

**CITY OF COPPERAS COVE
CITY COUNCIL WORKSHOP MEETING MINUTES
August 18, 2009 – 6:00 P.M.**

A. CALL TO ORDER

Mayor John Hull called the workshop meeting of the City Council of the City of Copperas Cove Texas to order at 6:00 p.m.

B. ROLL CALL

John Hull
Cheryl L. Meredith
Charlie D. Youngs
Chuck Downard
Danny Palmer
Bill L. Stephens
Willie C. Goode
Frank Seffrood

Andrea M. Gardner, City Manager
Charles Zech, City Attorney
Jane Lees, City Secretary

C. WORKSHOP ITEMS

1. Discussion of the City's existing Fund Balance Policy and the potential impact of any changes to the City's Fund Balance Policy on the City's Bond Rating. **Wanda Bunting, Director of Financial Services**

Andrea M. Gardner, City Manager, said that at a planning meeting about a month ago there was considerable discussion about the City's existing fund balance policy. As a result of the discussion, she recommended Garry Kimball of Specialized Public Finance, the City's financial advisor, speak to the Council about possibilities of adjusting that particular policy and what his recommendations would be for the City. Ms. Gardner turned the meeting over to Mr. Kimball.

Mr. Kimball passed out an analysis that depicted historical credit spreads (Exhibit A) over the past two years. Mr. Kimball explained the graph to the Council. Mr. Kimball further stated two years ago it did not matter much whether you were triple A or triple B. The difference was considered minor – less than one half of one percent – in terms of the interest rate you would pay on bonds when you went to the market. In his opinion, the market two years ago was really undervaluing risk. The graph shows that everything locked down in the fourth quarter of 2008, and is only now beginning to loosen up somewhat. Mr. Kimball said that he doesn't think the market will get back to where it was two years ago in terms of easy credit and the ability to not really have to pay attention to your bond rating so much.

Mr. Kimball said that bond ratings are absolutely critical today as it relates to the City's cost of financing. If the City were downgraded just one notch in rating, that would mean that on 10 million dollars borrowed over a 20-year period, there would be an additional \$427,960 to be paid out of the City's pocket.

In relation to the reserve policy, Mr. Kimball stated that 90 days is an industry standard and is absolutely critical. The City could easily be downgraded by one notch if it loosened its policy on reserve funds. He urged the Council to not change the 90-day policy and put the recent two

notch upgrade at risk that the City was awarded. That upgrade played very heavily in the successful sale of the general obligation bonds and tax notes issuance that will be discussed in the council meeting. His firm received very aggressive bids for the bonds that were offered and voted on last November. The upgrade really factored into savings for the taxpayer and the 90-day reserve policy is specifically mentioned in the Standard & Poor's write-up. The City still has \$12M in bonds that were voted on last November that have not been offered for sale. If the fund balance reserve policy were weakened, that \$12M would translate immediately into higher interest costs for the City.

Ms. Bunting passed out a copy of the current fund balance policy of the city (Exhibit B). On page 2 of the handout, in Sec. 2-124, City staff noted the recommended changes to the policy. The proposed changes should not impact the City's bond rating as long as the City retains the 90 day reserve policy. The change would exclude debt service payments and expenditures planned for capital outlay purchases for an equivalent of three months operating expenditures. City staff plans to bring the change to council in September along with the budget adoption.

2. Provide direction to the City Manager regarding any changes to the City's Fund Balance Policy. **Andrea M. Gardner, City Manager**

Council concurred that City staff should bring the proposed changes to the Fund Balance Policy back to Council for approval at the second meeting in September, just prior to adopting the FY2009-10 budget.

3. Presentation and discussion of the FY 2010 proposed budget. **Wanda Bunting, Director of Financial Services**

Ms. Gardner said that this presentation is a recap from the proposed budget that was presented on July 21, 2009 and then, last week's August 11, 2009 discussion regarding employee benefits. The presentation showed the total budget as submitted, the total budget as updated, and employee pay and benefits (Exhibit C). Ms. Gardner outlined the three options available to employees in the health plan. Ms. Gardner also discussed the property tax revenues issues facing the City regarding the new police facility and the 100 percent disabled Veterans exemption. Other expense issues include vacancy savings, street maintenance and computer replacement, as well as the outside entity unmet needs. In the Water & Sewer Fund revenues it was discussed that the City had to remove the separate rate proposed for senior citizens because it is not permitted by law. Also discussed were the proposed changes in water revenue rates, sewer revenue rates and the elimination of winter averaging, on July 21, 2009.

