

**MINUTES OF THE
CITY COUNCIL BUDGET WORK SESSION
AND
STRATEGIC PLANNING SESSION
SATURDAY, JULY 30, 2005 — 8:30 A.M.
CEDAR CREEK COUNTRY CLUB
18392 COUNTRY CLUB DRIVE, KEMP, TEXAS 75143**

CITY COUNCILMEMBERS

MAYOR	PAULA BACON
MAYOR PRO-TEM	PAULA HAGLER WAMPLER
COUNCILMEMBER	GIL ALTOM JR.
COUNCILMEMBER	LONNIE BOUNDS
COUNCILMEMBER	FLOYD CHOYCE
COUNCILMEMBER	STANLEY HOLMES
COUNCILMEMBER	JANICE MURRELL

CALL MEETING TO ORDER: Mayor Bacon called the Meeting to order at 8:45 a.m. Councilmembers present were Mayor Bacon, Councilmember Altom Jr., Councilmember Bounds and Councilmember Holmes. Mayor Pro-Tem Wampler, Councilmember Choyce and Councilmember Murrell were absent. The Mayor declared a quorum present. Also present were Interim City Manager Curtis Snow, ACM/City Secretary Jo Ann Talbot, Director of Finance Cathy Cummins, Police Chief James M. Smith and Director of Public Works Richard Underwood.

1. Receive a report, hold a discussion, and give Staff direction regarding the Fiscal Year 2005-2006 Program of Services (Budget).

Interim City Manager Curtis Snow presented a proposed Fiscal Year 2005-2006 Budget to the Council. He reported that he looks at the budget as a business plan and budget document. The plan represents a work plan for activities for the upcoming year and the related sources of funds. He reported that this plan keeps the tax rate constant with last year's tax rate and allows the City to investigate new direction. Listed below is an overview of the budget.

MAJOR CONSIDERATIONS IN PREPARING THE BUDGET

- Hold the line on taxes.
- Absorb the new debt payments from the \$1.3 million in Texas Water Development Board bonds used to make sewer improvements.
- Roll over street improvement funds to maintain efforts on upgrading streets.
- Attempt to move employee wages closer to market.
- Provide resources to assist the Council in focusing on the inevitable changes that are going to occur in Kaufman over the next ten years.

- Consider structural changes that may improve the effectiveness of City services.

General Fund

- Holding the tax rate at .624324, there is \$42,617 in new revenues from increased values and new construction.
- Sales Tax is projected to increase \$50,000.
- Only modest increases in other revenues. Net 0.5% projected increase in total revenues.
- There is a \$150,000 increase in street overlays paid for out of roll over funds in FY 2005.
- \$49,849 in Development Services expenses was moved from the Utility Fund to the General Fund.
- A \$6,500 increase for maintenance of the Police Department.
- A \$181,000 use of excess fund balances.

Utility Fund

- There is a 3% increase in water rates.
- No increase planned for sewer rates.
- Transfer of Development Services budget to the General Fund.
- New \$93,167 debt service payment for TWDB bonds.
- A \$205,000 for the Mulberry Street project.
- A 62,565 2005 TCDO Matching Funds
- A \$48,415 use of excess fund balances.

PROGRAMS

- \$6,000 for a monument sign for City Hall.
- \$28,500 for the continuing program of replacing one police car a year.
- \$16,500 for a new Animal Control truck.
- \$3,700 for remodeling Police Department.
- \$2,400 to replace computers in Police Department.
- \$6,500 for cleaning services in Police Department.
- \$12,767 for new pagers for Fire Department.
- \$47,850 for replacement of a dump truck in Public Works.
- \$4,000 for fencing at Melody Park.
- \$17,400 for replacement of a pick-up truck in Parks.
- \$9,000 for repairs at treatment plant from sulfide.
- \$16,000 to rebuild mixer at the WWTP.
- \$8,000 for repairs to the UV system at the WWTP.
- \$16,000 to begin efforts to reduce Inflow & Infiltration.
- \$19,000 for replacement of other miscellaneous equipment.
- \$3,000 additional funds for Community Visioning effort and Charrette Plan.

DEBT SERVICE

- General debt payment this year is virtually the same as last year.
- Utility debt payments have increased due to the TWDB 2005 bond issue.

IN SUMMARY – THE APPROVED BUDGET PROVIDES FOR:

- No reduction in city wide existing programs or services.
- No increase in the tax rate.
- Return \$80,000 to the Pump Reserve Fund
- The first of three 3% increases in the water rates to bring revenues closer to expenditures increased by recent debt service.
- No increase in sewer rates.
- A \$60,872.00 decrease in operating expenses after discounting health insurance increases, electricity increases and NTMWD increases.
- Funding for a planning exercise to integrate the future development in south Kaufman with the historical development in the north.
- A 3% merit increase for employees and a 2.5% adjustment toward market.
- A \$78,547 increase in Health Insurance.
- A \$41,700 increase in electricity.

Listed below are items that were discussed by the City Council and Staff.

Mayor Bacon was not in favor of the capital expenditure for the Melody Park fencing. Discussion was held on the Volunteer Fire Department's request for new pagers and the make-up of the Volunteer Fire Department in regards to contractual agreement with the City. Staff was requested to obtain more detailed information regarding the pagers. Discussion was held on outstanding revenues regarding parking violations and from Industrial Waste Discharge violations (Numo and Dallas Crown). Discussion was held on the increase of health insurance and that Staff was investigating a Health Reimbursement Plan for the employees. The City could increase the deductible to lower the premiums and contribute the off-setting increase to an employee's Health Reimbursement Plan. Discussion was held on electricity use at the Sports Complex and Staff was asked to investigate timers on the lights and give the Police Department a key to turn off the lights if they were left on overnight. In addition, the Police Department is to lock the gates at night. Discussion was held on the take or pay clause from North Texas Municipal Water District. Mayor Bacon requested Staff to take a close look at the water usage verses the billable gallons. Mayor Bacon requested Staff to also look at the electricity usage at the Wastewater Treatment Plant, because the usage had increased significantly. She also reminded Staff to update the Industrial Waste Discharge Ordinance regarding the surcharge. Salaries for the employees were discussed. Interim City Manager informed the Council that the Police Department was not comfortable with giving merit increases, but was in favor of the across the board step plan. The budget

currently allows for a 3% evaluated merit increase and a 2-½% across the board market adjustment, an overall 5-½% increase. Staff was going to investigate what the other Cities were giving that were surveyed.

The next budget meeting was scheduled for Monday, August 8, 2005.

2. Discuss Strategic Planning for the City of Kaufman.

This item was not discussed.

ANNOUNCEMENTS FROM CITY MANAGER.

The Interim City Manager made no announcements.

REQUEST/COMMENTS FROM MEMBERS OF CITY COUNCIL.

No comments were made from the members of the City Council.

ADJOURNMENT.

There being no further business, the meeting was adjourned at 12:10 p.m.

PAULA BACON, MAYOR

ATTEST:

JO ANN TALBOT, CITY SECRETARY