bid. Are we through with the Freese and Nichols design?

TP: No, we are close to nearing completion for the pond, or the lake and the pump station portion of the projects and interconnects to the system. The sanitary sewer system. That plan is to have those plans ready and completed by the end of July, early part of August. Then to be able to try to get out to bid probably in the November time frame, and to try to be under contract for construction early January time frame. Then the design for the distribution portion of that system is about 2 or 3 months behind that schedule. Originally the plan was to wait until you had that additional funding in hand to start the design for the distribution portion, so...

BW: March?

TP: Yes, so with this in mind, ultimately you're looking to have the distribution system and the reclamation completed and ready for operation February or March at the latest of 2018.

BW: So, I guess what I was saying is, we have funded 11.3 now, we don't go out to bid until November, and I think I've said this once before, that we may be a little premature in deciding this amount, especially since we haven't voted on the EIC option, it hasn't been brought to Council yet. That's just my 2 cents, and we'll have conversations, the Council, unless you have questions now, I can ask for speakers...I'm sorry?

TP: One thing I think I need to clarify is that EIC funding hasn't been approved yet.

BW: That's right.

TP: They've incorporated it into their budget, and they anticipate the allocation of that over 2 fiscal years. But, there needs to be an application, it needs to be considered, there needs to be a public hearing on that, in addition to the fact that there are funding agreements that need to be created. City Council would need to consider that as well. In addition to that, I know we are going to talk letters of intent with Schreiner University

and Riverhill-Southern Golf Properties in a little bit, but they would be co-applicants with the City with regard to funding those distributions on the project. So...

BW: I understand, thank you.

TP: That doesn't mean that 3 million is there, it doesn't mean you have it, and that's part of the recommendation coming back to you is because ultimately, those funds may not be in your hands. You have an opportunity, and I think a desire to bring this project online to have it available to be able to start collecting and be prepared to deliver reclaimed water in 2018.

BW: Ok, I have some speaker request forms. Brent Bates?

Brent Bates: I'm Brent Bates, 434 Forest Ridge, Kerrville. The last time I was speaking to the Council, I was the head of adjustments and appeals, and I was doing an appeal to the Chamber of Commerce for waiting 92 days for a permit. Basically, the reason I wanted to talk about this issue, and actually, I've wanted to come visit for some time, but time has not allowed. I'm a little bit overall concerned with that the way the City seems to be going in regards to its financing. Some of ya'll don't know me, but the kids play on little league fields that I put the plan together and the money together back in '94. People sit underneath the pavilion when the economic, the Kerr downtown, whatever that group was, ran out of money I went out and hustled some wood from Home Depot and put the roof on, so on and so forth. So I'm not some crazy you know non contribution to the City. But what concerns me is the fact that we're using money from one pot, loaning it to another pot. You know I have a couple of questions, in ten years, am I going to get my money back out of this loan from KPUB? The other concern that I have is, and I know you've got capital improvements and we've gotta make 'em, but I was always under the impression that you make the capital improvements, and that over time, the operating revenues from those entities end up creating additional funds for future improvements. And I don't see anything in here in regards to how operations are actually contributing to this. I just see more debt, more debt, more debt. Gene, you mentioned you're trying to get rid of real estate for the City, and as a developer, I would love for ya'll to do that, mainly because now it looks like it's getting to the point where as a developer, I'm competing with the City. In other words, when I go to sell a couple of pieces of property that could be used for this, well gosh, I sat here and I waited for my water, and I waited for my sewer, I waited to where I could develop it, and then all of a sudden it comes time for me to get to sell something, and the City is spending capital improvement money over here, to unload some property they shouldn't have gotten in the first place. So, when you sit back and kinda look at all of that, I just kinda implore you all to slow down, think about what you're doing, give some consideration to not only what you're doing but kinda how it looks. Yes, we need a lot of things, and yes I'm all for development. I mean I've had people sit in my office and tell me that I'm the person ruining Kerrville because I'm developing things that are bringing people to town. I point out to them that no, I'm not ruining Kerrville, people are coming to town and I'm building something for them. In fact, I built the first 900 foot of river walk in town. I went to the City and tried to give them the right-of-way for another 4000 linear feet. Somehow in their infinite wisdom, they had no interest in talking to me. Just like

I've brought you all water systems, that now everybody wished they owned. So, we're not gonna make up for some bad past decisions overnight, but I do think ya'll need to think about the appearance of what's going on here. Because I don't want to see us go down the path of having the appearance or even having the actual event of doing a little robbing Peter paying Paul to create Mary. So, like I said, I'm all for development, but frankly I think ya'll need to get out of that business. In reference to these people looking for tax abatements and everything else, if a real estate deal needs a tax abatement to be a go or a not, it's not a very good real estate deal. I've never seen...

GS: Are you still taking about the effluent water project?

Brent Bates: Yeah. I told you I was gonna bury on you Gary. So, basically, I've never come to ya'll for anything, you've cost me dearly. Probably over all my projects over the years, 10, 12 years that I've been developing in this town, it's probably approaching a million dollars. So, ya'll are difficult to deal with, but I just strongly suggest that you slow down.

BW: Thank you sir. George Baroody?

George Baroody: George Baroody, 1616 Glen Road. I've just got 4 basic points on this loan. The first one is kinda what he was talking about rob Peter to pay Paul, basically the money that's being loaned from KPUB, I know it's not the City's decision to do it, but it appears it's coming out of something called an over-collected power cost adjustment fund. It seems like that is something that should go back to the rate payers, I could be wrong on that. I would say look at that at least, see where the money's coming from. The other one is something Mayor White talked about, which is the amount being borrowed being more than what the project is actually calling for. Even if you talk about the EIC money that's not there yet, it's probably pretty, ok maybe it's speculative to say it's certainly gonna come, but the original plan of this amount of this money was gonna be into next year when you got it through a CO, so if there's a timing issue, EIC not getting it to you until sometime next year, that doesn't seem a big problem. So it's essentially as she said an over request of about 4 million dollars to the total project. The other is sort of a minor thing, but the loan documents that you presented in March, the ones KPUB approved vs. the ones that the City approved, one was talking about the loan maturity date being the end of December of 2026, the other one's talking about the end of August, or the end of July I guess. You might want to, as you're approving things and working together, you might want to get the facts lined out right before you approve 'em. Then the other was the logic to doing the loan originally was stated as something that it was going to be a win-win. KPUB getting more interest than they would have got in another investment, and the City's gonna get savings on CO fees. You know, fees you would pay to produce a CO. The estimate that was put in the agenda packet back in March was something like 150,000. But the way you've structured this loan pay back being no interest, or interest only payments for 3 years creates a situation where you're paying like 200,000 more in interest over the term of the loan. It's not actually gonna be a 2.4% loan, it's actually gonna turn out to be a 3.05 interest rate over the 10 years because it's being structured that way. So from the City's standpoint, we're actually