4. Provide direction to the City Manager regarding the FY 2010 proposed budget. **Andrea M. Gardner, City Manager**

Council consensus was to increase the Cove Country Opry Hotel/Motel fund request from \$3,000 to \$4,000.

Mayor Hull adjourned the workshop at 7:00 p.m. in order to hold the regular council meeting.

Mayor Hull reconvened the workshop at 10:05 p.m.

The Hop is currently scheduled to receive \$13,668. They have requested an additional \$8,321. Ms. Gardner said that the \$8,321 could be added to contingency funds to be approved for release later in the year. This way the Council could approve release after the shelter is in place. Council Member Downard asked that the KCCB have input as to where the shelter is to be placed. The Council concurred.

Council agreed to leave the water rate exactly as proposed. Council requested a comparison of the proposed base rate of \$14.00 and \$3.25 per additional 1,000 gallons with \$14.00 and \$3.10 per additional 1,000 gallons at the August 25, 2009 meeting, along with the effect of the cancellation of the senior rate.

City staff can bring back a comparison to the proposed along with other options for both the water and sewer rates.

On the Drainage Utility Fund, remove the \$60,000 for intersection of Golf Course and Texas.

Council agreed to fund an additional \$2,500 for a total of \$5,000 for USO and power down the Joint Image Campaign.

Hotel/Motel Funds. The Chamber of Commerce asked for \$200,000 next fiscal year. They are also planning to seek additional funding this fiscal year of \$30,000 to cover some shortages. If this were approved, the ending fund balance would be \$56,399. This gives the Council approximately \$244,099 to work with for next fiscal year.

Council agreed to proposed funding for the entities below as follows:

Chamber of Commerce	\$170,000
Copperas Cove Cove Opry	\$ 4,000
Downtown Association	\$ 12,000
Boys & Girls Club	\$ -0-
CHAMPS	\$ 20,000
Debt Service approximately	\$ 30,000
Advertising	\$ 2,500

Council agreed to go ahead with above figures and if it looks like it is not going to work out after December, a budget amendment can be done.

5. Presentation and discussion on the Five-Year Capital Improvement Plan, 2010-2014. **Andrea M. Gardner, City Manager**

Ms. Gardner discussed a conference call made to the Copperas Cove Economic Development Corporation. Two Council Members, Chuck Downard and Willie Goode, were also present during the call. The call was to request the CCEDC to fund the east end development water and sewer project. The feedback from that conversation was that there was no way the CCEDC could fund any of it and they expected to be paid back for all of the \$2M that they were going to float for the City. There was no interest on the part of the CCEDC in funding any portion of this project. Ms. Gardner requested direction from the Council on where they want her to go from this point. The CCEDC is funding the extension of Constitution, which is approximately \$1.4M. The City is talking about \$4M. Ms. Gardner said that the Council must decide if that is the

partnership they want with the CCEDC. Ms. Gardner asked the Council if the City should move forward with \$2.2M, Phase I (of the \$5.125M bond from November 2008). The Phase I project is necessary for some development that is coming in the near future, which is the Glockzin apartments, the assisted living center, and the Carothers apartments. This development, which is in the works right now, is dependent on this infrastructure of \$2.2M going in. Does the City want to go ahead and let the CCEDC front the money temporarily until the City issues the debt next year.

CIP Projects discussed are as follows:

Projects

Direction

Program: Parks & Recreation

City Park Ball Field Lighting Phase I	move to 2011
City Park Ball Field Lighting Phase II	move to 2012
Heritage Park Playground Equipment	move to 2011
High Chapparel Park Playground Equipment	move to 2011
City Park Ballfield Scoreboards	leave in 2012
High Chapparel Park Development	leave in 2012 and 2013
Multi-Purpose Recreation Center	place project in future list
Kate Street Park Improvements	leave in 2014
Heritage Park Improvements	leave in 2013 and 2014
Ogle Tree Gap Park Field Complex	leave in 2013 and 2014, notify CCEDC that the City would like them to be a funding source
Highland Park Enhancements	leave in 2013 and 2014
South Park Pool Resurface	delete project
Civic Center Renovations	taken care of in regular meeting
Allin House Roof Renovations	taken care of in regular meeting
South Park Pool Renovations	taken care of in regular meeting

Program: Library

Library Renovations	leave in, however, already funded with 2008 Tax Notes
Library Automation System	move to 2011

Program: Golf Course

Cart Path Repair Phase I	leave in 2012
Cart Path Repair Phase II	leave in 2013
Cart Path Repair Phase III	leave in 2014
Golf Course Greens Renovation	leave in 2012
Golf Course Putting Greens	leave in 2013
Golf Course Nursery Green	leave in 2013
Renovation of Front 9 Fairways	leave in 2012
Driving Range Renovations Phase I	leave in 2012
Driving Range Renovations Phase II	leave in 2013
Driving Range Renovations Phase III	leave in 2014
Caddy Shack Renovations	leave in 2011 and 2012

Cart Barn Repairs
Old Pro Shop Renovation
Pro Shop Meeting Room

leave in 2013
leave in 2013 and 2014
leave in 2011

6. Provide direction to the City Manager regarding the Five-Year Capital Improvement Plan, 2010-2014. **Andrea M. Gardner, City Manager**

The Council agreed to move forward with Phase I. Ms. Gardner said she will work on an Interlocal Agreement with the CCEDC and the City for them to front the money until next summer, and then they will be reimbursed.

Changes in the CIP are shown above.

D. ADJOURNMENT

There being no further business, Mayor Hull adjourned the meeting at 11:26 p.m.

John Hull, Mayor

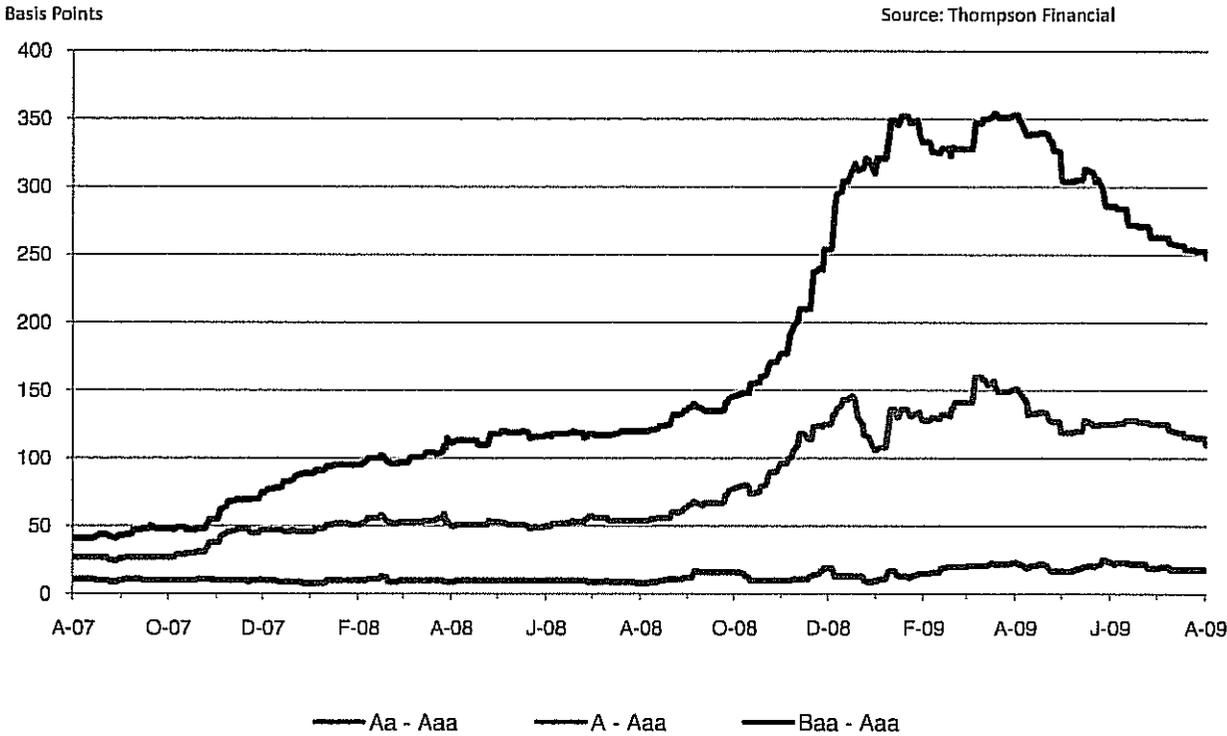
ATTEST:

Jane Lees, City Secretary

**Historical Credit Spreads
Municipal Bond Market**



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES



Current Investment Grade to "Aaa" Spread (Basis Points):	250.00
Per Rating Category Differential (basis points):	31.25
Per \$10,000,000 Interest Cost per Rating Category (1):	\$ 427,960

(1) Assumes 20-year level debt service. Based upon 8 rating intervals Baa to Aaa.
Cost represents nominal increase in interest expense over full bond term.

DIVISION 3. FUND BALANCES AND OPERATING PROCEDURES*

***Editor's note:** Nonamendatory Ord. No. 1996-39, §§ 1--6, adopted Sept. 3, 1996 has been included herein as Div. 3, to Art. V, §§ 2-121--2-126, at the discretion of the editor.

Sec. 2-121. Title.

That this article shall be known as the Fund Balance Policy and Operating Reserves Fiscal Policy of the City of Copperas Cove, Texas, and its staff and employees according to the terms thereof and as the stated policy of the city, shall adhere to such a policy.

(Ord. No. 1996-39, § 1, 9-3-96; Ord. No. 2008-45, § 1(Exh. A), 11-3-08)

Sec. 2-122. Definitions.

For the purposes of this division, the following terms, phrases, words and their deviations shall have the meaning given herein. When not inconsistent with the context, words so used in the present tense include the future. Words in the masculine gender include the feminine. Words in the plural number include the singular, and words in the singular include the plural.

- (a) *Designated unreserved fund balance.* Net financial resources of a governmental fund that are spendable or available for appropriation, but which have been earmarked by the chief executive officer or the legislative body for some specific purpose.
- (b) *Fund.* A separate fiscal and accounting entity used by governments to segregate resources related to specific activities.
- (c) *Fund balance.* The difference between fund assets and fund liabilities in a governmental or trust fund.
- (d) *Fund type.* One of seven (7) categories into which all individual funds must be classified.
- (e) *Liquidity.* The ability to meet demands for payment on a timely basis.
- (f) *Reserved fund balance.* For governmental funds and expendable trust funds, the portion of fund balance that is not available for appropriation because it is either legally restricted (e.g., encumbrances) or not spendable (e.g., long-term receivables). For nonexpendable and pension trust funds, the portion of fund balance that is legally restricted.

(g) *Reserved retained earnings.* Generally, a portion of retained earnings reflecting the excess of restricted assets over related liabilities.

(h) *Retained earnings.* Net income and losses of all prior periods adjusted for transfers and amounts of depreciation charged to contributed capital.

(i) *Unreserved fund balance.* In a governmental or expendable trust fund, the balance of net financial resources that are spendable or available for appropriation. In a nonexpendable or pension trust fund, the portion of fund balance that is not legally restricted.

(Ord. No. 1996-39, § 2, 9-3-96; Ord. No. 2008-45, § 1(Exh. A), 11-3-08)

Sec. 2-123. Maintenance of adequate reserves in order to provide several important benefits to the city.

[The purposes of the fund balance policy and operating reserves fiscal policy shall include:]

(1) Providing a measure of stability during economic cycles. Adequate reserves to help protect the city against significant tax increases or dramatic budget cuts during periods of low economic activity.

(2) Interest income from the investment of the cash reserves to provide a significant source of revenue.

(3) Adequate reserves to provide the foundation for a strong credit rating reducing the cost of long-term borrowing.

(Ord. No. 1996-39, § 3, 9-3-96; Ord. No. 2008-45, § 1(Exh. A), 11-3-08)

Sec. 2-124. Fiscal policy for maintaining adequate levels of reserves in the city's general fund, utility funds, and other funds per designation by city council.

