

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
JULY 24, 2012

On July 24, 2012, the Kerrville City Council meeting was called to order by Mayor Pratt at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Mr. Eldon Sheffer, Director of Church Relations, Schreiner University, followed by the Pledge of Allegiance led by Keith Ellis of the Military Officers Association of America.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Stacie Keeble	Mayor Pro Tem
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 Systems
Mike Erwin	Director of Finance
Robert Ojeda	Fire Chief
John Young	Police Chief
Kim Meismer	Director of General Operations
Malcolm Matthews	Director of Parks and Recreation

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

1. **VISITORS/CITIZENS FORUM.** No one spoke.
2. **RECOGNITION:**
 - 2A. Aquatics staff for lifeguard competition achievements.
Four members of the city's aquatics staff competed in the Central Texas Lifeguard Competition and received first place in First Aid and CPR competition and third place in the overall competition.
3. **PRESENTATIONS:**
 - 3A. Presentation by Sheriff Hierholzer regarding operations at the Kerr County Jail. Sheriff Hierholzer gave a presentation on the operations of the jail and inmates' participation in various community work activities.

3B. Presentation by Bob Treacy with City-County Benefits Services on the Patient Protection and Affordable Care Act of 2010. Mr. Treacy gave an overview of the PPACA and its potential impact on the city. He noted that some of the requirements of the PPACA were already implemented in Texas. He opined that some parts of the plan had merit, but the PPACA as passed was not the answer to health care.

4. CONSENT AGENDA:

Ms. Keeble requested item 4B be removed from the consent agenda.

Ms. Keeble moved for approval of items 4A and 4C; Mr. MacDonald seconded the motion and it passed 4-0:

4A. Minutes of the regular city council meetings held June 12, and June 26, 2012, and special meeting held June 19, 2012.

4C. Settlement and Mutual Release Agreement with Windstream Communications, Inc.

END OF CONSENT AGENDA

4B. Approval of Agreement For Services with National Sign Plazas, Inc. for wayfinding sign project.

Ms. Keeble suggested the project be delayed until after several current projects were completed.

Mr. Parton noted this agreement would result in a master plan to include construction documents and a design manual; the city could then initiate the bid process for the fabrication and installation of signs. TxDOT would require a plan before they will allow signs to be located in state right of ways. The \$20,000 cost of the master plan, and the cost of the signs and installation, was allocated in the hotel occupancy tax reserve fund.

Council also discussed the following:

- Not spend funds for the plan if do not intend to complete installation.
- Signs would be beneficial in directing tourists to locations.

Mr. Conklin moved for approval of the agreement with National Sign Plazas, Inc. for the wayfinding sign project; Mr. MacDonald seconded the motion and it passed 4-0.

5. ORDINANCE, SECOND AND FINAL READING:

5A. Ordinance No. 2012-06 amending the budget for fiscal year 2012 to account for the redesign and revised cost estimates for the Birkdale lift station/force main project. Mayor Pratt read the ordinance by title only.

Mr. Parton requested the budget be amended to allocate an additional \$900,000 for a total of \$6.3 million so contracts could be awarded and the project could proceed. There were no changes to the ordinance since first reading.

Mr. MacDonald moved for approval of Ordinance No. 2012-06 on second and final reading; Mr. Conklin seconded the motion and it passed 4-0.

CITY COUNCIL RECESS:

The Kerrville City Council recessed the regular city council meeting to convene a meeting of the City of Kerrville Employee Benefits Trust at 6:59 p.m. Following the City of Kerrville Employee Benefits Trust meeting, the Kerrville City Council reconvened into regular session at 7:16 p.m.

7. CONSIDERATION AND POSSIBLE ACTION:

7A. Resolution No. 23-2012 authorizing the transfer of the ownership of funds from the City of Kerrville to the City of Kerrville Employee Benefits Trust to pay for employee related benefits for fiscal year 2013.

Ms. Meismer noted this item would approve the transfer of funds for the benefits approved by the Employees Benefits Trust at \$7,100 per employee for FY2013.

Mr. Conklin moved for approval of Resolution No. 23-2012, with benefits not to exceed \$7,100 per employee, per year; Mr. MacDonald seconded the motion and it passed 4-0.

