

**AGENDA
CITY OF KAUFMAN
SPECIAL CITY COUNCIL MEETING
AND
CITY COUNCIL WORK SESSION
MONDAY, SEPTEMBER 12, 2011 — 6:00 P.M.
KAUFMAN CITY HALL
209 S. Washington Street
Kaufman, Texas 75142**

CITY COUNCILMEMBERS

MAYOR	WILLIAM FORTNER
MAYOR PRO-TEM	JEFF COUNCIL
COUNCILMEMBER	TONY RADER
COUNCILMEMBER	CHARLES GILLENWATER
COUNCILMEMBER	KENNETH MUNDEN
COUNCILMEMBER	BARRY RATCLIFFE
COUNCILMEMBER	LOUIS TIJERINA

SPECIAL CITY COUNCIL MEETING

CALL MEETING TO ORDER: Mayor calls the Meeting to order, state the date and time. State Councilmember's present and declare a quorum present.

1. Consider second reading and adoption of Ordinance O-12-11 of the City of Kaufman, Texas, amending Code of Ordinance Chapter 106 Utilities. Water Rates.

ADJOURNMENT.

**CITY COUNCIL WORK SESSION
MONDAY, SEPTEMBER 12, 2011
KAUFMAN CITY HALL
209 S. Washington Street
Kaufman, Texas 75142**

CALL MEETING TO ORDER: Mayor calls the Meeting to order, state the date and time. State Councilmember's present and declare a quorum present.

NOTE: A Work Session is used to explore matters of interest to one or more City Council Members or the City Manager for the purpose of giving staff direction into whether or not such matters should be placed on a future regular or special meeting of the Council for citizens input, City Council deliberation and formal City action. At a work session, the City Council generally receives informal and preliminary reports and information from City staff, officials, members of City committees, and the individual or organization proposing council action, if invited by City Council or City Manager to participate in the session. Participation by individuals and members of organizations invited to speak ceases when the Mayor announces the session is being closed to public input. Although Work Sessions are public meetings, and citizens have a legal right to attend, they are not public hearings, so citizens are not allowed to participate in the session unless invited to do so by the Mayor. Any citizen may supply to the City Council, prior to the beginning of the session, a written report regarding the citizen's opinion on the matter being explored. Should the Council direct the matter be placed on a regular meeting agenda, the staff will generally prepare a final report defining the proposed action, which will be made available to all citizens prior to the regular meeting at which citizen input is sought. The purpose of this procedure is to allow citizens attending the regular meeting the opportunity to hear the views of their fellow citizens without having to attend two meetings.

1. The Kaufman City Council will hold a Budget Work Session for the City of Kaufman.

ANNOUNCEMENTS FROM CITY MANAGER.

Kaufman Chamber Auction – Saturday, September 24th

REQUEST/COMMENTS FROM MEMBERS OF CITY COUNCIL.

ADJOURNMENT.

I, JO ANN TALBOT, CITY SECRETARY, DO HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE WINDOW AT KAUFMAN CITY HALL, 209 S. WASHINGTON, KAUFMAN, TEXAS, A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AT ALL TIMES AND SAID NOTICE WAS POSTED AT THE KAUFMAN CITY HALL, 209 S. WASHINGTON, KAUFMAN, TEXAS AT 4:30 P.M., THURSDAY, SEPTEMBER 8, 2011 AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULE TIME OF SAID MEETING.

**JO ANN TALBOT
CITY SECRETARY**

THE CITY COUNCIL RESERVES THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION AT ANY TIME DURING THE COURSE OF THIS MEETING TO DISCUSS ANY OF THE MATTERS LISTED ABOVE, AS AUTHORIZED BY THE TEXAS GOVERNMENT CODE, SECTION 551.071 (CONSULTATION WITH ATTORNEY), 551.072 (DELIBERATIONS ABOUT REAL PROPERTY), 551.073 (DELIBERATIONS ABOUT GIFTS AND DONATIONS), 551.074 (PERSONNEL MATTERS), 551.076 (DELIBERATIONS ABOUT SECURITY DEVICES) AND 551 .087 (ECONOMIC DEVELOPMENT).

THE BUILDING IN WHICH THE ABOVE MEETING WILL BE CONDUCTED IS WHEELCHAIR ACCESSIBLE AND PARKING SPACES FOR THE MOBILITY IMPAIRED ARE AVAILABLE. PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED AUXILIARY AIDS OR SERVICES SUCH AS INTERPRETERS FOR PERSONS WHO ARE DEAF OR HEARING IMPAIRED, READERS, OR LARGE PRINT ARE REQUESTED TO CONTACT THE CITY SECRETARY'S OFFICE AT 972-932-2216 AT LEAST TWO (2) WORKING DAYS PRIOR TO THE TIME OF THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

ORDINANCE NO. O-12-11

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KAUFMAN, TEXAS, BY AMENDING CHAPTER 106 UTILITIES, SECTION 106-7 WATER RATES, PARAGRAPH (f); CONTAINING A SEVERABILITY CLAUSE; PENALTY CLAUSE; AND PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, the City Council finds it necessary to increase water rates for utility maintenance and improvements, and

WHEREAS, North Texas Municipal Water District has anticipated that additional costs will be incurred related to development of additional raw water supplies, new state mandated treatment regulations and system expansions to meet demands; and

WHEREAS, North Texas Municipal Water District will impose a \$0.13 rate increase to the City of Kaufman for fiscal year 2012 for wholesale treated water effective October 1, 2011; and

WHEREAS, the City of Kaufman will impose the water rate increase effective from October 25, 2011 billing.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KAUFMAN, TEXAS:

Section 1. That Chapter 106 Utilities, Section 106-7 Water Rates, Paragraph (f); of the Code of Ordinances, City of Kaufman, Texas is hereby amended to read as follows:

SEC. 106-7. Water Rates.

(f) The monthly water rates, effective from the **October 25, 2011** billing, to be charged and collected by the city from all customers obtaining service from the city, or metered at the city limits, or other contractually agreed upon locations, shall be as follows:

Number of Gallons	Residential	Commercial	Wholesale	Public Schools	Multi Unit
First 1,000, minimum	\$10.76	\$10.76	\$10.76	\$10.76	\$8.07
Over 1,000, per 1,000	\$4.20	\$4.20	\$4.20	\$4.20	\$4.20

- (g) Senior citizen residential utility customers (age 65 and above) who pay directly for service accounts in their name may apply for a monthly rate reduction of \$4.50. A valid form of identification must be presented to determine eligibility, such as a picture I.D., social security document or birth certificate.
- (h) A flat fee of \$12.00 is also assessed to each water meter situated outside the corporate limits of the city. This flat fee is assessed to cover city's additional cost and expense of installing, connecting, reading, maintaining and servicing water meters and appurtenances situated outside the corporate limits of the city.

Section 2. It is hereby declared to be the intention of the City Council of Kaufman, Texas that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable, and if any section, paragraph, sentence, clause or phrase of this Ordinance shall be declared unconstitutional or invalid by the judgment or decree of any court of competent jurisdiction, such constitutionality or invalidity shall not affect any of the remaining sections, paragraphs, sentences, clauses or phrases of this Ordinance, since they would have been entered by the City Council without the incorporation of this Ordinance of unconstitutional or invalid sections, paragraphs, sentences, clauses or phrases.

Section 3. *Penalty.* Any person, firm or corporation violating any of the terms and provisions of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined in an amount not to exceed \$500.00. Each such violation shall be deemed a separate offense and shall be punishable as such here under.

Section 4. This ordinance shall be in full force and effect from and after October 1, 2011 and its passage and publication as required by law, and it so ordained.

PASSED AND APPROVED this 22nd day of August, 2011.

PASSED AND ADOPTED this 26th day of September, 2011.

CITY OF KAUFMAN

**WILLIAM FORTNER
MAYOR**

ATTEST:

**JO ANN TALBOT
ACM/CITY SECRETARY**

APPROVED AS TO LEGAL FORM:

**DAVID DODD
CITY ATTORNEY**



City of Kaufman

Council Agenda Item

Meeting Date: 8/22/2011	Date: 8/16/2011	Item #:	Dept: ADM.
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(Check one)

Consent **Action** **Discussion**

Subject:
 Consider approval and first reading of Ordinance O-12-11 of the City of Kaufman, Texas, amending Code of Ordinance Chapter 106 Utilities. Water Rates.

Background:
 During a recent City Council budget workshop, funding requirements for the Enterprise Fund (Water/Sewer) were discussed. Major issues with deteriorated infrastructure have depleted any extra Enterprise Fund reserves the City had at the beginning of the current fiscal year. Additional water revenue is needed to replenish these funds and support Enterprise Fund operations in Fiscal Year 2012.

(a) The city is anticipating a 12¢ increase in the wholesale rate per 1,000 gallons of water from the city’s wholesale supplier, North Texas Municipal Water District (NTMWD). The actual amount will not be known until NTMWD adopts their new rates in September. The additional 6 cents is needed to replenish these funds and support Enterprise Fund operations in Fiscal Year 2012.

FISCAL IMPACT:

The combined total water rate increase is 18 cents per thousand gallons. Estimated additional revenue generated by this rate increase is \$62,717. With a 12 cent increase from NTMWD, the City will be required to pay an additional \$52,608 for waster. The excess revenue of \$10,109 will be used to fund increases in supplies and materials used to maintain the City’s water system. Attachment A provides a history of water and sewer rates.

Author: Cathy Cummins	Reviewed:
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Cost: \$0.00	Funds Available: \$0.00	Source:
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Recommendation: Staff recommends approval of Ordinance No. O-12-11.

City Secretary Only

1. Fortner 2. Ratcliffe 3. Rader 4. Gillenwater 5. Council 6. Tijerina 7. Munden

Motion:	Second:	Ayes:	Nayes:
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Tabled: <input type="checkbox"/> Yes <input type="checkbox"/> No	Return Date:	Passed Date:
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City of Kaufman

Council Agenda Item

Meeting Date: 9/12/11	Date: 9/8/2011	Item #:	Dept:
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Check one: **Consent** **Action** **Discussion**

Subject:
 Discuss proposed 2001-2012 Business Plan & Operating Budget

Background:
 Attached you will find a response to questions raised at the first work session and a briefing on two issues that affect the City's Business Plan. Staff is recommending a small bond issue in conjunction with a refunding bond that First Southwest is recommending. Staff is also recommending changing the rate structure for customers outside the City limits.

Author:	Reviewed By:
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Cost: \$0.00	Funds Available: \$0.00	Source: What Fund?
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Recommendation:
 Staff recommends reading the report and having each council member share there thoughts so we can move on toward adopting this budget by the end of this month.

City Secretary Only

<input type="checkbox"/> 1. Fortner	<input type="checkbox"/> 2. Radcliffe	<input type="checkbox"/> 3. Council	<input type="checkbox"/> 4. Gillenwatr	<input type="checkbox"/> 5. Munden	<input type="checkbox"/> 6. Radar	<input type="checkbox"/> 7. Tierina
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Motion:	Second:	Ayes:	Nayes:
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Tabled: <input type="checkbox"/> Yes <input type="checkbox"/> No	Return Date:	Passed Date:
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Budget Work Session #2

There were two questions about the budget raised by Councilman Rader that required additional research. Staff responses are below. Then there were two issues that are not in the budget but have a strong indirect impact on the budget. The first is stripping sewer and water capital items out of the budget and look toward a bond issue. The second is to try establishing charges for utility customers outside the City that closer reflect their costs. These issues are discussed below.

All of these items will be a framework for the Council's budget work session discussion.

Question #1: Is replacing a police car with only 59,040 miles on the odometer necessary?

Attached you will find the inventory of all vehicles assigned to the Police Department entitled "Police Vehicle Inventory". The spreadsheet shows you the date they were purchased, the maintenance costs and the mileage. There are eight cars assigned to patrol (five are used as cruisers), two vehicles assigned to detectives and four vehicles assigned to administration (including animal control). There are two vehicles that will be sold at auction.

Naturally, patrol vehicles accumulate miles the fastest. They are "hard" miles. These cars are cruising at slow speeds and generally running at least 12 hours a day and usually 24 hours a day. A patrol vehicle averages 30,000 to 40,000 miles a year. Three years is a normal life span. If your average is closer to 30,000 miles per year you could get four years. These factors take in the new technology in cars. "Old school" is to replace vehicles every two years.

Detective vehicles and administrative vehicles accrue miles much like any work car. You can easily get five years out of an administrative vehicle. Not so much for detective cars.

Some vehicles have peculiarities that knock them out of the pattern. The City purchased the smaller front wheel drive Impala in 2007. It never held up well. Things started to break down before the end of the first year. Officers try not to drive it. It is not reliable and most officers do not fit in it. That vehicle will probably never reach 80,000, much less the 120,000 that is the City's target.

The vehicle in question (Unit 4) was purchased in 2006 so it is coming up on 6 years old. It was wrecked in early 2009. As for the mileage it is just over 58700. That would be consistent with it being in service for about 2 years. In the wreck it sustained major front end damage that rendered it unsafe for regular patrol duty. Since that was the case as we purchased new vehicles over the last few years we have transferred the emergency equipment from Unit 4 to those saving the department a considerable amount of money. We have also not replaced the graphics on the front quarter panel. The vehicle has served a very useful purpose as a decoy vehicle for the last 2 years. Obviously, this does not add mileage.

As you can see in the attached updated spreadsheet we have 2 vehicles that have very high mileage. Capt. Laney's car has over 125,000 and Det. Edwards car has over 130,000. We are exploring the idea of converting Unit 4 to a detective car and rotating out one of those but that is contingent on it being safe for those type duties.

That is how the decision was made. More importantly, the City needs to replace at least one vehicle out of the Police fleet every year to keep its equipment in top shape. Which vehicle is retired is a decision for the Chief based upon what he knows about the fleet and how it is performing. If we are replacing a patrol vehicle with only 59,040 miles on it, then rest assured there are other vehicles that may have lower mileage but they are running ahead of schedule on how fast they are accumulating the miles, because the Officers are out there and they are driving something. The resources are not being wasted. The fleet is being managed.

Question #2: What other cities are giving raises.

We surveyed twenty-three cities in the DFW area. They ranged from Mesquite and Grapevine down to Crandall and Sachse. Only two cities are proposing nothing. What is being proposed is all over the place. You can see the results in the attached spreadsheet entitled "FY 2012 Area Raise Study". The common proposals range between two and four percent.

Keep in mind, our employees have not seen an increase since 2008. At that time it was one third of market adjustment for employees that averaged thirty percent below market. We had planned to play catch up over a three year period. It just got interrupted by the recession. This proposed 3 percent does not really move us to market as much as it tries to catch up with inflation over the period of the freezes. We can offer this increase to employees without a tax increase and no impact on City services.

Issue #1: Issuing debt to make major repairs to the utility system.

The City has a number of factors that is driving it towards borrowing to meet significant capital obligations. First of which is the Utility Fund is fast approaching its minimum reserves for emergencies. We have drawn down excess reserves over the past six years to meet capital grant requirements and to make necessary infrastructure repairs on primarily major sewer collapses. Now we have some problems that are facing us immediately and we need to borrow funds to accomplish them. (See attached spreadsheet entitled "Capital Items – Bond Issue.")

The approximate total capital need is approximately \$860,000 with an average annual payment of \$63,000. With the refund issue those annual cost increase would be reduced to under \$50,000. Review the attached analysis provided by First Southwest on the refund issue and the cost of borrowing \$860,000.

First the water side:

1. **Replace water pump #2 at the underground storage tank.** North Texas Municipal Water District (NTMWD) delivers to the City the water it consumes or sells at the underground storage tank. This is the head of the water system for us. There are four pumps located

there all varying in size. The different sizes are to only run the most efficient pumps to meet demand. Pump #1 and/or #2 run fairly continuously to meet basic demand. Higher demand will turn on additional pumps when necessary. Now that #2 is down, #1 will run nearly continuously and the larger #3 and #4 will run more frequently than normal. When pump #2 went down it puts a significant drag on the pumping system. This pump failed in December 2011. The Texas Commission on Environmental Quality requires that water supplies maintain the pumping capacity to service system needs with the largest pump out of service. The City is not able to meet these requirements without all four pumps in service. The estimated cost to replace the pump is \$50,000

2. **Upgrade SCADA System.** The SCADA system is what the city uses to monitor levels in the underground storage tank and the City's elevated tanks. The system should also indicate which pumps are running and not running. The storms and brownouts have caused damage on both the sewer and water SCADA systems this year. Because of the age, it is difficult to get them repaired. There is a need to modernize the system. The estimated cost to upgrade the SCADA system is \$20,000.
3. **Flow Meter @Underground Storage and Air Gap.** NTMWD transferred ownership of the underground storage tank in March 2006 when the City placed the fourth water pump on the top of the tank. The fourth pump was required by TCEQ to meet our customer flow requirements.

One of the conditions when NTMWD transferred ownership was to move the NTMWD water meter to the head of the tank from the discharge side and to provide an air gap between the NTMWD system and the City's system. These improvements were put on hold after the recession began. Now NTMWD wants the City to follow through on its agreement. The cost of moving the meter and the air gap will be \$157,600.

On the sewer side:

1. **Fine Screen System.** In six years, there has rarely been a year that the City has not budgeted the upgrade to the primary treatment system to a fine screen system. Unfortunately, rarely a year goes by that we have not had a major failure at the treatment plant that we had to address instead. Most of these emergency repairs were the Philadelphia mixers that have had rags and debris bind the bearings they rotated on. If the fine screen process were installed at the head of the plant, these failures may not have occurred as frequently as they have. The estimated cost of the Fine Screen System is \$185,000.
2. **Philadelphia Mixers.** The City generally has one Philadelphia mixer fail each year. They are large heavy drums that rotate on a bearing in the bottom of the basins. There are four of them. The last time one failed, staff put in submersible pump configurations that kept the plant at permit levels, using much less power and electricity. These pumps have produced satisfactory results and are in the process of permanently replacing one of the mixers with one of these pumps. Now staff wants to replace all of the mixers with the submersible pumps. The estimated cost of replacing the three remaining mixers is \$178,000.

3. **Wastewater Treatment Plant Analysis.** In the past five years, the City has rebuilt two mixers and was preparing to rebuild a third before going to the submersible pump alternative. Also the City has replaced all of the infrared lighting system. Now the primary screen is starting to fail. In sum, the whole plant has to be evaluated to program improvements to the plant instead of the City continually reacting to failures. The assessment of the wastewater treatment plant is estimated to cost \$55,200.
4. **Sanitary Sewer System Inflow & Infiltration Study.** This project focuses on the collection system. The City has entered into an agreement with TCEQ to make necessary improvements to our system that will reduce the likelihood of the City violating permit levels. This agreement was reached in 2008. The City was supposed to undertake an Infiltration & Inflow Study in 2010. It was put on hold do to the economy. Now, the City needs to move forward on its commitment. The cost of the Inflow & Infiltrations Study will be approximately \$200,000.

Issue #2: Charging water customers outside the City 1.25 times the rates charged inside the City.

There are different costs associated with providing services outside the City as there are for our citizens. The two strongest differences involve the construction of capital infrastructure. Our residential and commercial rate has a one thousand gallon minimal charge. This minimal charge is normally associated with infrastructure capacity to meet demand. If you are a customer, over time you will pay for the existing infrastructure and help pay for new infrastructure. It is quite similar to an impact fee. Our customers outside the City do not pay this charge. The residents outside the City that are served directly by the City (approximately 200) are charged a monthly \$12 fee in addition to their consumption charge. They just pay the consumption fee. The “per thousand gallon” charge is the consumption charge that pays for the cost of the water we buy and the cost of delivering it to you. The second difference is the debt service. Because nearly all of our sales outside the City are to water corporations, when the City borrows money for improvements to the water system, the bonds sold would be proportionately “private interest” bonds, thus taxable. All rate payers, including those in the City would pay the additional interest charges for those customers outside the City.

It is impractical to determine what a minimum capital fee would be for a water corporation. A standard used is to put a 1.25 multiplier to your City rates. This is the more common method used for many years. But because cities relied on the multiplier approach and some cities let their multiplier escalate, the State Legislature passed a law that customers have a right to appeal a rate increase to the PUC and if challenged the city would have to justify its cost. Justification would be a rate study and a lawyer. The good news is that a rate study usually justifies more than a 1.25 multiplier. So 1.25 should be a safe multiplier for the City. If the Council chooses to apply this multiplier it would generate over \$58,000 in additional revenue next year.

Police Vehicle Inventory

9/8/2011

Department Code	Unit Number	Purchase Date	VIN	Vehicle Type/Description	Model Year	Vehicle Make	Vehicle Model	Application	Model Type	Odometer Reading	Maintenance Costs	
Police	10	4/1/1998	2FAFP71WXWX143880	CID Sedan	1998	Ford	Crown Vic	Police	LDV	130,000	13,604.99	
Police	2	8/1/2007	2FAFP71W27X155832	Patrol Relief	2007	Ford	Crown Vic	Police	LDV	77,390	\$10,275.56	
Police	3	12/10/2007	1FAHP24W18G131228	Staff Sedan	2008	Ford	Taurus	Police	LDV	48,766	2,067.69	
Police	4	4/1/2006	2FAFP71W16X148031	Decoy Vehicle	2006	Ford	Crown Vic	Police	LDV	58,153	\$7,382.55	
Police	5	4/1/2007	2G1WS55R979265906	Staff Sedan	2007	Chev	Impala	Police	LDV	83,326	\$4,678.33	
Police	6	6/1/2005	2FAFP71W85X148672	Patrol Vehicle	2005	Ford	Crown Vic	Police	LDV	81,700	1,589.89	Out of Service
Police	7	4/17/2008	2FAFP71V48X159034	Patrol Vehicle	2008	Ford	Crown Vic	Police	LDV	82,211	9,357.54	
Police	8	3/12/2009	2FAHP71V49X131230	Patrol Vehicle	2009	Ford	Crown Vic	Police	LDV	66,511	4,190.14	
Police	9	2/16/2010	2FABP7BVXAX119432	Patrol Vehicle	2010	Ford	Crown Vic	Police	LDV	40,346	937.79	
Police	11	4/1/2003	2FAHP71W03X194423	Staff Sedan	2003	Ford	Crown Vic	Police	LDV	125,136	14,065.87	
Police	15	4/1/2006	1FTSX20536EC85963	Animal Control	2006	Ford	F 250	Police	TRUCK	63,476	2,251.53	
Police	1	4/27/2010	1FMJK1F59AEB50440	Patrol Command	2010	Ford	Expedition		SUV	34,376	1,053.15	
Police/Seizure	14	4/1/2003	1GCEC19R0XR133500	CID Seized	1999	Chev	1500	Police	TRUCK	137,000	1,493.80	
Police/Seizure	21	1/1/2007	2MEFM75W7WX63165	Staff Seized	1998	Mercury	Marquis LS	Police	LDV	106,248	\$1,284.83	Out of Service
Police/Seizure	23	3/1/2007	1FAFP53U11A142103	Staff Seized	2001	Ford	Taurus	Police	LDV	127,146	\$20	Out of Service
Police/Seizure	24	3/2/2007	1FAFP56S31A187523	Staff Seized	2001	Ford	Taurus	Police	LDV	150,703	\$644.45	Out of Service
Police	12	11/23/2010	2FABP7BV7BX134424	CID Vehicle	2011	Ford	Crown Vic	Police	LDV	3,993	\$26.00	

FY 2012 Area Raise Study

City	Salary Increases (Lump Sum, Step or COLA)
Addison	1% Lump Sum
Allen	Up to 2% Merit Pay Increase
Cedar Hill	3% Lump Sum
Crandall	5%
Ennis	2%
Forney	2%
Frisco	Up to 3% merit-based lump sum for all; one 3% step for fire and police
Garland	None except step increases for public safety
Grapevine	1% Market Adjustment
Greenville	One time payment of \$0, \$750, \$1,000, or \$1,250 based on their annual evaluation.
Kaufman	3%
Kaufman County	Eliminate 8 furlough days
McKinney	2% Merit Based Increase
Mesquite	4% for employees making less than \$35,000
Murphy	Only Market Adjustments
Plano	2% Step Increase (Cutting 13 full-time positions and 5 part-time positions)
Rockwall	Reinstate Merit Step Plan 4% General, 5% Public Safety
Rowlett	3% Lump Sum
Royce City	3% Raise
Sachse	None
Sunnyvale	2.5% Non-Department Heads
Terrell	reducing furlough days from 12 to 8
Wylie	2% Lump Sum

