

CITY COUNCIL MINUTES
SPECIAL MEETING

KERRVILLE, TEXAS
JULY 3, 2012

On July 3, 2012, the Kerrville City Council meeting was called to order by Mayor Pratt at 9:00 a.m. in the city hall council chambers, 800 Junction Highway.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Stacie Keeble	Mayor Pro Tem (arrived at 9:06 a.m.)
Carson Conklin	Councilmember
Justin MacDonald	Councilmember

COUNCILMEMBER ABSENT:

Gene Allen	Councilmember
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CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda G. Craig	City Secretary
Kristine Ondrias	Assistant City Manager
Travis Cochran	Director of Information Technology
Mike Erwin	Director of Finance
Mark Beavers	Assistant Fire Chief
Stuart Barron	Water/Wastewater Division Manager
Malcolm Matthews	Director of Parks and Recreation
Robert Ojeda	Fire Chief
Kim Meisner	Director of General Operations
Susan Michelson	Municipal Court Clerk
Laura Bechtel	Interim Library Director
Charlie Hastings	Director of Public Works
Dieter Werner	City Engineer
Jeff Finley	Director of Building Services
Jason Lutz	City Planner
John Young	Police Chief

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

ORDINANCE THIRD AND FINAL READING:

Ordinance No. 2012-05 repealing and replacing the City's sign regulations found in Article II of Chapter 6 of the City's Code of Ordinances and repealing Section 27 of Ordinance No. 85-59 and all ordinances which amended Section 27 and pertain to the regulation of signs; adopting new regulations concerning the installation and maintenance of signs within the City of Kerrville, Texas and within the extraterritorial jurisdiction of the City; containing a cumulative clause; containing a savings and severability clause; providing for penalties not to

exceed \$2,000.00; ordering publication, providing an effective date; and providing other matters related to the subject. Mayor Pratt read the ordinance by title only.

Mr. Hayes reviewed changes regarding flags and electronic signs as requested by council at the June 26, 2012 meeting. He noted that inflatable signs had been removed from the list of prohibited signs, and he added it back to the list as prohibited; however, he recommended council define the size of balloons allowable, and noted in reviewing a few other cities 12 inch diameter was the largest allowed.

Mr. Conklin moved for approval of Ordinance No. 2012-05 with the clarification that inflatable signs be prohibited, with the exception of balloons, which are allowable but limited to 12 inch diameter; Mr. MacDonald seconded the motion and it passed 3-0.

DISCUSSION OF FISCAL YEAR 2013 BUDGET AND PROVIDE DIRECTION TO CITY STAFF

Mr. Parton presented the draft FY2013 budget for discussion and noted it was based on council's direction during the past two years and the January 31 workshop. He reviewed the basis for the preparation of the FY2013 budget: fiscally sustainable, balanced, maintain the current tax rate (\$0.5625), council's established priorities, no use of fund balance, and proposed utility rate increase for capital projects. He reviewed the fiscal sustainability model for the general fund and noted additional taxes anticipated from James Avery Craftsman and Fox Tank Company had not yet been factored into the model. The fiscal sustainability model for the water and sewer fund showed funds had been reallocated for capital and projects and a transfer for a short term loan for the city hall construction.

Mr. Parton and council discussed key items in the general fund budget:

- 2.75% salary increase; there had not been employee salary adjustment in the past 3-4 years; the city's five-year fiscal forecast had anticipated a 3% increase each year.
- Reorganization in the street division; 20% increase in road reconstruction; the city had been renting equipment at \$40,000-50,000 annually, but through a generous grant from the Cailloux Foundation last year, the city purchased several pieces of equipment and money previously used for equipment rental could be used to purchase materiel; \$100,000 added to road reconstruction from the sale of a portion of Rodriguez Street to Crenwelge Motors.
- Health care insurance was in the bid process; expected increase from \$6,800 to \$7,100 per employee; could be higher based on bids; was \$8,400 per employee 3 years ago.
- Purchase of motor grader for \$103,541; city had been renting this equipment at \$20,000 annually for the past five years, FY2013 budget included option to purchase this equipment.

