

CITY COUNCIL MINUTES
BUDGET WORKSHOP

KERRVILLE, TEXAS
JULY 23, 2018

On July 23, 2018, the Kerrville City Council budget workshop was called to order at 10:00 a.m. by Mayor Blackburn in the city hall council chambers at 701 Main Street.

COUNCILMEMBERS PRESENT:

Bill Blackburn	Mayor
George Baroody	Mayor Pro Tem
Vincent C. Voelkel	Councilmember
Judy Eychner	Councilmember
Delayne Sigerman	Councilmember

COUNCILMEMBER ABSENT: None.

CITY STAFF PRESENT:

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Brenda Craig	City Secretary
Amy Dozier	Director of Finance
Kim Meismar	Director of General Operations
David Knight	Police Chief
Dannie Smith	Fire Chief
Guillermo Garcia	Executive Director of Strategic Initiatives
Stuart Cunyus	Public Information Officer

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

**DISCUSSION AND DIRECTION TO STAFF REGARDING THE PROPOSED
FISCAL YEAR 2019 BUDGET**

Ms. Dozier gave an overview of the W/S fund and discussed the following:

Water and Sewer Fund:

Ms. Dozier discussed the following:

- Budget was balanced with \$12.6M in revenues and expenditures.
- Water sales contributed 48.4% of revenue; sewer sales were at 44.3%.
- Budget included volumetric rate increases of 4% for water and 2% for sewer. The average residential customer (8,000 gallons) monthly bill would increase \$1.84 for both water and sewer in FY2019. The last volumetric rate increase was in 2011 for sewer, and 2012 for water. The proposed increases would cover items such as: Legion lift station, TTHM (trihalomethanes) reduction, and increased operational costs.
- Included fee increases for meters, water taps, and sewer taps to cover actual cost only; Kerrville's fees were low compared to other cities.

- Included a full year of estimated revenues from expanded reuse customers; new customers were Kerrville Sports Complex, Schreiner University, and Riverhill. Most customers' rates were governed by their individual contract.
- Largest expense category was debt service transfer.
- W/S expenditures included:
 - Debt transfer included first year debt service for Legion lift station loan from the Texas Water Development Board.
 - Added one chief operator position to water distribution department.
 - \$250K contingency in Other and General Operations categories to be transferred as necessary for large repairs.
 - Transfer to general fund included 3% street use fee. Support services fee was reduced about \$95K after additional analysis following June 18 workshop.
- W/S capital projects included:
 - Legion lift station expansion, \$9.85M; and trihalomethane (TTHM) mitigation, \$4.1M.
 - Legion lift station project will be funded with a \$2M contribution from the economic improvement corporation and debt funding from the Texas Water Development Board.
 - TTHM mitigation project will be funded with TWDB debt.
 - FY2019 budget included \$1.8M for: rehabilitation of water reclamation's oxidation ditch, rehabilitation of water production's clarifier, potential new well, wastewater master plan update, additional system looping, and long range water plan.
- W/S asset replacements included:
 - FY2019 budget W/S asset replacements included: Vacuum excavation trailer, \$105K; well site generators, \$150K; two 72" mowers for water reclamation, \$22K; lab generator, \$10K, water reclamation dump truck, \$84K; and water reclamation 1-ton truck, \$45,600.
- FY2019 budget was within the 35% self-imposed debt service cap established by city policy.

Other Funds:

- General capital projects included: tennis center renovation (\$1.5M from EIC); downtown and garage streetscape improvements, (\$765K from EIC); funding for AC Schreiner Mansion renovations; Landfill expansion permitting, \$181K; development services software, \$79K; public safety complex study, \$150K; development services code rewrite, \$300K; enclose clock tower elevator, \$210K; drainage master plan, \$200K; and pavement master plan, \$100K
- May consider a bond election in May 2019; keep tax rate the same and still cover projects such as the public safety complex, and parks improvements. New debt would occur as old debt ended, thus debt service would not increase.
- General asset replacement included: one automated chest compression device for EMS, \$20K; two servers and wireless controller, \$41K, and mowers and various parks equipment \$80K.
- General vehicle replacement included: fire department pumper truck, \$650K; two ambulance remounts, \$149K each; two vehicles for fire, \$87K for

both; three patrol vehicles, \$37K each; two parks maintenance trucks, \$30K each; one street department truck, \$30K, and one building services truck, \$27K.

Golf Fund:

Ms. Dozier proposed transferring \$200K to the golf fund to cover a negative cash balance for FY2018. The FY2019 budget included: \$80K transfer (\$70K from the general fund and \$10K from HOT fund); additional equipment under new lease; over seeding of greens; net replacements; and a slight increase in golf fees.

HOT Fund and HOT Reserve Funds:

FY2019 budget included funding for: CVB \$942K (a 3% increase; CVB requested \$980); Arts Coop, \$60K; 4th on the River, Festival of the Arts, Triathlon, \$25K each; Playhouse 2000, \$50K; events coordinator, \$25K; and golf tournaments, \$10K. The fund balance in both funds are currently earmarked for tourism facilities.

Ms. Dozier noted revenues and expenditures for other large funds.

ADJOURNMENT. The meeting adjourned at 11:32 a.m.

APPROVED: 08/14/18

ATTEST:

Bill Blackburn, Mayor

Brenda Craig City Secretary