City of Kaufman, Texas

General Obligation Refunding Bond Savings Analysis *

Refund Callable Maturities From Series 1999, 2002, and Series 2003

SUMMARY OF REFUNDING RESULTS *	
True Interest Cost:	2.3790%
Total Debt Service Savings:	\$ 136,420
Net Present Value Savings:	\$ 121,066
Present Value Savings as a % of Refunded Principal:	4.3865%

Fiscal Year Ending 9/30	Prior Issue Debt Service	Refunding Issue Debt Service*	Debt Service SAVINGS
2012	\$ 170,993	\$ 158,560	\$ 12,433
2013	290,845	279,828	11,018
2014	665,763	651,323	14,440
2015	671,891	658,618	13,274
2016	255,010	240,008	15,003
2017	255,935	245,060	10,875
2018	256,281	244,405	11,876
2019	256,005	243,058	12,948
2020	177,390	167,168	10,223
2021	175,605	162,363	13,243
2022	173,570	162,480	11,090
	\$ 3,349,288	\$ 3,212,867	\$ 136,420

* - Based on Market Rates as of August 24, 2011 plus 0.10%; subject to change.

Preliminary

\$890,000

City of Kaufman, Texas

Combination Tax and Revenue Certificates of Obligation, Series 2011

Sources & Uses

Dated 11/01/2011 | Delivered 11/01/2011

Sources Of Funds

Par Amount of Bonds	\$890,000.00
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Total Sources	\$890,000.00
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Uses Of Funds

Total Underwriter's Discount (1.000%)	8,900.00
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Costs of Issuance	20,000.00
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Deposit to Project Construction Fund	860,000.00
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Rounding Amount	1,100.00
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Total Uses	\$890,000.00
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9/ 2/2011 | 10:42 AM

Preliminary

\$890,000

City of Kaufman, Texas

Combination Tax and Revenue Certificates of Obligation, Series 2011

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+	Fiscal Total
11/01/2011	-	-	-	-	-
08/15/2012	-	-	21,812.78	21,812.78	-
09/30/2012	-	-	-	-	21,812.78
02/15/2013	-	-	13,825.00	13,825.00	-
08/15/2013	35,000.00	0.950%	13,825.00	48,825.00	-
09/30/2013	-	-	-	-	62,650.00
02/15/2014	-	-	13,658.75	13,658.75	-
08/15/2014	35,000.00	1.100%	13,658.75	48,658.75	-
09/30/2014	-	-	-	-	62,317.50
02/15/2015	-	-	13,466.25	13,466.25	-
08/15/2015	35,000.00	1.300%	13,466.25	48,466.25	-
09/30/2015	-	-	-	-	61,932.50
02/15/2016	-	-	13,238.75	13,238.75	-
08/15/2016	35,000.00	1.600%	13,238.75	48,238.75	-
09/30/2016	-	-	-	-	61,477.50
02/15/2017	-	-	12,958.75	12,958.75	-
08/15/2017	35,000.00	1.950%	12,958.75	47,958.75	-
09/30/2017	-	-	-	-	60,917.50
02/15/2018	-	-	12,617.50	12,617.50	-
08/15/2018	40,000.00	2.200%	12,617.50	52,617.50	-
09/30/2018	-	-	-	-	65,235.00
02/15/2019	-	-	12,177.50	12,177.50	-
08/15/2019	40,000.00	2.500%	12,177.50	52,177.50	-
09/30/2019	-	-	-	-	64,355.00
02/15/2020	-	-	11,677.50	11,677.50	-
08/15/2020	40,000.00	2.700%	11,677.50	51,677.50	-
09/30/2020	-	-	-	-	63,355.00
02/15/2021	-	-	11,137.50	11,137.50	-
08/15/2021	40,000.00	2.850%	11,137.50	51,137.50	-
09/30/2021	-	-	-	-	62,275.00
02/15/2022	-	-	10,567.50	10,567.50	-
08/15/2022	40,000.00	3.000%	10,567.50	50,567.50	-
09/30/2022	-	-	-	-	61,135.00
02/15/2023	-	-	9,967.50	9,967.50	-
08/15/2023	45,000.00	3.200%	9,967.50	54,967.50	-
09/30/2023	-	-	-	-	64,935.00
02/15/2024	-	-	9,247.50	9,247.50	-
08/15/2024	45,000.00	3.400%	9,247.50	54,247.50	-
09/30/2024	-	-	-	-	63,495.00
02/15/2025	-	-	8,482.50	8,482.50	-
08/15/2025	45,000.00	3.600%	8,482.50	53,482.50	-
09/30/2025	-	-	-	-	61,965.00
02/15/2026	-	-	7,672.50	7,672.50	-