- Budget included reinstatement of car allowance in several departments.

Mr. Parton and council discussed key items in the water and sewer fund budget:

- 2.75% salary adjustment and increase in health insurance.
- New position for GIS operator.
- Replacement dump truck (\$61,900).
- FY2013 budget anticipated rate increase of \$0.40/1,000 gallons for water and \$0.80/1,000 gallons for sewer to fund capital projects needed to address capacity and failure issues. The current funding plan anticipated debt issuance of \$7.0 million in FY2013 and \$4.3 million in FY2014.

Council also discussed the following:

- Reviewed the general fund debt service chart and noted the city was high in maintenance and operation but very low in debt service.
- Hotel Occupancy Tax: estimated income of \$835,000 for FY2013; discussed allocation process; staff to place item on a future agenda for action, including whether to continue to allocate funds to the arts coop or to individual organizations, and the requirements for an application process.
- Consider issuing debt now while interest rates are low.
- 2.75% salary increase; council had hoped the increase would be more; discussed merit versus across the board. Mr. Parton noted public safety was under a step program, which had not been funded since 2008. He also noted salary compression issues in several departments. Mr. Parton did not include a salary increase for himself in the budget; council said he should not be excluded.
- Questioned what was longevity? Mr. Parton noted the state specified that fire and police must receive longevity at \$4 per month after one year of employment; the city had elected to provide this benefit to all employees many years ago.
- Was longevity included in the salary compensation? Mr. Parton noted it was not; however, when cities are surveyed, they do not include longevity in salary.
- 68% of the city's budget was for compensation.
- Pavement Management System. Mr. Hastings estimated it would cost \$1.7 million to get to a 15 year plan, and the city would have to hire additional staff.

Council requested staff provide the following additional information:

- Number of employees for similar cities on a per capita basis.
- Comparison of water and sewer rates with cities of similar topography; also comparison of rates on a per capita basis.
- City's total debt per capita and per household based on current debt and rates and based on proposed debt and utility rate.
- Total EIC debt per capita and per household.
- Debt forecast over a period of time based on growth model.
- Prepare estimate to construct a new central fire station and replacement of a fire truck; and analysis of the effect of additional debt to fund such. Chief Ojeda noted that the fire truck proposed to be replaced was 23 years old (1989) and the fire standard for front line equipment was 15 years. He also noted that central

fire station served as the emergency operations center for the city, and the city was renting the building where fire administration offices were currently located.

- CIP list should include improvement to the police department building, construction of central fire station, purchase of a fire truck, and infrastructure projects; staff should then prioritize the CIP list.
- Investigate possibility of public safety grants for public safety for purchase of equipment and building construction.
- Replacement schedule of vehicles and maintenance cost of equipment.
- Chart revenue and expenditure stream as it pertains to water and sewer.
- Page 102 of the budget, explain the green line and the benchmark used.

Staff noted any significant changes in the budgets for their departments.

Mr. Parton noted the final draft budget would be delivered to the city council by July 31.

REPORT ON PROPERTY OWNER MEETINGS AND DIRECTION TO STAFF REGARDING FINAL RIVER TRAIL ROUTING AND ALIGNMENT OPTIONS

Mr. Matthews reviewed three areas of the river trail and noted property owners' concerns. He showed photographs of the construction underway for Package A, the area from the bridge at Lemos Street east into Louise Hays Park; anticipated completion of Package A was September.

EXECUTIVE SESSION

Mr. MacDonald moved for the city council to go into executive closed session under Sections 551.071 (consultation with attorney) and 551.072 (deliberation regarding real property) of the Texas Government Code; the motion was seconded by Mr. Conklin and passed 4-0 to discuss the following matters:

Section 551.071 and 551.072:

- Discussion of river trail route and the purchase, exchange, lease, or value of real property.

At 12:25 p.m. the regular meeting recessed and council went into executive closed session at 12:27 p.m. At 1:17 the executive closed session recessed and council returned to open session at 1:17 p.m. The mayor announced that no action had been taken in executive session.

ADJOURNMENT. The meeting adjourned at 1:18 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary