

**MINUTES OF CALLED MEETING OF THE CITY COUNCIL OF THE
CITY OF LUFKIN, TEXAS, HELD ON THE
25TH DAY OF OCTOBER, 1994 AT 11:30 A.M.**

On the 25th day of October, 1994 the City Council of the City of Lufkin, Texas, convened in a Called meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis A. Bronaugh	Mayor
Percy Simond	Councilman, Ward No. 1
Don Boyd	Mayor pro tem
Larry Kegler	Councilman, Ward No. 3
Bob Bowman	Councilman, Ward No. 4
Jack Gorden, Jr.	Councilman, Ward No. 5
Tucker Weems	Councilman, Ward No. 6
C. G. Maclin	City Manager
Ron Wesch	Asst. City Manager/Public Works
Darryl Mayfield	Asst. City Manager/Finance
Atha Stokes	City Secretary

being present when the following business was transacted.

1. Meeting was opened by Mayor Louis Bronaugh.

2. **BID - APPROVED - REPLACEMENT OF WATER LINES IN WELL FIELD - SHAY CONTRACTOR, INC.**

Mayor Bronaugh stated that the first item for consideration was bids for contract to replace water lines in the well field.

City Manager Maclin stated that he had just talked with the Texas Department of Housing and Community Affairs to confirm that staff is not moving too fast and doing anything that would jeopardize the \$350,000 Urban Needs Grant. City Manager Maclin stated that he had talked to three different people and was assured that the City does have the proper clearances and exemptions, and that staff could go ahead and award the contract. City Manager Maclin stated that placed on the Council table is a letter from Philip Goodwin listing four items that need to be taken care of, and if Council does choose to approve the staff recommendation of the low bid of Shay Contractor, Inc. in the amount of \$1,060,894.45, staff would request that that motion include the contractor clearance given by the TDHCA, the issuance of wage rates by Department of Labor applicable to the project, approval of contract change order incorporating TDHCA contract requirements and that the City Attorney review and approve the contract documents.

City Manager Maclin stated that included in the packet is a cover letter from Asst. City Manager of Public Works, a cover letter from Philip Goodwin of Goodwin-Lasiter, and the bid tabulation summary.

In response to question by Councilman Weems, City Manager Maclin stated that the Performance Bond is a required document, and had been included in the bid documents received from Shay Contractor, Inc.

Motion was made by Councilman Don Boyd and seconded by Councilman Larry Kegler to award the low bid of Shay Contractor, Inc. in the amount of \$1,060,894.45, including the four conditions outlined in a letter from Philip Goodwin (1) Contractor clearance by TDHCA (2) Issuance of wage rates by Department of Labor applicable to the project (3) Approval of contract change order incorporating TDHCA contract requirements, and (4) City Attorney to review and approve all contract documents. A unanimous affirmative vote was recorded.

3. FINANCING - REVENUE BONDS - WASTEWATER TREATMENT PLANT - DIGESTER

Mayor Bronaugh stated that the next item for consideration was the method of financing and possible date for issuance of revenue bonds to fund the well field water line replacement and construction of a digester at the Wastewater Treatment Plant.

City Manager Maclin stated that included in the packet is a budget that lists well field line replacement, water plant filters, and a wastewater treatment digester. City Manager Maclin stated that staff had recently started a program where once a month Council was shown a video of projects that the City has underway, and at this time a video would be shown showing the water plant filter installation. A sample filter cartridge was also shown to Council. Mr. Wesch stated that the price on the filters had dropped from \$36 per filter to \$32 per filter, and he was looking for a supplier that could provide these filters at an even lower price. In response to question by Mayor Bronaugh, City Manager Maclin stated that the filters could be used to filter out metals from the raw water supply after the asbestos lines have been replaced.

In response to question by Councilman Bowman, City Manager Maclin stated that the disposal method used for the cartridges requires the City to take the filters to Jacksonville. Mr. Wesch stated that the City will follow TNRCC rules for disposal of the filters. Mr. Wesch stated that the filters are not reuseable.

Mr. Wesch narrated a video entitled "Asbestos Filter Installation".

City Manager Maclin referred Councilmembers to the "Proposed Water & Sewer Improvements". City Manager Maclin stated that a bid had been awarded under item #1 for the well field line replacement, and Council had just viewed a video regarding the water plant filters. City Manager Maclin stated that the next portion was the wastewater treatment digester. Last May at the Council budget retreat, staff and Council talked about the need for additional digester capacity in order to meet Federal guidelines for sludge in order to improve the efficiency and operation of the wastewater treatment plant to stay in compliance with permits. City Manager Maclin stated that he would like for Wayne Stolz of EGA to give Council a brief executive summary of the need for a digester at the plant and why staff is looking at the timing of going ahead and putting this in now.

Mr. Stolz stated that the issue today is the sludge digester, but he would like to give a review and history. Mr. Stolz stated that the sludge digester is proposed to be funded with new bonds, and is the only part of this project at the Wastewater Treatment Plant that will be required to be funded with new bonds. Mr. Stolz stated that the laboratory expansion, the final clarifier and the aeration basin will be constructed with existing funds, either through the Wastewater Treatment Plant budget or through the existing \$7 million revenue bonds. Mr. Stolz stated that currently the Wastewater Treatment Plant has a permitted flow of 7.13 mgd, and the average daily flow is approximately 6 mgd, which varies during wet weather flows (flows can be as high as 18 mgd). Mr. Stolz stated that the wet weather flow is one of the areas that they are concerned about. Mr. Stolz stated that the proposed permitted flow will be 11.3 mgd once all the improvements are installed. Mr. Stolz stated that the engineering firm will be pursuing an amendment to the permit to increase the flow to 11.3 mgd once construction has begun.

Mr. Stolz stated that back in the spring Mayor Bronaugh presented the unfunded mandates issue to the TNRCC at a conference held at Angelina College. Mr. Stolz stated that he had the opportunity to talk about unfunded mandates with officials of the TNRCC urging them to talk to Congress about enacting new legislation and also fund those new laws at the same time. Mr. Stolz stated that that has not taken place and as a result the City has had to fund several different projects at the plant.

Mr. Stolz stated that the new sludge rule which was enacted in 1993 by EPA, and adopted by TNRCC in 1993, proposed additional restrictions on sludge and how it can be handled and disposed of. Mr. Stolz stated that the new 503 sludge rule requires that one of several vector attraction reduction alternatives be met in order to apply Class B sludge to agricultural land. Mr. Stolz stated that the two alternatives that apply to the City of Lufkin include the reduction of volatile solids in the sludge by 38% and the incorporation of sludge into the soil within a six hour period after application. Mr. Stolz stated that the current digestion of sludge at the WWTP results in about a 17% reduction in volatile solids or organic matter. To obtain the 38% reduction more detention time is required, which can only be obtained through additional digester capacity. Mr. Stolz stated that during wet weather periods when the digested sludge cannot be land applied within six hours, the WWTP must either stop wasting sludge from the clarifiers or stockpile sludge on site, which will result in permit violations in either case. Mr. Stolz stated that in order to maintain continuous operation, and to avoid permit violations, additional digester capacity is needed at the WWTP.

Mr. Stolz stated that the estimated cost of the anaerobic digester is approximately \$1.5 million. (A breakdown of the digester budget was included in the packet.)

Mr. Stolz gave an overhead presentation of the facilities and equipment at the WWTP.

In response to question by Mayor Bronaugh, City Manager Maclin stated that what staff is looking for on item #3 on the agenda is to give Council some backup on where this money is needing to go and why, and secondly, the staff recommendation is to issue \$2.65 million in revenue bonds to cover the cost of the wellfield line replacement, the water plant filters and related cost, and the digester. City Manager Maclin stated that the City already had the money in the other bond money from a year and a half ago for the clarifier and the other improvements Mr. Stolz mentioned, but the City can get a better price by bidding it together rather than separating it. City Manager Maclin stated that the City will be able to avoid additional issuance costs. City Manager Maclin stated that he would like to ask Mike Byrd to come and discuss the issuance of the bonds.

Mr. Byrd stated that the schedule had been passed out to members of Council. Mr. Byrd stated that what he has shown on the schedule is the total load of debt service of the water and sewer system. Mr. Byrd stated that, in addition hereto, during this current fiscal year there will be a payment of \$957,333 for the revenue bonds, for a subtotal of \$1,451 million for this current, and each of the next two years, and then there is a bit of runoff. Mr. Byrd stated that at the request of Administration he prepared a schedule for \$2,650,000 in first lien revenue bonds. Mr. Byrd stated that it appears that the City can issue the bonds without a rate increase at this time.

Mr. Byrd stated that if Council would like to pursue the issuance of these bonds, he would suggest at the meeting of November 1 or November 15, to include an item that would authorize the City Secretary to publish notice of the Council's intent to issue revenue bonds. Mr. Byrd stated that State law provides that that notice must be published twice, the first day at least 14 days prior to the date that you plan to sell. Mr. Byrd stated that he would suggest publications of November 21 and 28th with the sale of the bonds and First Reading of the Ordinance to occur on December 6th. The Second Reading would be at the Council meeting on December 20th. Mr. Byrd stated that delivery of the bonds under that scenario would mean that the money would be in the bank on January 10th. Mr. Byrd stated that the City would then be able to issue a Resolution for reimbursement to itself in January.

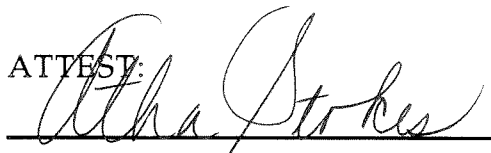
In response to question by Councilman Gorden, Mr. Byrd stated that earlier in this calendar year, the City has issued approximately \$1.6/\$1.7 million of various leases, etc. and have designated those as bank qualified. Mr. Byrd stated that in this calendar year, the City should be at \$6.7 million bank qualified.

City Manager Maclin stated that one of the reasons that the City is able to absorb this additional issuance without a rate increase is two-fold (1) There was \$125,000 that Council put in the budget for replacement of the AC well field lines. When this replacement was originally looked at as being done in-house, \$125,000 was budgeted for labor and material. City Manager Maclin stated that once staff decided to accelerate this project, there was still the \$125,000 in the budget, which can now be used for the interest payments and a portion of the principal. City Manager Maclin stated that (2) there was the projected decrease in personnel costs in the Water Production Department due to the implementation of computerization so that that department would go from 7 employees to 2 employees. City Manager Maclin stated that the combination of those two items together would put the cash in the budget without a rate increase to be able to make these payments, along with the runoff Mr. Byrd mentioned in two or three years.


Motion was made by Councilman Tucker Weems and seconded by Councilman Larry Kegler authorizing the issuance of revenue bonds to fund the well field water line replacement and construction of a digester at the Wastewater Treatment Plant in accordance with the calendar of issuance presented by the Bond Counsel. A unanimous affirmative vote was recorded.

4. There being no further business for consideration, meeting adjourned at 12:22 p.m.

ATTEST:



Atha Stokes - City Secretary



Louis A. Bronaugh - Mayor