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Preliminary

\$890,000

City of Kaufman, Texas

Combination Tax and Revenue Certificates of Obligation, Series 2011

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/15/2026	50,000.00	3.700%	7,672.50	57,672.50	-
09/30/2026	-	-	-	-	65,345.00
02/15/2027	-	-	6,747.50	6,747.50	-
08/15/2027	50,000.00	3.800%	6,747.50	56,747.50	-
09/30/2027	-	-	-	-	63,495.00
02/15/2028	-	-	5,797.50	5,797.50	-
08/15/2028	50,000.00	3.900%	5,797.50	55,797.50	-
09/30/2028	-	-	-	-	61,595.00
02/15/2029	-	-	4,822.50	4,822.50	-
08/15/2029	55,000.00	4.000%	4,822.50	59,822.50	-
09/30/2029	-	-	-	-	64,645.00
02/15/2030	-	-	3,722.50	3,722.50	-
08/15/2030	55,000.00	4.100%	3,722.50	58,722.50	-
09/30/2030	-	-	-	-	62,445.00
02/15/2031	-	-	2,595.00	2,595.00	-
08/15/2031	60,000.00	4.200%	2,595.00	62,595.00	-
09/30/2031	-	-	-	-	65,190.00
02/15/2032	-	-	1,335.00	1,335.00	-
08/15/2032	60,000.00	4.450%	1,335.00	61,335.00	-
09/30/2032	-	-	-	-	62,670.00
Total	\$890,000.00	-	\$393,242.78	\$1,283,242.78	-

Yield Statistics

Bond Year Dollars	\$10,962.11
Average Life	12.317 Years
Average Coupon	3.5872906%
Net Interest Cost (NIC)	3.6684793%
True Interest Cost (TIC)	3.6296334%
Bond Yield for Arbitrage Purposes	3.5257830%
All Inclusive Cost (AIC)	3.8684690%

IRS Form 8038

Net Interest Cost	3.5872906%
Weighted Average Maturity	12.317 Years

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City of Kaufman
Capital Items - Bond Issue
 2011-2012 Budget Worksheet

Department	Description	Original Request	Comments
WATER			
bond	Replace Pump #2 @ underground storage tank	\$ 50,000	Currently pump is down. Only have three pumps in operation 02-2001-5401 NOT IN BUDGET
bond	Upgrade Scada system	\$ 20,000	Old system software is outdated. 02-2001-5420 NOT IN BUDGET
bond	Flow Meter @ Underground & Air Gap	\$ 157,600	New meter and air gap required by agreement between the City and NTMWD for change of ownership of underground storage tank. 02-2001-5403 NOT IN BUDGET
TOTAL WATER		\$ 227,600	
SEWER			
bond	Fine Screen System (WWTP)	\$ 185,000	Age of Equipment - 1994. Current unit allows too much debris through to collect on moving parts throughout the plant causing major repair cost. 2101-5411 NOT IN BUDGET
bond	Philadelphia Mixers (3)	\$ 178,000	Age of Equipment - 1994 Est. repair cost \$40,000. This mixer in the opposite basin and across from one replaced in 2011. This unit is showing major vibration and could go out at any time. 2101-5411 NOT IN BUDGET
bond	WWTP Facility Analysis	\$ 55,200	This facility is approximately 29 years old and the improvements made in 1994 are now 17 years old. The facility is experiencing increased mechanical and electrical problems. NOT IN BUDGET
bond	Inflow & Infiltration Study	\$ 200,000	Engineering study of the City's sewer system to include dye testing, flow evaluation and smoke testing. Allows City to maintain compliance with TCEQ relating to their SSO program. NOT IN BUDGET
TOTAL SEWER		\$ 618,200	
GRAND TOTAL		\$ 845,800	