7B. Execute construction contracts with i) BRB Contractors, Inc. for the "lift station package" in the amount of \$4,476,154.00; and ii) Pesado Construction Company, Inc. for the "force main package" in the amount of \$1,468,929.00 for the Birkdale lift station, force main and emergency flow diversion structure project, and authorize City Manager to execute additional change orders under each contract, where a change order may exceed \$50,000.00, but the total amount of such orders may not exceed \$354,000.00 for a total project amount of \$6,299,083.00.

Ms. Ondrias noted this project included the construction of a new 9.79 mgd lift station, 20" force main and bore under the Guadalupe River, and a flow equalization basin at the wastewater treatment plant. The project was a vital link in the city's wastewater system, and the budget amendment approved in Item 5A allocated funding. Staff and Freese and Nichols recommended approval as stated.

Mr. Conklin moved to authorize the city manager to execute contracts as presented. Ms. Keeble seconded the motion and it passed 4-0.

7C. LCRA Transmission Services Corporation and its proposed adjustment of its CREZ (Competitive Renewable Energy Zone) I-10 route and impact on City's landscaping and welcome sign. Mr. Parton and Mayor Pratt discussed a meeting with LCRA at which they were updated on the CREZ line. The current plan showed the location of the pole and power line significantly closer to the I-10 and Hwy. 16 intersection and the Welcome to Kerrville sign than had been agreed to in the city's settlement agreement with LCRA; at the end of the meeting LCRA did not provide a copy of that plan to the city. Mr. Parton noted the settlement agreement had been negotiated between the City of Kerrville and LCRA in order that the city would withdraw its complaint with the Public Utility Commission; in that agreement, LCRA agreed to place the pole as far away from the landscaped area and sign as possible. Contrary to their agreement, LCRA now states that pole placement would be at the sign and they would remove all

plants within 100 feet that would reach a height of 14-15 feet. LCRA informed the city that pursuant to the settlement agreement and PUC orders, LCRA was only required to satisfy TxDOT and offered to provide compensation to the city for damage to and replacement of the landscaping. LCRA intended to mobilize in the Kerrville area by September 1, 2012.

Council discussed the following:

- Deplorable that an agency of the state did not have to honor their agreement; unacceptable behavior; disappointed in state leaders.
- Did not understand how the executed settlement agreement could arbitrarily be changed.
- During the negotiation process a few months ago, LCRA stated the poles would go around the city's sign and landscaping.
- If LCRA is only required to satisfy TxDOT, the city should contact TxDOT and see if they were willing to assist the city in having the poles placed in accordance with the settlement agreement. Mr. Parton noted this would have to be done at the TxDOT office in Austin.
- Cannot put a cost on the time and money the city had put into branding and on the visual image and aesthetics of Kerrville as you enter town.
- The city was forced to accept the line and only agreed to withdraw its complaint based on the settlement agreement as agreed to and signed by LCRA; now LCRA was proposing to violate that agreement.

The consensus of the council was to defer additional discussion of the matter to executive session. No action was taken following executive session.

7D. Resolution No. 25-2012 providing for the city's approval or disapproval of the Kerr Central Appraisal District's fiscal year 2013 budget.

Mr. Erwin noted the proposed FY2013 KCAD budget was proposed at \$885,425, an increase of 3.2% over FY2012; the city's proposed allocation was about \$123,000.

Fourth Coates, KCAD Chief Appraiser, and Kirk Griffin, KCAD Chairman, noted increases in the proposed budget: a 3% cost of living adjustment for employees, noting KCAD had not given employees a raise for three years; funding for legal counsel services to the appraisal review board, as directed by the state comptroller's office; computer software that would allow KCAD to be on the same data base as the city, county, and KISD; and employee training for appraiser certification through the state comptroller's office. Mr. Coates noted that Kerr County did not request a budget presentation and voted to veto the proposed budget. The Kerrville Independent School District Board voted to veto the proposed budget as it included employee raises and KISD would not approve raises for their employees this year.

Mr. Conklin moved for approval of Resolution No. 25-2012 approving the KCAD FY2013 budget as presented; Ms. Keeble seconded the motion and it passed 4-0.

7E. Report from Kerr Economic Development Corporation (Jonas Titas, KEDC)
This matter was deferred at the request of KEDC.

7F. Kerrville's Convention and Visitors Bureau (CVB) contract.
Councilmember Conklin noted issues he had were resolved at the special meeting held July 19. The current contract would expire in 2013, and the city should begin the process for renewing the contract; council discussed that the contract term may be changed from 7 years to 3-5 years.

Mr. Parton noted the renewal process would begin early 2013; council should consider reevaluating the contract and determine if any changes were needed.

The following person spoke:

- Bob Miller, member of CVB, questioned the city's funding commitment and noted CVB was in the process of hiring a new executive director.

The consensus of council was that no changes were anticipated.

7G. Resolution No. 24-2012 appropriating all revenue from the hotel occupancy tax for fiscal year 2013 pursuant to state law and city policy.

Mr. Erwin noted that years ago the city designated 1% of annual HOT tax revenue be set aside in a special account. He proposed that that all 7% of the HOT tax revenue be approved for allocation in FY2013.

Mr. Conklin moved for approval of Resolution No. 24-2012 to appropriate all 7% of HOT revenue received in FY2013; Mr. MacDonald seconded the motion and it passed 4-0.

7H. Appropriate the disbursement of hotel occupancy tax funds for the fiscal year 2013. Mr. Erwin proposed the appropriation of HOT revenue for FY2013 as follows: \$775,000 to CVB, \$50,000 to arts co-op, and \$10,000 for collection and audit services, for a total of \$835,000, as directed by the council on July 19.

Mr. Conklin moved for approval of the appropriation as stated; Mr. MacDonald seconded the motion and it passed 4-0.

Sudie Burditt, executive director of CVB, questioned if council had any direction regarding the \$50,000 allocation to the arts co-op. Mr. Parton noted it should be consistent with the FY2012 allocation.

Mr. Hayes stated he would prepare a contract with CVB similar to the FY2012 contract for council's consideration at a future meeting.

7I. Authorize the city to submit funding applications to the City of Kerrville, Texas Economic Improvement Corporation for i) a pavilion and parking lot improvements at the Scott Schreiner Golf Course; ii) improvements at the City's

soccer complex; and iii) a downtown wireless internet project.

Mr. Parton noted at the July 16 meeting EIC directed staff to prepare funding applications for three projects totaling \$1.2 million: 1) golf course parking lot and pavilion, 2) \$500,000 for improvements at the soccer complex, and 3) installation of wireless in the downtown area. Since the projects were on city property and the city would be the applicant, council should direct staff whether to submit funding applications. He estimated \$1.7-1.9 million EIC reserve fund at the end of FY2012, and recommended keeping a minimum \$440,000 balance. He also noted other competing community needs, and possible business programs and capital and infrastructure projects. He recommended that action on the submission of applications for the three projects be postponed until staff completed a cash flow analysis and had discussions with KEDC regarding any potential business prospects that may be forthcoming.

Council also discussed the following:

- Council noted these three projects were at the top of the list of projects discussed at the joint meeting; do not shelve projects, just postpone for now.
- KEDC may present potential new or expansion business opportunities.
- Noted over \$200,000 in profit at the golf course this year due to Fredericksburg's course being closed for renovation; however, Kerrville may see a temporary reduction when Fredericksburg reopens in October, and Kerrville may lose tournaments to Fredericksburg. The proposed golf course pavilion and parking lot improvements may help keep tournaments in Kerrville.
- EIC worked hard to achieve, and should be careful to maintain, a balance of quality of life projects, infrastructure projects, and a reserve for potential business projects.

The council supported all three projects but consensus was to postpone submission of applications until mid-September when staff would provide a cash flow analysis and information from KEDC.

7J. Presentation of the City's Fiscal Year 2013 proposed budget and direction to staff regarding same. Mr. Parton presented the FY2013 proposed budget and noted the budget was sustainable, balanced, maintained the current tax rate of 0.5625, included a 2.75% salary increase, reduced full time staff by .5 in the general fund, allocated \$300,000 for maintenance capital, increased street and drainage maintenance by \$100,000, included restructuring of staff in the street division, increased employee insurance by \$300 per person, included 6.843% increase from Allied Waste for garbage collection, included water and sewer rate increase, added \$300,000 to the general fund balance, and proposed no additional tax supported debt. He noted the proposed tax rate was below the effective tax rate, and he anticipated sales tax increase of 6.6% and HOT decrease of 2.3%. The FY2013 budget proposed 307 full time employees, as compared to 323 in FY2009. He estimated general fund revenue at \$20,894,703 and expenditures at \$20,594,703. Water and sewer fund revenue was estimated at \$9,025,500 and expenditures at \$8,851,239. Mr. Parton proposed a FY2013 debt issuance, backed by utility rates, to fund capital utility projects.

Council requested staff provide the following: a comparison of hill country cities with regard to debt ratio per capita including the potential 2012 debt issuance, and comparison of utilities rates to cities that were more comparable to Kerrville's topography.

Mr. Erwin noted the city's financial policy stated that the debt service ratio would not exceed 35% of revenue. If the city sold \$7 million in debt this year, Kerrville would have \$40 million in total debt; currently the city paid 71% to maintenance and operation and 29% to debt. He noted that Kerrville would not have any significant drop off in debt until 2023.

Bill Rich, general manager of Republic Services (Allied Waste), noted that Allied Waste requested a rate increase for residential collection services based on CPI and diesel fuel, as allowed in the contract, to be effective October 1, 2012. In addition, AW proposed a fee adjustment of \$1.25 per ton based on the TCEQ municipal solid waste reporting and disposal fee paid to the state. He noted that since the Kerrville transfer station opened in 2010, Allied had paid \$108,000 to the state for waste processed through the Kerrville transfer station and transported to the landfill in San Antonio. He noted that last year they had missed the deadline for requesting a rate adjustment but this year their request was in compliance with contract requirements.

Mr. Parton confirmed that notification requirements were met for the Allied Waste rate increase, and the item would be on the next agenda for council's action; the rate was presented at this time due to its effect on the FY2013 budget.

8. INFORMATION AND DISCUSSION:

8A. Report on Kerr Economic Development Corporation activities.

Councilmember Conklin reported: 1) Jonas Titas had been hired as the new executive director; 2) a proposal had been received and was being reviewed; and 3) a KEDC special meeting was scheduled for July 29.

8B. Update on river trail project.

Mr. Matthews reported construction on Package A was 35% complete and the pedestrian crossing was about half complete; expected completion of Package A was September. They were finalizing two proposals from consultants: 1) prepare metes and bounds surveys of several properties east of Louise Hays Park, and 2) prepare design kit for package A of the area being constructed now. Two consulting teams would be resubmitting their proposals for the remaining trail segments east from LHP, and those would be presented to council soon.

8C. Budget and economic update.

Mr. Erwin noted on the national level retail sales and factory output continued to decrease, but for the first time in several years the housing sector showed slight increase from last year, and consumer confidence was low. Texas remained a leader in economic growth. Local sales tax rose 10% over July 2011, and HOT

continued to drop. The general fund and water/sewer fund were on target with revenue exceeding expenditures.

9. ITEMS FOR FUTURE AGENDAS

- Concern of rumors that the VA Hospital may no longer have in patient care services due to budget cutbacks; requested staff coordinate with the Hill Country Veterans Council and report to council.

10. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- San Antonio Channel 5 filmed a segment about activities on the Guadalupe River that would air in the future.

11. EXECUTIVE SESSION:

Mr. Conklin moved for the city council to go into executive closed session under Sections 551.074 (personnel matters) of the Texas Government Code; the motion was seconded by Mr. MacDonald and passed 4-0 to discuss the following matters:

Section 551.071:

- LCRA Transmission Services Corporation and its proposed adjustment of its CREZ (Competitive Renewable Energy Zone) I-10 route and impact on City's landscaping and welcome sign.

At 9:11 p.m. the regular meeting recessed and council went into executive closed session at 9:17 p.m. At 9:50 the executive closed session recessed and council returned to open session at 9:50 p.m. The mayor announced that no action had been taken in executive session.

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

13. ADJOURNMENT. The meeting adjourned at 9:51 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary