

**MINUTES OF THE
CITY COUNCIL BUDGET WORK SESSION
TUESDAY, AUGUST 9, 2005 — 6:00 P.M.
KAUFMAN FIRE STATION TRAINING ROOM
301 S. MADISON
KAUFMAN, TEXAS 75142**

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 6:06 p.m. Councilmembers present were Mayor Bacon, Mayor Pro-Tem Wampler, Councilmember Bounds, and Councilmember Murrell. The Mayor declared a quorum present. Councilmember Altom, Councilmember Choyce and Councilmember Holmes were absent. 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 reported that in the Budget Book under Tap 6 is Department Goals, Tap 2 covers the net effect to cash, revenues, and expenditures.

The Council received information from items that were brought up from the last Budget meeting held on July 30, 2005. They were: Budgeted amounts for water increases to North Texas Municipal Water District and cost of pagers for the Volunteer Fire Department. Interim City Manager Curtis Snow reported that Staff indicated an increase in payment to North Texas Municipal Water District of \$12,780.00. The justification of this increase was a projected increase in our "Take or Pay" provisions in the contract. Staff researched the cost of water back to 1995. What was discovered was that we have only bumped the minimum three times in ten years, in 1998, 2000, and 2001. Since that time, the City has been below the minimum. Staff also found out that the re-analysis indicates that we will not go above the minimum again this year. Therefore, the projected increase in costs can be removed from the budget. The analysis also reflected the system is showing a 4.61% water loss. This is incredibly low compared to the standard of 10-15%.

Councilmember Murrell asked if the City was billing the City for water usage. Interim City Manager Curtis Snow reported that the City keeps a record of usage but does not currently bill the City. He reported that he thought that we should because of bond covenants and he would verify the question.

The cost of pagers for the Volunteer Fire Department was bid out to three different vendors and the most responsible vendor was recommended. Copies of the quotes were supplied to the Council. The pagers will be inventoried but not considered a Capital Expenditure because they do not have a life of over five years.

Discussion was held on the Health Insurance increase. Interim City Manager Curtis Snow reported that the City had a 25% increase for the new year. The last two years the City had received a one-month billing free with a moderate increase. The City has experienced several large medical claims and climbing medical increases from the provider. The Staff is investigating increasing the deductible to \$1,000 or \$1,500 in order for the premium to be reduced and to participate in a Health Reimbursement Plan. The City will have to decide by September 12th on an insurance plan.

Interim City Manager Curtis Snow reported that all positions are approximately 24% below market on an average for employees' salaries. Five out of eleven cities surveyed are giving increases 5% or better. Six out of eleven cities are giving increases between 3 and 4%. The budget allows for a market adjustment of 2.5% and merit increase of 3%. He reported that the City has never given merit raises based on evaluations and that the Department Heads would need some training. He also proposed to the Council that the merit raise be reduced to 2% and be given in October or start in April. He presented the cost for the increases. The Department Heads would perform evaluations in September or October and in six months the employees that are doing an exceptional job will receive a merit increase. Not every employee will receive a merit increase. Every employee will receive the market adjustment of 2.5% in October.

Councilmember Murrell inquired about job descriptions. Interim City Manager Curtis Snow asked for her to come in and visit with him to review job descriptions. She also reported that she could not support the market pay increase, but she would support a 3% merit increase. Her concern was that the City has not put back any funds for the renovation of the two water towers and we need to be considerate of our citizens.

Mayor Bacon reported that she was not a big supporter of merit increases, but if the Department Heads made weekly assessments on their employees and document what happens on a weekly basis, she would consider that option. Interim City Manager Curtis Snow commented that it would not be possible for the Department Heads to maintain a weekly assessment of their employees.

Mayor Pro-Tem Wampler reported that she supported a cross the board pay raise, whatever that raise is, but she does not like a merit system. She would also be in favor of a 2% merit increase in April.

Councilmember Bounds commented that he supported the pay increase as recommended by the Interim City Manager.

Other items discussed in the Budget Workshop were:

Councilmember Murrell suggested putting back reserves for repair of water tower.

Using EDC funds for street improvements.

Mayor Bacon – Cancel the contract with EDC and the Chamber of Commerce.

Councilmember Murrell - Keeping a record of motor fuel and oil. Staff reported that the motor fuel is logged by a key system and is maintained. The diesel is not on a key system.

Councilmember Murrell asked why Development of Services has a motor fuel and oil line item expenditure when there is a car allowance. Staff reported motor fuel and oil was new because Code Enforcement is being transferred into that department.

Councilmember Murrell asked why the City Council dues were so high. Staff reported that the City pays Texas Municipal League dues from the City Council budget. The dues are based on population.

Staff was asked to monitor the Sports Complex ball park lights to help cut the cost of electricity and to make sure the water sprinklers are not left on at night. Discussion was held over the TXU demand charge that runs the electricity cost up on the Sports Complex.

Councilmember Murrell asked about City vehicles that are retired and still on the City's inventory. She asked Staff to deplete the vehicles that are not in use.

Councilmember Murrell commented that most sports complexes hold tournaments and make money. She would like to see the City do the same.

Councilmember Murrell reported that the Director of Public Works had told a group of people that he was not worried about the Sports Complex funding because the City was going to get money from the KEDC.

Councilmember Murrell asked why we don't bid the health insurance each year. Interim City Manager Curtis Snow reported that it was not always the best thing to do. He reported he had done that in the past and it was not always in the City's best interest. The current health carrier has given the City for the past two years a one month free of health coverage. This depends on how well your health carrier is managing the system. The City bids out the insurance every three years. The last time it was bid, no bids were received because other companies reported they could not compete with the premiums and what the City had to offer their employees for health coverage.

Staff was asked to analyze the cost of electricity at the Wastewater Treatment Plan.

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, Mayor Pro-Tem Wampler moved and seconded by Councilmember Bounds to adjourn the meeting at 7:37 p.m. The Mayor called for a vote with all voting AYE, the motion carried. Councilmember Altom, Councilmember Choyce and Councilmember Holmes were absent.

PAULA BACON, MAYOR

ATTEST:

JO ANN TALBOT, CITY SECRETARY