gonna lose a little bit of money, it's not actually a good deal as you would have gotten getting a CO. And then the last is kinda along the lines of those 3 years of interest only payments, it kinda made me wonder why we would set the loan payment back up that way, other than maybe it's not in our budget to do this loan in the first place; otherwise we would normally pay it back the same way we always pay them back with the principle and interest. If we have the money then pay it back and save us the money now. That's about 3 things, I'd kinda like an answer to my questions. I sit down over there for the answer.

TP: Would you like me to answer?

BW? Yeah, I'm not sure of the question, but yeah. For the interest rates maybe.

TP: With regard to the structure of this, I think one thing to note Mr. Baroody, is that this is a ten year note, not a 20 year. A typical financing is for 20 years, and so when you take an interest rate and you extrapolate that over 20 years vs. 10 years, then there is a significant increase in cost on interest. In terms of structuring this agreement, and part of the original financial and capital plan we had run was again for a 20 year note for this project, and again we're looking at a 10 year note. So a much shorter term, the payoff period is much faster. It provides you a balance of working capital as you move on into future years. So you've got additional opportunities. You've got a lot of additional capital needs that are out there and identified in your master plans today, and some additional needs that are going to come forward on into the future.

Gene Allen: Todd, I think that microphone's been turned off.

George Baroody: That's because they didn't want to hear what I had to say.

TP: I think the primary question is on the way that we've structured this particular loan document.

BW: Did that answer your question?

George Baroody: Yeah, he tried to answer the other question I had which was why we're borrowing more than a project (unintelligible). It's not like getting a credit card with a balance of 9,000 saying I've got 9,000 I'm going to borrow it now, even though I don't need to spend it yet, so I can start paying some interest on it, by golly I've gotta pay that interest. That's kinda what we're doing.

BW: Ok. Fred Speck?

Fred Speck: Can you hear me?

BW: Yes.

Fred Speck: My name is Fred Speck, my office is at 401 Junction Highway. The City Council sees me here every meeting for the past 2 years because I've been trying to save our soccer fields that have been there for 21 years. They don't need to be torn up. But tonight, I wanted to give you a little ancient history that's not so ancient, and I had some real questions about the money being borrowed also. Now it's been stated \$10 million plus the 1.3 that gives 11.3 million. And then, you have a little overage so you need 18.5 plus 300,000, so you really only need to borrow 4.5 not 7.5. Because the EIC's gonna happen. You know it's gonna happen. So, that's a \$3 million fund that just for the lack of a better term I'm gonna call it a slush fund. I called it that in an earlier meeting and Mayor Pratt didn't like that because in an earlier meeting when you borrowed the 10 million, I begged you to only borrow 8 million, and to save the taxpayers the other 2 million because the City Manager and the Council at the time came up with this ill-advised idea that they were gonna sell themselves their own dirt and use that 2 million to build DBAT building. So what's happened to that? Are still gonna use 2 million from the water reclamation to build DBAT? Which at the time we thought was illegal, but we were told it wasn't illegal, it was just maybe unethical. No, they said it was ethical, I said it was unethical.

GS: Mr. Speck, do you have a comment about the KPUB loan?

Fred Speck: That's what I'm talking about, the KPUB loan, 3 million. 2 million in the slush fund from the previous loan. That's 5 million dollars. Where's that 5 million gonna be spent? Are you gonna transfer some to the general fund to build DBAT, like you originally planned? Are you gonna use it somewhere else we don't know about? This is the transparency problem that I 'm having difficulty with. Is that, like Pratt said before, from this hand to this hand. Where is it going in between? So, I think number 1, you should only borrow what you need. And number 2, the \$2 million that you had to buy dirt with you should use for its original purpose and save our soccer fields and have twice as many soccer fields for a growing community. And if you had the \$3 million you decide to borrow, then you can use that for your slush fund to build DBAT with. Those are my comments. Thank you.

BW: Thank you very much. Richard Ellison?

Richard Ellison: Thank you Mayor, Council members. I'm Richard Ellison, I live at 102 Quail Run in Kerrville. Most of my comments are directed more at the KPUB end of this, and I know there's some overlap of the 2 boards, City Council and KPUB's board. I looked tonight on KPUB's website, and it says that their mission statement is that KPUB is a responsive and efficient locally owned of reliable high quality utility service at the lowest possible price. Utility service, it doesn't say that it's a bank, or some kinda capital investment company, it's a utility service, and it's supposed to provide utility service to its customers at the lowest responsible price. I would like to know how this loan from KPUB to the City fits with that mission statement. And I'm not the only one that has questions about that. Today, in the Kerrville Daily Times, on the 2nd page there's an ad that says Attention: Does Kerrville Public Utility Board owe you a refund? And it quotes August 21, 2012 from the Kerrville Daily Times, I think Kerrville Daily Times, LCRA has

a 26.9 million surplus that should have been refunded, said KPUB's General Manager CEO Tracy McCuan. They asked the question in this ad, if KPUB's GM CEO believed that surplus should have been paid back to the customers and rate payers, why isn't that being done? Doesn't KPUB hold its money as a fiduciary to the rate payers? This article, or this ad says that per customer, the potential refund is over \$300. Now, you know, to a lot of us, maybe that's not a whole lotta money, but I office in the Broadway Bank building, and they got a little thing there, and the church I go to saying school's about to start, there's families who can't even afford to buy their children school supplies. So \$300 is a lot of money to a lot of families in this community. So, to return to what I started, and by the way, these aren't unearned or unexpected earnings, they're not earnings at all. They're a result of KPUB paying too much to LCRA, the money should have gone back to the rate payers. So my question is, why is a public utility in the banking business, and how does this scheme fulfill the mission statement of providing high quality utility service at the lowest responsible price? Thank you.

BW: To answer that, I would refer to Mr. Hayes. I know that at the meeting back in March I think it was, the joint meeting between the City of Kerrville and KPUB, I was confused a little bit myself as to the origin of those funds, and maybe I know that all of the attorneys from both entities checked off as legal, the loan. That still didn't quite explain it to me. I was sent a correspondence by one of our constituents that said it only audited KPUB and I wasn't provided a copy of that, as a liability. In other words, something that was owed to the rate payers. I know Mr. Whittler was asked that at the meeting by one of the visitors back in March or whenever we had it, and he said it belonged to the rate payers, and so I actually voted against it at that time, but maybe Mr. Hayes could explain, I think the question is as I understand it from Mr. Ellison is, is KPUB allowed to make a loan with monies that were overcharged to the customers for adverse litigation, and the monies that were paid for by LCRA? Maybe you can answer that.

MH: Well, you know, as you can appreciate they've got their own legal counsel, and they had I believe 2 attorneys look at that issue, and sign off on that agreement.

BW: KPUB did?

MH: Right, right.

BW: And I can't answer it any further than that. I...if it is it is. I would hate to think that we might be looking at some kind of a class action, you know, if people decided that that was not the case. I don't know how that...

GS: I'm not sure why you would recommend that during a City Council meeting.

BW: No, I'm saying I wouldn't...

GS: Can we move forward with the Council meeting?

BW: I'm answering the man's question about the loan, and the origin of the funds. I believe that was his question.

Richard Ellison: Yeah, it is.

BW: Ok. I have another speaker on 4D. Mr. Wolff?

Jerry Wolff: I'm Jerry Wolff and I live at 509 N. Buckboard. I guess first my head's kinda swimming a little bit with numbers. I wrote down some and I've been hearing some more tonight. Getting a little bit confused. Basically, looking at the cost that was projected for this project at 18 ½ million dollars. Tonight, as part of this, I presume as the expenses remaining to be made, there was still a 1.96, a hundred, one million nine hundred sixty-five thousand that was spent on the design that you said is now coming due within a matter of weeks. That brings our project cost up to 21.4 million. Now if you add in the interest on the bonds and on the loan from KPUB as is stated here in the agenda packet you bring that project cost up to 27.4 million dollars. This is basically, if you go back and look at the cost estimate, the amount of money you were making to be spent, and you take out the 25% contingency fee of 3.7 million, you're talking about 15 (50? I couldn't understand which he said) million dollars, and we're gonna have about 25 million in expenses. There's something wrong here. Now we're talking about in addition to these funds, we're gonna have 3 million more from EIC, and I was at the EIC board meeting last week, which basically, it appeared to me that they for all intents and purposes have approved the 3 million dollars to be spent on the distribution lines. Well between this contingency of 25% which I think's extremely high, if you can't estimate within 10% especially considering the scope of this project, the digging and laying pipe in this area, in this...we don't have the history yet to be able to make a good estimate, we should be within 10% easily. So this 25% contingency is way too high. 3.7 million dollars for contingency. You take that plus the 3 million from K, from EIC that's not needed to fund it according to this, the way it's being laid out now, that leaves over 6.7 million dollars that's just floating around. And I think it, that needs to be explained. What is that money going to be used for? And it needs to be explained in a table form and be very easy to understand. I'm also curious as I've heard for months now, I think we originally started back in March, when the loan was approved for 8.5 million by the KPUB board, or up to 8.5 million by the KPUB board, that basically for a couple of weeks the talk was, well we didn't need, but then the EIC was going to come in, excuse me, so all of a sudden we reduced the amount of loan from 8 ½ to 5 ½. Which made sense. Then all of a sudden within a month or two, the City Manager started talking about we need 6 ½ million. Then just a couple of weeks ago, the number became 6.9. Tonight it's 7.5. And I don't understand this growth from 5.5 million to 7 ½ million. Anyway, that's my comments and those are my questions. Thank you.

GS: Mr. Wolff, over 2 years ago I attended a workshop and it was on the effluent water project, specifically it was an 8 hour pure joy meeting about quality of water, future rights of water, and the number we had estimated at that time was 24 million. So the numbers as we get closer to the project are gonna adjust. But, I just wanted you to know that we've been working on this for over 2 years that I know of. It was a workshop

that was well performed, and put together. The presentation was thorough, so I don't know how many years Todd has been working on this before I got to City Council.

Jerry Wolff: I understand.

GS: It's been moving slowly, it's been moving steadily, and as we get closer to the project breaking ground we're gonna have more accurate numbers. And I'm not sure if the mandated 20%, I don't know if it's mandated or if it's our policy to have in reserve for a project. Is there a number that...

BW: You mean the contingency.

GS: Yeah the contingency. Thank you.

TP: It's the fiduciary estimate (can't hear several words). Particularly on the large projects and major work projects there's things that happen in the field. Things we may not anticipate. Things that you can't help, you know, existing situations that you run into. Unexpected things. So instead of being caught short in a project, we apply a contingency. (Unintelligible)...recommended on the scope of the project.

GS: And every time we've had projects completed, we've had money left over that we've transferred to something else.

BW: I think that's what he's saying is that we're, that we have too much of a contingency.

Jerry Wolff: We have too much money. Tonight make a commitment to pay this money that's not spent out of this 3.7 million contingency, but to reduce debt.

GS: I like the engineers coming up with contingencies instead of just me guessing, because I have no idea.

Jerry Wolff: Well I don't either.

BW: Okay, let's stay on the topic here of the KPUB issue. And so, were your questions answered there? I think what I've heard Mr. Parton say tonight in answer to a number of your questions is that the overage is for use on other water and sewer projects that the City of Kerrville is going to need. I had asked Mr. Parton that we use to those in the budget. I'd feel better if we know what that use. I know have some major issues some major projects that need to be covered. I think what we're talking about here is this the way to do it. Is this the funding mechanism, not whether or not that's the price and whether we need it for something else. I have one more speaker, Robert Naman, did you want to speak on 4D?

SF: Can I make one quick comment to that?

BW: Yes.

SF: Are you talking about a priority list? Because if it's a contingency we can't definitely say it's going there because we don't know how much it's going to be, so you're talking about doing a priority list for the overages. When we find how much...

BW: Yes, yes.

SF: Okay, alright, okay.

Robert Naman: Robert Naman, 1800 Glen Road. The notice of sale and the bidding instructions on the 10 million dollars for the City of Kerrville certificates of obligation series 2016 on page roman numeral 5 states the City does anticipate the issuance of additional general obligation debt in early 2017 in the approximate amount of 8.5 million dollars. Prior to notice councilman Fine and former mayor Pratt were in private negotiations with representatives of KPUB regarding a loan from KPUB to the City of Kerrville to pay for the effluent pond project. It is my understanding that prior to selling the initial general obligation bonds a vote by the citizens of Kerrville is required by law. This loan again denies the citizens of Kerrville the right to vote on a debt issue. The reasons for giving this loan from KPUB to Kerrville are questionable. The savings of not issuing bonds is about 725,000 dollars which is miniscule in comparison to Kerrville's 50 million dollar annual budget. About 98% of a municipal bond prospectus is the boilerplate. Probably we pay too much as it is. I question whether this is an arms-length transaction. Councilman Fine's priority as one of KPUB's representatives should be to protect the interests of the citizens of Kerrville first, rather than improve KPUB's financial condition. While KPUB is owned by the City of Kerrville, KPUB's accounting is segregated from the City, as well as separately audited. Verifying that these are 2 separate entities. KPUB's customer base or class is made up of 2 distinct groups. Group A are citizens of Kerrville. Group B live outside of the city limits of Kerrville and are not subject to taxation by Kerrville. This loan has the citizens of Kerrville group A paying interest that all KPUB customers. This is not equitable. It would be like charging one group a different rate than the other. The equitable thing to do would be to rebate the excess funds to all KPUB customers for being overcharged. Alternatively, the money could be used now to purchase long-term energy commitments while energy prices are low. I find it more than ironic that earlier this year councilmen Fine, Allen and Stork had no problem taking 2 million dollars from this year's 10 million dollar bond sale to purchase City-owned dirt, presumably in order to protect those citizens of Kerrville not on Kerrville's water wastewater system. Now when you want to borrow more money for the effluent pond project you do not seem as concerned in protecting the interests of the citizens of Kerrville. This appears to be another attempt to deny citizens a choice, a chance to voice their input of voting on a debt issue. Thank you.

BW: Thank you very much. I think we have a couple more spaces. Did anyone else wish to speak from the audience? Any questions or remarks from Council? As I see this, it's a question if you, of whether or not we believe it was a legitimate loan, and if we are satisfied that it is, is it something that we need to do today. I know that funding, the

amortization schedule is set up for February, but the money was to be deposited August the 1st, which is next week. So we don't have time to consider the EIC request of the 3 million. However, the Freese and Nichols design will not be complete till perhaps the 1st of August, the bids are out by November. Do we have a final, will we have a final cost, do you expect an adjustment at all when Freese and Nichols finish their design?

TP: We may, I mean the design, you know the do a 30% design of construction estimate, and then we get to 90%, and if you run those estimates; and so their preliminary estimates were 18.3, 18.5. It could be higher, I mean you could line that, depending on your final design. You know, that's something we always look at with projects. They come in high and low. We go back and re-evaluate what's being proposed. We look at ways to try to get that project done in the most economical way possible.

BW: So that may more why the, and let me be clear that 'cause I was on the, at the KPUB meeting on Wednesday, and the resolutions that were passed both authorized 8 ½ million from KPUB and the City. The resolution that was passed last Wednesday because I had some questions about that, was simply to move the money from one fund into another fund in KPUB that they might be able to transfer that money to the City. I don't know why that amount was 6.9, but it was. And so they've authorized at this point 6.9 million dollars to be transferred to the City of Kerrville. My understanding from Mr. Parton is that it would be no trouble to go back to them I guess for a larger amount. So, I'm sorry?

TP: That's not correct.

BW: Okay.

TP: The 6.9 was for the tariff and the rate. 6.9 is what they had programmed to move out of their reserve, with the balance of that fund up to 8.5 million being provided through their rates. So based on their tariff calculations, so they are prepared and financially ready to be able to deliver up to 8.5 million if that's what City Council passes.

BW: Okay.

GA: But you're only recommending 7.5.

TP: Yes sir.

GS: To be honest with you, I wish I had thought of this loan. First of all, KPUB is owned, all of their assets are owned by the City of Kerrville. So in essence, we're borrowing our own money from ourselves. Okay? Now if you... If we could have some quiet in the audience, I'll continue. And then, the higher rate that the loan pays to KPUB will increase a profit to KPUB. All profits to KPUB pay a 3% franchise fee back to the City. So, this is a great idea for the City and for KPUB. It's saving us money in the long run. It's...you can shake your head all you want, but this is the facts, okay?

George Baroody: Are you talking to me or are you talking to the audience?

GS: It's a smart move, it's a good move for KPUB, it's a good move for the City. It secures our long-term water needs. This is short-sighted if we look at a 3 month extension or a 3 month delay. We need to look long-sighted, we need to look at our long term water needs. Not just today, but 20 years from now 30 years from now, or 50 years from now. So, to talk about this loan as if it were something silly and light and expensive is very short-sighted in my view. And I think it's better for Kerrville if we look at the long term, if our developer were still here, he would want to know that we were ready to go for a water project or some big project that he had later on. So, to look short-sighted is not good for Kerrville. We need to look long-term, we need to look at what's best for KPUB, which is our asset, and what's good for our long-term water plan. So I would move that we approve the 7.5 million dollar loan from KPUB.

BW: We have a motion, do we have a second?

SF: Second.

BW: We have a motion and a second. All in favor raise your right hand. All opposed? It passes 3 to 1. (Councilmembers Fine, Stork and Allen voted in favor. Mayor White opposed.)

Agenda Item:

6G. Review and discussion of Resolution No. 40-2013 – City of Kerrville Ethics Policy for Elected and Appointed Officials. (Councilmember Stork)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Review and discussion of the Ethics Policy for Elected and Appointed Officials adopted by Resolution No. 40-2013

FOR AGENDA OF: Aug. 23, 2016 **DATE SUBMITTED:** Aug. 16, 2016

SUBMITTED BY: Gary Stork **CLEARANCES:** Todd Parton
Council Member – Place 3 City Manager

EXHIBITS: Resolution No. 40-2013

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:



Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$0	\$0	\$0	

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

On October 8, 2013, City Council adopted Resolution No. 40-2013. This resolution adopted the Ethics Policy for Elected and Appointed Officials. The purpose of the ethics policy is to, "...encourage and ensure the highest standards of personal and public conduct during tenure in office."

