

**MINUTES OF THE
CITY OF KAUFMAN
CITY COUNCIL BUDGET WORK SESSION
AND SPECIAL CITY COUNCIL MEETING
MONDAY, AUGUST 10, 2009 - 6:00 P.M.
CITY HALL, 209 S. WASHINGTON STREET
KAUFMAN, TEXAS 75142**

MAYOR	WILLIAM FORTNER
MAYOR PRO-TEM	BARRY RATCLIFFE
COUNCILMEMBER	GIL ALTOM, JR.
COUNCILMEMBER	STEVE COOPER
COUNCILMEMBER	JEFF COUNCIL
COUNCILMEMBER	CHARLES GILLENWATER
COUNCILMEMBER	KENNETH MUNDEN

CALL MEETING TO ORDER: Mayor Fortner called the Meeting to order at 6:05 p.m. Councilmembers present were William Fortner, Barry Ratcliffe, Jeff Council, Charles Gillenwater, Kenneth Munden and Gil Altom Jr. Councilmember Cooper was absent. Mayor Fortner declared a quorum present. Also present were City Manager Curtis Snow, ACM/City Secretary Jo Ann Talbot, Chief of Police Michael Holder, and Director of Finance Cathy Cummins.

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. Receive a report, hold a discussion, and give Staff direction regarding the Fiscal Year 2009-2010 Program of Services (Budget).

City Manager Curtis Snow informed the Council that the General Fund was cut almost 12%, Water and Sewer Fund was cut 0.64% and personnel was cut 6.02%. The main items cut from the budget were engineer fees, a HOME grant, street maintenance overlay and no personnel pay raises. Health insurance was bid out and with a new renewal plan there is a cost savings. Mr. Snow explained the new plan to the Council.

In the General Fund this year, the City budgeted to collect \$3,750,616 in revenues. Currently, we are estimating that we will only collect \$3,700,465 in revenues. That is a \$50,000 shortfall. Next year, the proposed budget projects \$3,575,658 in revenues. That will be \$174,958 less than the current budget. Even with this loss, the budget assumes the City will collect the same \$1.5 million in property taxes. Because of the 3.5% decline in taxable values, it will mean the effective property tax rate will increase.

In the Water and Sewer Fund this year, the City budgeted \$2,683,975 in revenues. It now appears we will only collect \$2,677,086. That will be a \$13,000 shortfall. Next year, the City should collect \$2,647,099 in water and sewer revenues. That is \$36,866 less than this year and includes a 12 cent per thousand gallons water increase from North Texas Municipal Water District (NTMWD).

Mr. Snow reported the good news is the City Council made adjustments mid year and staff curbed spending. We budgeted \$4,177,900 in General Fund expenditures and \$2,793,590 in Water and Sewer Fund expenditures. It appears the City will only spend \$3,956,505 in the General Fund and \$2,681,275 in the Water and Sewer Fund. That amounts to a \$333,711 reduction in planned expenditures.

Plans were to draw down \$528,987 in available fund balances to balance this year's budget, we now are only going to spend \$176,433 in reserves. We are actually adding \$79,606 to the Sewer and Water Fund balances.

Staff prepared a budget for next year that is \$570,062 less than this year's budget. The total budget for FY 2009-2010 is \$6,899,161 for all funds. The current year's budget is \$7,469,223 for all funds. There is still a need for \$219,804 from available fund reserves. These reserves will be spent on capital items and grant match requirements. There are sufficient funds in our excess reserves. Mr. Snow mentioned that city reserves are far in excess of what was projected in the beginning of this fiscal year.

The budget is designed for minimal costs until Kaufman starts to experience an economic recovery. It is anticipated that property values will decline for another year and the City will experience little growth

before the end of the 2011 budget year. We structured our spending patterns to stretch our excess reserves for at least two more years. That means less capital reinvestment. The Street Overlay Program has been cut to \$175,000 from our goal of \$400,000. There are minimal equipment purchases.

Since sales tax revenues are a significant part of our revenue picture and sales tax is projected to be down next year, there are no salary increases planned in this budget. If sales tax revenues return to normal levels later in the year, the City can revisit this issue. Discussion was held that if there is a significant increase of sales tax the Staff will bring salary adjustments back to the City Council after six months into the budget.

There will be a slight increase in the Police Department for promoting a Lieutenant to a Captain and a dispatcher to a lead dispatcher. These changes are an effort to flatten the organization. The net effect will be \$5,107.34.