(a) The general fund unencumbered fund balance should be at least twenty-five (25) percent of the general fund annual budget expenditures. This percentage is equivalent to three (3) months expenditures.

(b) The utility funds and other funds per city council designation should maintain an unencumbered fund balance (working capital) reserve of at least twenty-five (25) percent of the total annual budget expenditures excluding debt service payments and those expenditures planned for capital outlay purchases or the equivalent of three (3) months' operating expenditures.

(Ord. No. 1996-39, § 4, 9-3-96; Ord. No. 2008-45, § 1(Exh. A), 11-3-08)

Sec. 2-125. Obtaining the maximum reserves balances as established in section 2-124.

(a) The City of Copperas Cove shall designate the unencumbered fund balances in the following percentages per the stated funds until the maximum balances, as defined in section 2-124 have been obtained:

- (1) General Fund--No less than fifty (50) percent annually.
- (2) Utility Funds--No less than forty (40) percent annually.
- (3) Other Funds--No less than twenty (20) percent annually.

(b) Upon obtaining the section 2-124 fund balances, this section will not apply.

(Ord. No. 1996-39, § 5, 9-3-96; Ord. No. 2008-45, § 1(Exh. A), 11-3-08)

Sec. 2-126. No operating deficits.

Current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or nonrecurring expenditures, except when balances can be reduced because their levels exceed guideline minimums.

(Ord. No. 1996-39, § 6, 9-3-96; Ord. No. 2008-45, § 1(Exh. A), 11-3-08)

Secs. 2-127--2-130. Reserved.

City of Copperas Cove, Texas

FY 2010 Proposed Budget & Plan of Municipal Services



City of Copperas Cove

- Review of City's Manager Proposed Budget Submitted to City Council on 7/21/09
- Workshop Discussion Items
- Employee Health Plan Update
- Fund Changes
- Fund Balance Policy
- Council Requested Changes

Agenda

Fund	Beginning Fund Balance	Revenues	Expenses	Ending Fund Balance
General	4,217,395	14,723,879	15,151,703	3,789,571
Water & Sewer	1,765,613	9,360,994	9,482,504	1,644,103
Solid Waste	810,320	3,078,164	3,109,195	779,289
Golf Course	(150,066)	646,175	610,082	(113,973)
Other	1,371,280	3,555,623	4,353,068	573,835
Capital Projects	3,055,776	8,550	2,502,886	561,440
TOTAL	11,070,318	31,373,385	35,209,438	7,234,265

Total Budget as Submitted

Fund	Beginning Fund Balance	Revenues	Expenses	Ending Fund Balance
General	4,217,395	14,496,525	14,971,103	3,742,817
Water & Sewer	1,765,613	9,388,450	9,482,504	1,671,559
Solid Waste	810,320	3,078,164	3,109,195	779,289
Golf Course	(150,066)	646,175	610,082	(113,973)
Other	1,371,280	3,555,623	4,353,068	573,835
Capital Projects	3,055,776	8,550	2,502,886	561,440
TOTAL	11,070,318	31,173,487	35,028,838	7,214,967

Total Budget as Updated

- Pay Increase Opportunities
 - The proposed budget does not include COLA or Merit increases
- Health Plan Benefits
 - Currently seeking proposals for health coverage
 - Dental Coverage unchanged
- Other Benefits
 - TMRS
 - Long Term Disability
 - Wellness Pay

Employee Pay & Benefits

- **Three Plans Available**

- **Plan Option 1**

- \$250 Deductible and 20% Co-insurance

- **Plan Option 2**

- No Deductible, \$15 Co-Pay

- **Plan Option 3**

- No Deductible, \$40 Co-Pay

Current Health Plan

Plan Option I

Coverage	Monthly Cost to City	Monthly Cost to EE	Total Cost
Employee Only	\$268.37	-	\$268.37
Employee & Spouse	\$268.37	\$389.68	\$658.05
Employee & Child(ren)	\$268.37	\$202.22	\$470.59
Employee & Family	\$268.37	\$536.64	\$805.01

Current Health Plan Costs

Plan Option II

Coverage	Monthly Cost to City	Monthly Cost to EE	Total Cost
Employee Only	\$268.37	\$47.52	\$315.89
Employee & Spouse	\$268.37	\$506.18	\$774.55
Employee & Child(ren)	\$268.37	\$285.52	\$553.89
Employee & Family	\$268.37	\$679.16	\$947.53

Current Health Plan Costs

Plan Option III

Coverage	Monthly Cost to City	Monthly Cost to EE	Total Cost
Employee Only	\$268.37	\$21.86	\$290.23
Employee & Spouse	\$268.37	\$443.26	\$711.63
Employee & Child(ren)	\$268.37	\$240.54	\$508.91
Employee & Family	\$268.37	\$602.18	\$870.55

Current Health Plan Costs

How Does Copperas Cove Measure Up?

Taxing Entity	Monthly Employer Contribution
Bell County	\$347.79
City of Harker Heights	\$283.05
<i>City of Copperas Cove</i>	<i>\$268.37</i>
KISD	\$323.40
City of Temple	\$445.92
City of Killeen	\$285.00

City of Temple includes \$230.46 toward dependent health care costs.

Health Benefit Comparison

- 6/2/09
 - Scott & White Health Plan Rates & Claims History Discussion Meeting
- 7/17/09
 - First Required RFP Advertisement
- 7/24/09
 - Second Required RFP Advertisement
- 7/31/09
 - Bid Opening Date
 - Three Bids Received

Health Plan Update

- **Three Plans Available**

- **Plan Option 1**

- \$750 Deductible, \$30 Co-Pay for Office Visit and 20% Co-insurance

- **Plan Option 2**

- No Deductible, \$40 Co-Pay

- **Plan Option 3**

- No Deductible, \$25 Co-Pay

Health Plan RFP Results

Plan Option I

Coverage	Monthly Cost to City	Monthly Cost to EE	Total Cost
Employee Only	\$322.04	-	\$322.04
Employee & Spouse	\$322.04	\$410.81	\$732.85
Employee & Child(ren)	\$322.04	\$213.19	\$535.23
Employee & Family	\$322.04	\$565.75	\$887.79

Includes \$39.11/monthly deposit by City into a medical reimbursement account

Proposed Health Plan Costs

Plan Option II

Coverage	Monthly Cost to City	Monthly Cost to EE	Total Cost
Employee Only	\$322.04	\$9.64	\$331.68
Employee & Spouse	\$322.04	\$491.24	\$813.28
Employee & Child(ren)	\$322.04	\$259.57	\$581.61
Employee & Family	\$322.04	\$672.87	\$994.91

Proposed Health Plan Costs

Plan Option III

Coverage	Monthly Cost to City	Monthly Cost to EE	Total Cost
Employee Only	\$322.04	\$45.65	\$367.69
Employee & Spouse	\$322.04	\$579.54	\$901.58
Employee & Child(ren)	\$322.04	\$322.71	\$644.75
Employee & Family	\$322.04	\$780.90	\$1,102.94

Proposed Health Plan Costs

Plan Option I

Coverage	Current	Proposed	Change	Change Covered by EE	Change Covered by City
EE	\$268.37	\$322.04	\$53.67	-	\$53.67
ES	\$658.05	\$732.85	\$74.80	\$21.13	\$53.67
EC	\$470.59	\$535.23	\$64.64	\$10.97	\$53.67
EF	\$805.01	\$887.79	\$82.78	\$29.11	\$53.67

Proposed includes \$39.11 monthly contribution by City to medical reimbursement account.

A 20% increase is included in the FY 2010 Proposed Budget submitted on 7/21/09.

Health Plan Cost Comparison

Plan Option II to Plan Option III

Coverage	Current	Proposed	Change	Change Covered by EE	Change Covered by City
EE	\$315.89	\$367.69	\$51.80	(\$1.87)	\$53.67
ES	\$774.55	\$901.58	\$127.03	\$73.36	\$53.67
EC	\$553.89	\$644.75	\$90.86	\$37.19	\$53.67
EF	\$947.53	\$1,102.94	\$155.41	\$101.74	\$53.67

A 20% increase is included in the FY 2010
Proposed Budget submitted on 7/21/09.