Section V. Implementation specifies that the City Council shall periodically review the policy and consider any revisions.

RECOMMENDED ACTION

This policy is nearly 3 years old and has not been reviewed by the City Council since its adoption. City Council should review this policy for update and revisions.

CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 40-2013

A RESOLUTION ADOPTING AN ETHICS POLICY FOR ELECTED AND APPOINTED OFFICIALS – CITY OF KERRVILLE, TEXAS; PROVIDING A PURPOSE, GOALS, STANDARDS OF CONDUCT, IMPLEMENTATION, COMPLIANCE AND ENFORCEMENT; AND A STATEMENT OF COMMITMENT

WHEREAS, City officials of the City of Kerrville, Texas, should conduct public business in a way that encourages and ensures the highest standards of personal and public conduct during their time in office; and

WHEREAS, as a way of meeting these standards, City Council has discussed and reviewed a policy that will be applicable to all City Officials and which Council believes will better define in one policy document the standards of conduct that are applicable to such officials; and

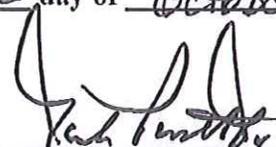
WHEREAS, Council now acts to adopt the *Ethics Policy for Elected and Appointed Officials – City of Kerrville, Texas* (the “Policy”), as a way of maintaining the public’s confidence and trust in their elective officials, representatives, and decision-makers for the City, each of whom must remain independent, impartial, and accountable to the citizens and businesses that they serve; and

WHEREAS, the City Council for the City of Kerrville, Texas, finds that its adoption of the Policy will serve and promote the public interest;

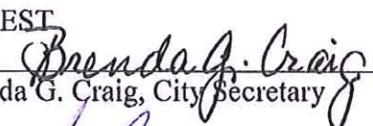
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

The *Ethics Policy for Elected and Appointed Officials – City of Kerrville, Texas*, as attached at Exhibit A, is adopted and is effective immediately.

PASSED AND APPROVED ON this the 8th day of October A.D., 2013.



Jack Pratt, Jr., Mayor

ATTEST


Brenda G. Craig, City Secretary

APPROVED AS TO FORM:


Michael C. Hayes, City Attorney

ETHICS POLICY

for Elected and Appointed Officials - City of Kerrville, Texas

I. Purpose.

City Council has adopted this Ethics Policy as a way to encourage and ensure the highest standards of personal and public conduct during tenure in office. Adherence to this Policy will help maintain confidence and trust in the representatives and decision-makers for the City of Kerrville, Texas ("City"), each of whom must remain independent, impartial, and accountable to the citizens and businesses that they serve. In addition to this Policy, elected and appointed officials must adhere to state laws, the City Charter, and other City policies, which govern their conduct.

II. Goals.

The goals of this Policy are that both Councilmembers and City Officials:

- A. comply with both the letter and spirit of the laws and policies affecting the operations of government;
- B. remain independent, impartial, and fair in their judgment and actions; and
- C. use their respective office or position for the public good and not for personal gain.

III. Definitions.

The following terms when used in this Policy have the following meanings:

Board means a board, commission, or committee of the City, in whatever form and whether advisory or nonadvisory and temporary or permanent.

City Council means the legislative and governing body of the City consisting of the mayor and councilmembers.

City Official means City Council and any appointed member of a Board.

IV. Standards of Conduct.

A. *Act in the Public Interest:* Recognizing that stewardship of the public interest must be their primary concern, City Officials shall work for the common good of the whole City and not for any private or personal interest. Furthermore, each City Official shall assure fair and equal treatment of all persons and matters presented to them in their service to the City. City Officials are prohibited from using their positions to influence any City-government decision in which they have a personal interest. Under the City Charter, City Council assumes the duties of office without party or partisan mark or designation.

B. *Comply with Laws:* City officials shall comply with the laws of the nation, the State of Texas, and the City in the performance of their public duties. These laws include the United States and Texas constitutions; laws pertaining to conflicts of interest, election campaigns, financial disclosures, open government; and the City Charter, ordinances, and policies. City officials acknowledge that most information created by a City Official, regardless of whether it

R 40-2013

is created on a personal electronic device or with a personal email account, is subject to public disclosure under the Texas Public Information Act.

C. *Civility*: The professional and personal conduct of City Officials must be above reproach and avoid even the appearance of impropriety. City Officials shall refrain from abusive conduct, personal charges, or verbal attacks upon the character or motives of the public or other City Officials and employees. Each Official should strive to promote and maintain courtesy, civility, and collegiality.

D. *Respect the Process*: City Officials shall perform their duties in accordance with the processes and rules of order established by the City Council, which govern the public deliberation of public policy issues, meaningful involvement of the public, and implementation of policy decisions of the City Council by City staff.

E. *Meeting Attendance*: City Officials are obligated to attend meetings and come prepared with an awareness and a fairly good and well-informed understanding of the agenda issues; listen courteously and attentively to all public discussions before the body; and focus on the business at hand. City Officials shall refrain from interrupting other speakers, making personal comments not germane to the business of the body, or to otherwise interfere with the orderly conduct of meetings, all of which is in accordance with Council's applicable meeting rules and procedures.

F. *Decisions Based on Merit*: City Officials should review the agenda material, participate in public discussion, and base all decisions on the merits and substance of the matter at hand.

G. *Communication*: Prior to taking final action on a matter under consideration, City Officials shall publicly share any substantive information, which they may have received from sources outside the public decision-making process that is relevant to such action by the Council or Board.

H. *Conflicts of Interest and Disclosure*: City Officials shall familiarize themselves and adhere to the following conflicts of interest and disclosure statutes and principles:

a. Ch. 171, Tx. Local Gov't Code – requires City Council and some City Officials to file an affidavit disclosing a substantial interest in a business or property that would be beneficially affected by a decision of the Council or Board and thereafter abstaining from participation in discussion and a vote. Once disclosure is made, the City Official shall leave the meeting to ensure their presence does not hinder the discussion of the item or influence the vote.

b. Ch. 176, Tx. Local Gov't Code – requires City Council to file a conflicts disclosure statement disclosing any business relationship with a person or business doing business with the City or being considered by the City for a business relationship.

c. Section 176.003(a)(2)(B), Tx. Local Gov't Code – requires the disclosure of gifts of an aggregate value of more than \$250.00 in a twelve (12) month period, other than gifts of food, lodging, transportation, or entertainment and accepted as a gift.

d. Sections 553.001-553.003, Tx. Gov't Code – requires the filing of an affidavit before the date the City will acquire a property in which a public servant has an interest.

e. Penal Code provisions concerning corruption, including Section 36.02 prohibiting bribes, Section 36.08(d) prohibiting illegal benefits, Section 36.09 prohibiting receipt of prohibited gifts, Section 39.02 concerning abuse of official capacity, and Section 39.06(a) concerning misuse of official information.

I. *Advocacy*: City Officials shall not utilize the City's name or logo for purposes of endorsing any political candidate or business. City Officials shall only represent the official policies or positions of the City Council or Board to the best of their ability, and such representation may only occur upon receiving the specific approval of City Council or Board. When presenting their individual opinions and positions, City Officials shall explicitly state they do not represent their body or the City nor will they allow any inference that they do.

J. *Confidential Information*: City Officials shall respect the confidentiality of information concerning City property, personnel, or proceedings of the City. They shall neither disclose confidential information without proper legal authorization nor use such information to advance their personal interests.

K. *Use of Public Resources*: City Officials shall not use public resources generally unavailable to the public, such as City staff time, equipment, supplies, or facilities for private gain or personal purposes.

L. *Representation of Private Interests*: In keeping with their role as stewards of public interests, City Officials shall not appear on behalf of private interests of third parties before the Council or Board.

M. *Policy Role of City Officials*: City Officials shall respect and adhere to the City's governmental structure as outlined in the City's charter, policies, and procedures. In this structure, the City Council determines the policies of the City with information, analysis, and advice provided by the public, Boards, and staff. City Officials therefore shall not interfere with the administrative functions of the City or the professional duties of the City staff; nor shall they impair the ability of staff to implement Council policy decisions.

N. *Independence of Boards*: Because of the value of the independent advice of Boards to the public decision-making process, City Officials shall refrain from using their position to unduly influence the deliberations or outcomes of Board proceedings.

O. *Positive Workplace Environment*: City Officials shall support the maintenance of a positive and constructive work place environment for City employees and for citizens and businesses interacting with the City. City Officials shall recognize their special role in dealing with City employees and refrain from creating the perception of inappropriate direction to staff.

V. Implementation.

As an expression of the expected standards of conduct for City Officials, the Policy is self-enforcing. It therefore is most effective when City Officials are thoroughly familiar with it and embrace its provisions. Ethical standards will be included in the orientation for new Councilmembers and new Board members. City Officials entering office must sign the attached statement affirming that they have read, understood, and agree to follow this Policy. City Council shall periodically review this Policy and consider any revisions.

VI. Compliance and Enforcement.

The Policy expresses standards of ethical conduct expected for City Officials. City Officials have the primary responsibility to assure that ethical standards are understood and met and that the public maintains full confidence in the integrity of City government. Councilmembers, as well as Board members, have the responsibility to intervene when a City Official's actions appear to be in violation of the Policy and such actions or inactions are brought to their attention. The City Council may impose sanctions, such as reprimand, formal censure, or loss of assignment on a City Official whose conduct does not comply with this Policy. The City Council also may act to remove members of Boards from office.

STATEMENT OF COMMITMENT
Ethics Policy for Elected and Appointed Officials - City of Kerrville, Texas

As a member of the Kerrville City Council or a City board, commission, or committee, I agree to uphold the Policy and conduct myself by the following model of behavior. I will:

- Recognize the worth of City Officials and employees and appreciate their individual talents, perspectives, and contributions;
- Help create an atmosphere of respect and civility where the public, City Officials, and City staff are free to express their ideas and work to their full potential;
- Conduct my personal and public affairs with honesty, integrity, fairness and respect for others;
- Respect the dignity and privacy of individuals and organizations;
- Keep the common good as my highest purpose and focus on achieving constructive solutions for public benefit;
- Avoid and discourage conduct which is divisive or harmful to the best interests of the City;
- Treat all people with whom I come in contact in a manner I wish to be treated;
- Before speaking or acting, I will ask myself the following questions:
 1. Is it the truth?
 2. Is it fair to all concerned?
 3. Will it build goodwill and better relationships?
 4. Will it be beneficial to all concerned?

I affirm that I have read and that I understand, accept and support the Policy.

Name; Position; Council, Board, etc.

Signature

Date

Agenda Item:

6H. Discussion and direction to city staff regarding approximately 173 acres of land located in the Kerrville extraterritorial jurisdiction. Said land being comprised of the following three tracts – Abstract A0280 Rodriguez, Survey 72, Tract (Part of 141.38 acres), Acres 49.31; Abstract A0280 Rodriguez, Survey 72, Tract (Part of 186.99 acres), Acres 31.34; and Abstract A0282 Robinson, Survey 44, Tract (Part of 186.99 acres), Acres 92.44 (staff)

Maps indicate that approximately half of the 173 acres is located within the Guadalupe River floodplain and floodway.

Since the property is not within the Kerrville corporate limits, it is not subject to the city's zoning and land use regulations. The property is subject to the city's subdivision regulations.

The city's ability to establish land use controls for this property is through annexation and zoning. The subject property is located in an area designated for Low Density Residential land uses by the city's Future Land Use Plan. The property must be zoned in a manner consistent with the land use policies and, therefore, the appropriate zoning for the property would be R-1. Sand and gravel excavation operations may be allowed in R-1 zoning districts with a conditional use permit.

Other options available to the City Council would be to enter into a non-annexation development agreement or to take no action.

A non-annexation development agreement could be written to include conditions and limitations on the property that would be consistent with zoning conditions. However, enforcement of the agreement would be through a civil process whereas zoning authority is derived from the city's police powers.

RECOMMENDED ACTION

This item is presented for review and discussion by City Council. City staff requests direction and does not have a specific recommendation at this time.