Some of the significant things we will make progress on this proposed budget year are: the construction of the link between South Washington and Old Kemp Highway; there is a major sewer project scheduled for Jackson Street and we will overlay Jackson Street after the sewer project is complete; we are prepared to move forward on the rental inspection program that will be revenue neutral. Capital Outlay consists of a new police vehicle with \$20,000 from General Fund and \$20,000 from equipment replacement fund and a four door crew cab for the water and sewer department. All the plans we have for the realignment of S.H. 34 are not in this budget. So much of the funding depends on others. We will take up the issue with a budget amendment if funds come into place.

Everything else is on hold. Improvements to the sewer plant will be held off for a year. Our planned Inflow and Infiltration Study is put off one year. The expansion of the Sports Complex parking lot is put off one more year. These projects are progress but not urgent. Until we see a change in the economy, we can forestall them.

City Manager Curtis Snow gave a complete operating budget overview for Fiscal Year 2009/2010. This document is hereby attached to these minutes.

ADJOURNMENT.

Councilmember Council moved and seconded by Councilmember Altom to adjourn the Budget Work Session at 6:57 p.m. Mayor Fortner called for a vote with all voting AYE, the motion carried.

**SPECIAL CITY COUNCIL MEETING
MONDAY, AUGUST 10, 2009 6:00 P.M.
CITY HALL, 209 S. WASHINGTON STREET
KAUFMAN, TEXAS 75142**

Mayor Fortner called the meeting to order at 6:58 p.m. All Councilmembers were present except Councilmember Cooper.

CITIZENS COMMENTS (5 MINUTES) Citizens may address the City Council on any subject but must first complete a Request to Speak Form. Comments are limited to five (5) minutes, but no more than five (5) minutes per individual, and are not transferable. Citizen's comments not to exceed a total of 15 minutes.

No comments were made from Citizens.

DISCUSSION/ACTION ITEMS

1. Consider setting the date, time and place for a Public Hearing regarding the City's Fiscal Year 2009-2010 Budget.

Councilmember Altom moved and seconded by Mayor Pro-Tem Ratcliffe to set the date, time and place for a Public Hearing on the City's Fiscal Year 2009-2010 Budget for August 31, 2009. Mayor Fortner called for a vote with all voting AYE, the motion carried. Councilmember Cooper was absent.

2. Consider a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year and set two (2) Public Hearings on the proposed Tax Increase; set the date, time and place.
 1. Schedule First Public Hearing Monday, August 31, 2009
 2. Schedule Second Public Hearing September 14, 2009

Councilmember Council moved and seconded by Mayor Pro-Tem Altom to set the first Public Hearing for Monday, August 31, 2009 and the second Public Hearing for Monday, September 14, 2009 and consider the adoption of an effective tax rate of \$0.6371. Mayor Fortner called for a vote with all voting AYE, the motion carried. Councilmember Cooper was absent.

3. Bid Award / Employee Health Insurance

City Manager Curtis Snow informed the Council that the City solicited bids for a new health care plan to assure that employees can get the most

effective plan for the least cost. The City received bids on various plans from Aetna. No other bids were submitted. TML, our current provided did not bid. TML did complete a rerate of our current plan. It provided for a five percent increase.

After reviewing the bid most similar to the City's current plan it was determined there was no significant savings and the plan had some shortfalls in preventative healthcare and prescriptions drugs. After requesting some additional backup information there were some inconsistencies in the information provided. Staff is recommending rejecting the bids from Aetna and continuing with TML. Mr. Snow gave an overview of the comparisons of Aetna plan and an alternative TML plan.

After discussion, Councilmember Altom moved and seconded by Mayor Pro-Tem Ratcliffe to reject all bids received and to continue with TML renewal rates on an alternate plan. Mayor Fortner called for a vote with all voting AYE, the motion carried. Councilmember Cooper was absent.

4. Discuss the vacancy of Councilmember Steve Cooper.

After discussion of Councilmember Cooper's resignation letter, the Council requested to have the appointment of the vacancy be placed on the Agenda for August 31, 2009, meeting date.

ANNOUNCEMENTS FROM CITY MANAGER.

City Manager Curtis Snow gave a report on Impact Fee Update Schedule
City Manager Curtis Snow asked Council about TML Conference – Hotel Accommodations

City Manager Curtis Snow reminded the Council of the Memorial - Bench Dedication – Norman Smith, Jr., August 11th, 10:00 a.m., City Courtyard, across the street from City Hall.

ADJOURNMENT.

There being no further business the meeting was adjourned at 7:18 p.m.

**WILLIAM FORTNER
MAYOR**

ATTEST:

**JO ANN TALBOT
CITY SECRETARY**