Health Plan Cost Comparison

Plan Option III to Plan Option II

Coverage	Current	Proposed	Change	Change Covered by EE	Change Covered by City
EE	\$290.23	\$331.68	\$41.45	(\$12.22)	\$53.67
ES	\$711.63	\$813.28	\$101.65	\$47.98	\$53.67
EC	\$508.91	\$581.61	\$72.70	\$19.03	\$53.67
EF	\$870.55	\$994.91	\$123.55	\$69.88	\$53.67

A 20% increase is included in the FY 2010
Proposed Budget submitted on 7/21/09

Health Plan Cost Comparison

Source	Submitted 7/21/09	Updated 7/25/09
Taxes	11,106,719	10,879,365
Charges for Service	1,079,380	1,079,380
Fines	919,398	919,398
Administrative Reimbursements	1,250,500	1,250,500
Miscellaneous	367,882	367,882
TOTAL REVENUES	\$14,723,879	\$14,496,525

Adjusted M&O Property Tax Revenue by (\$227,354) per
Certified Tax Appraisal Roll.

General Fund Revenues

Function	Submitted 7/21/09	Updated 7/25/09
Administration	1,923,258	1,923,258
Public Works	1,220,862	1,040,262
Community Services	1,619,500	1,619,500
Support Services	358,682	358,682
Development Services	602,348	602,348
Public Safety	8,747,998	8,747,998
Non-Departmental	679,055	679,055
TOTAL	\$15,151,703	\$14,971,103

Adjusted Street Maintenance by (\$180,600) to maintain Ideal Fund Balance Requirement.

General Fund Expenses

ISSUES

Police Facility

- Voters Approved Proposition in November 2008.
- Disclosed to Voters the Debt Issuance would yield one cent tax rate increase.

100% Disabled Veterans Exemption

- Voters Approved Proposition in November 2007.
- Legislature Approved during 81st Session (2009).
- Cost \$149,749

One Cent on Tax Rate

- Equals \$113,691.
- Lost Property Tax Revenue equals \$227,354.
- Debt Payment Requirements for 2009 General Obligation Bonds equals \$277,688.

M&O Property Tax Revenues

ISSUES

Vacancy Savings

- Police Department included equivalent value of 3 patrol officer positions as a vacancy savings.
- Fire Department included equivalent value of 2 FRO positions as a vacancy savings.

Street Maintenance

- \$50,000 Included FY 2009 Adopted Budget.
- Option to Complete Overlay only in FY 2010 (Returns \$231,000 to General Fund Available Resources).

Computer Replacement

- 115 computers planned for replacement.
- 185 computers in current inventory.
- Dell Discounts for orders of 50+ or 200+ .
- Lease includes the purchase of email server, email archive server and disk based backup system, library server, and laptop replacements.

M&O Expenses

- Outside Entity Unmet Needs
 - USO \$2,500
 - The HOP \$8,321
 - Copperas Cove Country Opry \$3,600

Other GF Discussion Items

Source	Submitted 7/21/09	Updated 8/4/09
Water	4,930,487	4,957,943
Sewer	3,652,817	3,652,817
Water Tap Fees	35,000	35,000
Sewer Tap Fees	11,500	11,500
Interest Revenue	25,000	25,000
Miscellaneous	706,190	706,190
TOTAL REVENUES	\$9,360,994	\$9,388,450

Discounted Senior Rate removed as not permitted by law.
Yielded a change of \$27,456 to water revenues.

Water & Sewer Fund Revenues

Changes in Revenue As Proposed on 7/21/09

- Water
 - BCWCID Rate Increase
 - .56 cents per 1,000 gallons to .57 cents
 - System Rate Increase (\$1,720)
 - Election Use Water Increase (\$3,657.70)
 - Option Use Water Increase (\$1,331.46)
- Water Rate Structure Change
- Sewer Rate Structure Change
- Eliminate Winter Averaging

Water & Sewer Fund

Water Rate Structure Change As Proposed on 7/21/09

- Base Rate
 - Increase by \$3.00 per month
 - Include 2,000 gallons in the base rate
 - Add a "Reduced Senior" rate
- Consumption Rate (per 1,000 gallons)
 - Increase by \$.40
- Impact to Average Residential Customer (7,000 gallons a month)
 - Current Structure \$30.95
 - Proposed Structure \$30.25

Water & Sewer Fund

Sewer Rate Structure Change As Proposed on 7/21/09

- Base Rate
 - No Increase
 - Include 2,000 gallons in the base rate
- Consumption Rate (per 1,000 gallons)
 - Increase by \$.75
 - Add a cap for residential only of 15,000 gallons
 - Eliminate Winter Averaging
- Impact to Average Residential Customer
 - Current structure \$35.50
 - Proposed structure \$32.25

Water & Sewer Fund

- Why Does Current Rate Structure Require Restructuring?
 - Improve water conservation
 - Recover cost of providing service
 - Water Purchases
 - Utility Costs
 - Unfunded Mandates
 - TCEQ Testing Requirements Increased
 - Rising personnel costs
 - Sewer Winter Averaging not utilized properly
 - Recalculate winter average each year

Water & Sewer Fund

Additional Sewer Rate Restructure Options

- Add a Floor of 8,000 gallons and a Ceiling of 15,000 gallons to Winter Averaging
 - Floor
 - Customers pay lower of either the actual consumption or floor of 8,000 gallons less 2,000 gallons included in base rate.
 - Customers pay lower of either the actual consumption or ceiling of 15,000 gallons less 2,000 gallons included in base rate.

Water & Sewer Fund

- Staff Recommended Change for Ideal Fund Balance Policy
 - Remove debt payment requirements prior to Ideal Fund Balance Calculation.
 - Remove senior discount rate.
 - Improved W&S Fund Ideal Fund Balance Requirement from \$2,370,626 to \$1,778,664.
 - Over/(Under) Ideal improved from (\$726,523) to (\$107,105).
 - Additional Considerations
 - Remove capital outlay expenses prior to Ideal Fund Balance Calculation.

Water & Sewer Fund

Fund	Beg Fund Balance	Revenues	Expenses	End Fund Balance
Tax I & S	386,350	1,723,882	1,952,957	157,275
Recreation Activities	96,513	229,310	307,526	18,297
Drainage Utility	328,441	875,800	1,096,450	107,791
Hotel Tax	86,399	187,700	232,894	41,205
MC Efficiency	14,053	5,270	7,342	11,981
MC Technology	91,194	29,740	51,854	69,080
MC Security	27,691	21,122	36,010	12,803

Other Funds

Entity	Funding	Request Amount
Chamber of Commerce	Hotel Occupancy	200,000
Hill Country Transit District	General Fund	21,989
Downtown Association	Hotel Occupancy	12,000
Boys & Girls Club	Hotel Occupancy	13,000
CHAMPS	Hotel Occupancy	30,000
USO	General Fund	5,000
Copperas Cove Country Opry	Hotel Occupancy / General Fund	19,704
TOTAL		301,693

Requests from Outside Entities

- July 28, 2009
 - General Fund
 - **No Quorum – Rescheduled to 8/3/09**
- July 30, 2009
 - Water & Sewer Fund
 - Solid Waste Fund
 - Golf Course Fund
 - **No Quorum – Rescheduled to 8/3/09**
- August 4, 2009
 - Other Funds
 - Discuss Tax Rate
 - **No Quorum – Rescheduled to 8/3/09 and 8/11/09**

Upcoming Dates Revised

- August 6, 2009
 - Outside Entities (Workshop)
 - Public Hearing on Proposed Budget (Regular)
 - **No Quorum – Rescheduled to 8/11/09 and 8/18/09**
- August 18, 2009
 - 1st Public Hearing on Tax Increase
 - **Rescheduled to 8/25/09 Due to Meeting Cancellations**
- **August 25, 2009**
 - **Review City Council Recommended Changes to the Proposed Budget**
 - **1st Public Hearing on Tax Increase**

Upcoming Dates Revised

- September 1, 2009
 - 2nd Public Hearing on Tax Increase
 - Public Hearing on Changes to Proposed Budget
Rescheduled to 9/8/09 Due to Meeting
Cancellations
- September 8, 2009
 - 2nd Public Hearing on Tax Increase
 - Public Hearing on Changes to Proposed Budget
- September 15, 2009
 - Adopt FY 2010 Budget
 - Adopt Tax Rate

Upcoming Dates Revised

Questions/Comments