Colvin Tract Up for Sale



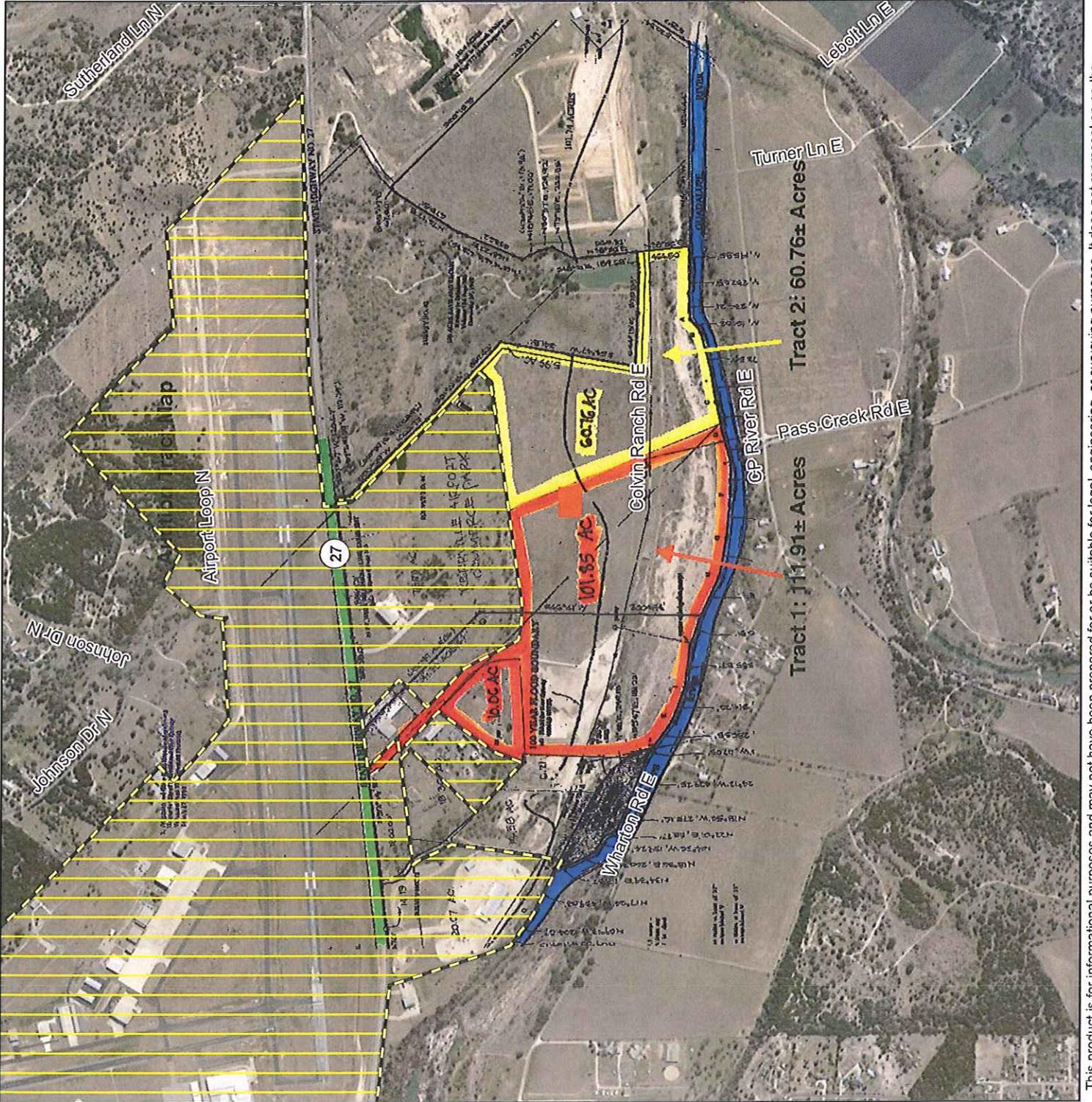
Legend



City Limit



Exported By: joyoung
 Exported On: 8/17/2016 5:00 PM
 0 500 1,000 2,000
 Scale In Feet



This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only approximate relative location.



Imagery ©2016 Google, Map data ©2016 Google 500 ft



HOME LOGIN REGISTER CONTACT US

172.67 +/- Acres and Improvements in 2 Tracts in Kerrville, TX (2)

Auction Closing Now! - ends Thu, Aug 18 at 10:00:00 am

McLemore Auction Company, LLC, in conjunction with Better Homes and Gardens Real Estate Bradfield Properties, will sell these 172.67 +/- acres with improvements in Kerrville, TX as part of United States Bankruptcy Court, Western District of Texas, San Antonio Division, Case No.11-51241 CAG. The property will sell in two tracts, both with Guadalupe River frontage, adjudicated water rights and aggregate deposits. Both tracts have frontage on SH 27 for access.

Auction Manager:
Will McLemore
(615) 517-7675
will@mclmoreauktion.com

[Bid Gallery](#) [Dates & Times](#) [Locations](#) [Terms & Conditions](#) [Categories](#) [My Favorites](#)

[« Back to list](#)

Lot #0001: 111.91± Acres with Large Aggregate Deposit

Current Bid: \$731,000.00
Your Max Bid: NA
Time Remaining: Closed (bidding was extended)
Extended Bidding: 0
Bidding Ended: Thu, Aug 18 10:28:05 am CT
High Bidder: Chestnut
Bid Increment: \$10,000.00
Item has been viewed 2,353 times.

[PREV LOT](#) [RETURN TO LIST](#) [NEXT LOT](#) [ASK ABOUT THIS ITEM](#)

[G+](#) [Pin it](#) [Like](#)



[Item Description](#) [Photo Gallery](#) [Bid History \(186 bids\)](#) [Soft Close Group \(2\)](#) [Documents \(5\)](#)

Click on any picture to see a larger image.



[Home](#) [Login](#) [Register](#) [Contact Us](#) [User Agreement](#) [Past Sales](#)

Page last refreshed Thu, Aug 18, 10:24am CT.

© 2016 McLemore Auction Company LLC
All rights reserved.

Active Users: 293

Site powered by AuctionMethod.com.



HOME LOGIN REGISTER CONTACT US

172.67 +/- Acres and Improvements in 2 Tracts in Kerrville, TX (2)

All items closed

McLemore Auction Company, LLC, in conjunction with Better Homes and Gardens Real Estate Bradfield Properties, will sell these 172.67 +/- acres with improvements in Kerrville, TX as part of United States Bankruptcy Court, Western District of Texas, San Antonio Division, Case No.11-51241 CAG. The property will sell in two tracts, both with Guadalupe River frontage, adjudicated water rights and aggregate deposits. Both tracts have frontage on SH 27 for access.

Auction Manager:
Will McLemore
(615) 517-7675
will@mclemoreauction.com

[Bid Gallery](#) [Dates & Times](#) [Locations](#) [Terms & Conditions](#) [Categories](#) [My Favorites](#)

[Back to list](#)

Lot #0002: Riverfront Farm on 60.76± Acres

Bidding is closed.

High Bid: \$561,000.00

Current Bid: \$561,000.00

Your Max Bid: NA

Time Remaining: Closed (bidding was extended)

Bidding Ended: Thu, Aug 18 10:28:05 am CT

High Bidder: Chestnut

Bid Increment: \$10,000.00

Item has been viewed 2,441 times.



[PREV LOT](#) [RETURN TO LIST](#) [NEXT LOT](#) [ASK ABOUT THIS ITEM](#)

[Twitter](#) [G+1](#) [Pinterest](#) [Like](#)

[Item Description](#) [Photo Gallery](#) [Bid History \(143 bids\)](#) [Soft Close Group \(2\)](#) [Documents \(5\)](#)

Click on any picture to see a larger image.



[Home](#) [Login](#) [Register](#) [Contact Us](#) [User Agreement](#) [Past Sales](#)

Page last refreshed Thu, Aug 18, 10:32am CT.

© 2016 McLemore Auction Company LLC
All rights reserved.

Active Users: 282

Site powered by [AuctionMethod.com](#).

Agenda Item:

7A. Post event report for Kerrville's Fourth on the River. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Post Event Report for Kerrville's Fourth on the River

FOR AGENDA OF: August 23, 2016 **DATE SUBMITTED:** August 5, 2016

SUBMITTED BY: Ashlea Boyle **CLEARANCES:** E.A. Hoppe
Assistant Director of Parks and Recreation Deputy City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE DIRECTOR OF FINANCE:

SUMMARY STATEMENT

Pursuant to the FY16 adopted budget, the City of Kerrville funded four special events through the hotel / motel occupancy tax funds for a total of \$100,000. Each event is eligible for a maximum reimbursement of \$25,000. The four events are *Kerrville's Festival of the Arts*, *Kerrville's Fourth on the River*, *Kerrville Chalk Festival*, and the *Kerrville Triathlon Festival*. These events were approved for funding based on the economic impact to the community associated with heads in beds. These events are community wide special events that not only attract local residents, but non-local visitors as the majority.

Each event organization has been asked to provide a post event report to the City Council after the conclusion of event.

Kerrville's Fourth on the River was held on July 4, 2016. A representative from the organization will be providing this report.

RECOMMENDED ACTION

This report is for information only. No action is required.

Agenda Item:

7B. Budget and economic update. (staff)

Status of key Community Investment Plan projects include:

- River Trail, evaluation for west portion of River Trail from Lowry to Guadalupe Park continues;
- Louise Hays and Lehmann Monroe Park, limited activity in July for landscaping and small amenities to finish project is expected to be complete soon;
- Athletic Complex project, dirt work by third-party continued, walk through to be conducted before to City to begins construction;
- Reuse Pond/Distribution, is in the final design stages with projected bid opening by end of summer.

Permits issued for new residential locations fiscal year-to-date were 66.

No commercial permits were issued in July. Commercial permits issued for new locations and major remodels are an estimated value of \$30,610,014 fiscal year-to-date. Values of these sites will be reflected on the property tax roll upon completion in the following tax year.

Real estate transactions remain steady with a moderate inventory available. Unemployment at national, state, and local levels has remained at a relatively low percentage for several months.

RECOMMENDED ACTION

Information purposes only, no action required.

City of Kerrville
Month ending July 31, 2016
 (Month 10 of FY2016)

	Current Month	Year To-Date	Budget @ 83.33%	Prior Year To-Date	change from prior year
General Fund					
Total Revenues	\$ 1,503,938	\$ 21,865,517	88.92%	\$ 21,138,420	3.44%
Property tax	\$ 32,978	\$ 8,735,986	98.33%	\$ 8,503,035	2.74%
Sales tax	\$ 498,617	\$ 5,250,260	83.94%	\$ 5,104,018	2.87%
Total Expenditures	\$ 2,238,073	\$ 18,564,329	75.01%	\$ 18,739,172	-0.93%

Water and Sewer Fund					
Total Revenues	\$ 981,851	\$ 9,311,748	79.30%	\$ 7,328,799	27.06%
Water Sales	\$ 465,943	\$ 4,112,153	73.58%	\$ 3,790,791	8.48%
Sewer Service	\$ 441,434	\$ 4,324,258	79.89%	\$ 4,245,013	1.87%
Expenditures	\$ 754,329	\$ 8,817,137	75.09%	\$ 9,538,864	-7.57%

Hotel/Motel Fund					
Revenues	\$ 120,242	\$ 899,181	88.26%	\$ 861,777	4.34%
Expenditures	\$ 252,624	\$ 960,474	95.00%	\$ 913,974	5.09%

	Project Budget	Current Month	P-T-D Expense	Budget Balance
Community Investment Plan				
River Trail	\$ 6,000,000	\$ 174,724	\$ 4,965,879	\$ 1,034,121
Louise Hays & Lehman/Monroe Park	\$ 2,683,915	\$ 850	\$ 2,641,207	\$ 42,708
Athletic Complex	\$ 10,500,000	\$ 312	\$ 124,493	\$ 10,375,507
Reuse Pond/Distribution	\$ 14,100,000	\$ 35,567	\$ 939,980	\$ 13,160,020

Development Services:			Housing (July)	
Residential # of permits	Commercial permits value			
Oct 11	330,680		<i>Local:</i>	
Nov 5	17,000		558 active residential listings; 71 residential sales July 2016	
Dec 6	52,000		\$17,092,301 total residential sales dollars for July 2016	
Jan 8	559,099		\$93,829,404 total residential sales dollars Y-T-D for 2016	
Feb 9	1,372,500		(Source: Kerrville Board of Realtors)	
Mar 4	4,219,630			
Apr 4	340,466			
May 9	2,304,700		Unemployment: (June)	
June 5	21,413,939		National	5.1%
July 5	0		Texas	4.8%
Aug			Local	3.7%
Sept			(Source: Texas Workforce Commission)	
YTD 66	30,610,014			