

**MINUTES OF REGULAR MEETING OF THE CITY COUNCIL OF
THE CITY OF LUFKIN, TEXAS, HELD ON THE
15TH DAY OF JULY, 1997 AT 5:00 P.M.**

On the 15th day of July, 1997 the City Council of the City of Lufkin, Texas, convened in a regular meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis A. Bronaugh
Don Boyd
Percy Simond
Betty Jones
Bob Bowman
Jack Gorden, Jr.
Tucker Weems
C. G. Maclin
Darryl Mayfield
Bob Flournoy
Atha Stokes
Keith Wright
Stephen Abraham
Kenneth R. Williams

Mayor
Mayor pro tem
Councilmember, Ward No. 1
Councilmember, Ward No. 3
Councilmember, Ward No. 4
Councilmember, Ward No. 5
Councilmember, Ward No. 6
City Manager
Asst. City Manager/Finance
City Attorney
City Secretary
City Engineer
Director of Planning
Public Works Director

being present when the following business was transacted.

1. Meeting was opened with prayer by City Manager C. G. Maclin.
2. Mayor Bronaugh welcomed visitors present and recognized the Mayor of Zavalla Opal Gant and Councilmembers Rev. John Poe, Laura Mae Terrell, and Clyde Mott.

3. **APPROVAL OF MINUTES**

Motion was made by Councilmember Don Boyd and seconded by Councilmember Betty Jones that the minutes of the Regular Meeting of July 1, 1997 be approved as presented. A unanimous affirmative vote was recorded.

4. **ORDINANCE - APPROVED - SECOND READING - ZONE CHANGE - HEAVY MANUFACTURING TO COMMERCIAL - SAYERS STREET - ANGELINA & NECHES RAILROAD TRACKS - JERRY MOORE - SOUTHERN CLAY PRODUCTS**

Mayor Bronaugh stated that the next item for consideration was Second Reading of an Ordinance to change the zoning from "HM" Heavy Manufacturing to "C" Commercial on property located on tracts 308 and 311, Abstract 49 of the A. Barela Survey on the west side of Sayers Street, south of the Angelina & Neches River Railroad tracks as requested by Jerry Moore on behalf of Southern Clay Products.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Bob Bowman that Ordinance to change the zoning from "HM" Heavy Manufacturing to "C" Commercial on property located on tracts 308 and 311, Abstract 49 of the A. Barela Survey on the west side of Sayers Street, south of the Angelina & Neches River Railroad tracks as requested by Jerry Moore on behalf of Southern Clay Products be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

5. **ZONE CHANGE REQUEST - DENIED - FIRST READING - RESIDENTIAL LARGE SINGLE FAMILY TO LOCAL BUSINESS - SPENCER KNUTSON - CARD AND TULANE DRIVES**

Mayor Bronaugh stated that the next item for consideration was the request of Spencer Knutson to change the zoning from "RL" Residential Large Single Family

to "LB" Local Business District on property located at the southeast corner of Card and Tulane Drives.

City Manager Maclin stated that this request was addressed by the Planning & Zoning Commission at their meeting yesterday. City Manager Maclin stated that an explanation by the Planning Department had been included in the Council packet, and on the Council table was a copy of the minutes and recommendations from yesterday's Planning & Zoning Commission meeting. City Manager Maclin stated that there was a 5-0 vote at the meeting recommending denial of the zone change request from Residential Large Single Family to Local Business.

Spencer Knutson stated that he bought the property over 15 years ago, a couple of years prior to the Mall's development. Mr. Knutson stated that when he bought the property all of the property was zoned Residential, and he was assured by the owner that the property next to his would be residential. Mr. Knutson stated that shortly thereafter when consideration of the Mall came, all of the ideas changed and the properties on the south and to the west were changed to Commercial. Mr. Knutson stated that he had already spent a good deal of money on architectural work to build a home on the property, but he backed off. Mr. Knutson stated that for 15 years the property has been sitting there and he has not had any offers to purchase the property. Mr. Knutson stated that even at the time of the original zone change for Commercial it was obvious to the sitting Planning & Zoning Commission that it would not be suitable for residential. Mr. Knutson stated that you would not be able to raise kids or raise animals, and now with the development of Tulane Drive into a more commercial type of drive it makes it even more strongly undesirable for residential. Mr. Knutson stated that obviously he needs to change the zoning on the property to something else so that he can market it and take his money and go purchase residential property somewhere else. Mr. Knutson stated that when the idea of the improvements to Tulane came about it looked like an encouragement to him. Mr. Knutson stated that all these years he has had the property as a shelter to the other residents on the street but now that he is retiring it is time to sell the property and move on. Mr. Knutson stated that he had asked for Commercial zoning because of Toys R Us on one side as Commercial and Sears on the other side, and he was encouraged to ask for it to be zoned Commercial so that it would sell.

In response to question by Mayor Bronaugh, Mr. Knutson stated that an RPO District would be a possibility if it would not work any other way. Mr. Knutson stated that the property is no longer residential property and that he is looking for a way to sell it.

Councilmember Boyd stated that, in his opinion, if Mr. Knutson would agree to an RPO, the neighbors would be in agreement and Mr. Knutson would not have any problems in selling the property. Mr. Knutson stated that Local Business sounded to him like something less than Commercial and it would be stepping away from Commercial and making some kind of an accommodation to residential areas out there. Mr. Knutson stated that he has been doing that for 15 years and all the interest on his money has gone and he is just wanting to recover somehow (that was the reason he asked for Local Business).

In response to question by Councilmember Gorden, City Manager Maclin stated that Mr. Knutson had first asked for Commercial and then came back and requested Local Business.

Stephen Abraham, Director of Planning, stated that the original request was for Commercial zoning, and the RPO was discussed at the very first Planning & Zoning Commission meeting. Mr. Abraham stated that all of the other zoning classifications are cumulative meaning that you can drop down because all of the other requirements are more restrictive, so you can drop down from a Commercial to a Local Business classification. Mr. Abraham stated that there was extensive conversation between the Asst. City Attorney, the Planning staff and the Planning &

Zoning Commission. Mr. Abraham stated that you cannot drop down to an RPO because the height limitation is not more restrictive necessarily, and there are some things that are less restrictive about it. Mr. Abraham stated that the Planning staff told the Planning & Zoning Commission that if they wanted to consider RPO they would have to deny the request for Commercial and let Mr. Knutson start over. Mr. Abraham stated that more conversation ensued and Mr. Knutson obviously wanted to see if Local Business would be suitable to the Planning & Zoning Commission. Mr. Abraham stated that last night at the Planning & Zoning meeting the members alluded to the fact that they thought that the RPO is the more suitable district, and that is the reason for their denial. Mr. Abraham stated that they are not saying that the property has to remain residential, it is just a very technical thing that the Planning Department has to do in order to go to RPO because you cannot have two different zoning requests on the same tract.

Mr. Abraham stated that if Council feels that Local Business is a suitable zoning district they can approve that with 6 out of 7 votes, but to consider the RPO, which the Planning staff feels is the best suited for that area, Local Business would have to be denied and Mr. Knutson would have to come back and reapply for an RPO.

In response to question by Councilmember Boyd, City Manager Maclin stated that, at the pleasure of the Council, they could choose to waive the application fee if Mr. Knutson came back and made application for the RPO.

In response to a question by Councilmember Weems, Mr. Abraham stated that the list of items allowed in Local Business is lengthy and includes some things like bowling alleys, service stations, etc. Mr. Abraham stated that the RPO requires site plan approval and that really gets it to the level of Live Well. Mr. Abraham stated that Live Well is not zoned RPO because the City did not have RPO at that time, but Live Well would have come in under an RPO with a Special Use Permit. Mr. Abraham stated that even Target and Toys R Us are not strictly Local Business, but are a Special Use Permit so even any change to the site plan requires Public Hearings. Mr. Abraham stated that the Planning Department's main concern is making sure that they are sensitive in the development of Mr. Knutson's property in requiring site plan approval and getting a buffer between his property and the residents.

In response to question by Councilmember Gorden, Mr. Abraham stated that a PUD requires four acres and is really designed for a mix of uses, and it is not a good idea to come in with a PUD for one use, which would be the same as a Special Use. Mr. Abraham stated that the adjoining property owner (next to Mr. Knutson) put in a mail notice in opposition to the request. Mr. Abraham stated that Mr. Roquemore, who attended the meeting last night, and Mr. Youngblood might be in agreement to the RPO. Mr. Abraham stated that the Planning Department will be looking at the whole corner rather than individual lots to see what can be done to make this transition.

Councilmember Gorden stated that, in his opinion, the City should help Mr. Knutson in any way that is feasible. Mr. Abraham referred Councilmember Gorden to Attachment #1 (the location map) and stated that the property immediately to the right of Mr. Knutson's property is the property that has already filed a zone change application. Mr. Abraham stated that this property is across from Mr. Roquemore's and is "squared off" on the map. Mr. Abraham stated that the first Special Use Permit across Tulane and up and north of Card Drive is Live Well. Mr. Abraham stated that the Special Use Permit #2865 is solely for the tennis courts for Live Well.

In response to question by Councilmember Gorden, Mr. Abraham stated that tract #6 on Attachment 4A remains Residential large and was not included in the zone change for Target, and is a utility easement.

Mr. Abraham stated that the Planning Department would like to orient the

development towards Tulane rather than Card Drive. Mr. Abraham stated that if the owners of lots 1, 5 and 4 could agree on a plan it could be zoned as a PUD, and if it equals four acres it could be an option.

In response to question by Councilmember Bowman, Mr. Abraham stated that he had not received any input from the property owners further east on Card Drive. Mr. Abraham stated that because this is a small tract there were only five other property owners who were notified of the zoning change request.

In response to question by Councilmember Boyd, Mr. Abraham stated that Mr. Youngblood has made application for an RPO for his property.

Abe Roquemore, who owns property at 303 Card Drive, stated that he agrees with Mr. Knutson in that the area has drastically changed over the past 20 years. Mr. Roquemore stated that he was pleased that if the area had to go Commercial, that at least there were some nice businesses and he would like to see it continue. Mr. Roquemore stated that in the long run they might move their antique shop or insurance business to this property. Mr. Roquemore stated that his concern was that the City have some sort of control that gives them the ability to phase these businesses in a way so they will not just knock the residential neighbors out of the picture and not consider them. Mr. Roquemore stated that, in his opinion, the RPO zoning classification will give protection to the neighborhood, and that he is not against Mr. Knutson selling the property to anyone for a business, because he thinks that is entirely appropriate for the property.

In response to question by Mayor Bronaugh, Mr. Abraham stated that the cost to the City for the zone change request would be to place a legal notice in the newspaper, send mail notices to the residents, and advertise the meeting twice.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Don Boyd to accept the recommendation of the Planning & Zoning Commission that request of Spencer Knutson to change the zoning from "RL" Residential Large Single Family to "C" Commercial District on property located at the southeast corner of Card and Tulane Drives be denied. A unanimous affirmative vote was recorded.

Motion was made by Councilmember Percy Simond and seconded by Councilmember Tucker Weems that the \$100 application fee for a zone change to RPO by Spencer Knutson be waived. A unanimous affirmative vote was recorded.

6. ZONE CHANGE - APPROVED - FIRST READING - RESIDENTIAL SMALL FAMILY TO "C" COMMERCIAL - PAUL R. STRINGER - 1405 KURTH DRIVE

Mayor Bronaugh stated that the next item for consideration was request of Paul R. Stringer on behalf of Paul P. Stringer to change the zoning from "RS" Residential Small Single Family to "C" Commercial district on property located at 1405 Kurth Drive.

City Manager Maclin stated that included in the Council packet is a memorandum of explanation from the Planning & Zoning Department giving more insight on the location and uses surrounding this property. City Manager Maclin stated that also in the handout from yesterday's P&Z meeting there was a 5-0 vote of approval for this request.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember Betty Jones that request of Paul R. Stringer on behalf of Paul P. Stringer to change the zoning from "RS" Residential Small Single Family to "C" Commercial district on property located at 1405 Kurth Drive be approved on First Reading as presented. A unanimous affirmative vote was recorded.

7. ZONE CHANGE - APPROVED - RESIDENTIAL LARGE SINGLE FAMILY TO LOCAL BUSINESS - DANIEL McCALL DRIVE - U. S. HIGHWAY 59 - WALTER BORGFELD - RAUL GUTIERREZ - W. D. THAMES, JR.

Mayor Bronaugh stated that the next item for consideration was request of Walter Borgfeld on behalf of Raul Gutierrez and W. D. Thames, Jr. to change the zoning from "RL" Residential Large Single Family to "LB" Local Business district on property located at the southeast corner of the intersection of Daniel McCall Drive and U. S. Highway 59.

City Manager Maclin stated that included in the Council packet is an explanation and description of the request from the Planning Department memorandum. City Manager Maclin stated that this request was passed on a 5-0 vote for approval of the zone change as requested.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember Bob Bowman that Ordinance to change the zoning from "RL" Residential Large Single Family to "LC" Local Business district on property located at the southeast corner of the intersection of Daniel McCall Drive and U. S. Highway 59 as requested by Walter Borgfeld on behalf of Raul Gutierrez and W. D. Thames, Jr. be approved on First Reading as presented. A unanimous affirmative vote was recorded.

8. DRAINAGE CRITERIA MANUAL/SUBDIVISION ORDINANCE AMENDMENT - TABLED - FIRST READING

Mayor Bronaugh stated that the next item for consideration was approval of the Drainage Criteria Manual and an Amendment to the Subdivision Ordinance for addition of a Drainage Criteria Manual.

City Manager Maclin stated that the Drainage Criteria Manual has been placed on the Council table and is one of the elements of activity from the Master Drainage Planning Committee appointed by the City Council several months ago. City Manager Maclin stated that this agenda item provides for two items: (1) approval of the Drainage Criteria Manual and (2) to amend the Subdivision Ordinance to include the Drainage Criteria Manual as part of the Subdivision process.

Keith Wright, City Engineer, stated that basically the document provides for technical guidelines for implementing different types of drainage improvements for any type of new development that is occurring in the City. Mr. Wright stated that it gives the Engineering office a way of controlling run off and reducing the impact to areas that are already developed and may be impacted by increased run off due to large and impervious areas. Mr. Wright stated that basic drainage policies outlined in the manual are to strive to provide a 100 year level of protection with regard to flooding of homes and businesses, to mitigate adverse impacts with regard to flooding damages on upstream or downstream properties, to maintain consistency with provision to the National Flood Insurance Program. Mr. Wright stated that the manual outlines methods for developing hydraulic analysis for determining the amount of flow or run off from the property; it outlines methods for determining hydraulic analysis for determining water surface elevations and things of that nature; it provides for lot grading and drainage guidelines for new subdivisions; it provides for street and storm sewer guidelines for developing new storm sewer systems; it also outlines criteria for roadside ditches and the culverts for each road crossing, open channels in bridges; it provides for property that is greater than five acres or more than 50% impervious to require a storm water detention.

Mayor Bronaugh stated that the committee members worked on this project for two years and included Bob Brown, Philip Goodwin, Vardeman Johnson, Ron Mize, Lane Pittman and Dennis Robertson.

Mayor Bronaugh stated that the Council had just received the Drainage Criteria

Manual and may want to table approval of it until they have time to look it over before they make a decision. Councilmember Jones stated that she is real eager to move along with this and get it into the Subdivision Ordinance, but since it is a major undertaking that has taken two years, she would like to have some time to look over it and maybe approve it at the next Council meeting.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Betty Jones that Drainage Criteria Manual and an Amendment to the Subdivision Ordinance for the addition of a Drainage Criteria Manual be tabled until next meeting. A unanimous affirmative vote was recorded.

9. ANIMAL CONTROL CONTRACT RENEWALS - APPROVED - DIBOLL - HEMPHILL - HUDSON - GROVETON - CROCKETT

Mayor Bronaugh stated that the next item for consideration was renewal of Animal Control Contracts for the Cities of Diboll, Hemphill, Hudson, Groveton and Crockett.

City Manager Maclin stated that included in the Council packet is a letter from the Animal Control and Care Department Director. City Manager Maclin stated that the only change being made to the agreement is with the City of Diboll where the City of Lufkin will respond to emergency calls for a fee of \$50 per hour, and then adding the City of Crockett.

Cathy Clark, Director of Animal Control and Care, stated that the Agreement with Diboll is for emergency calls and is not for regular routine field service. Ms. Clark stated that this will only apply if Diboll's Animal Control Officer is sick or on vacation.

In response to question by Mayor Bronaugh, Ms. Clark stated that the City of Crockett will hire their own Animal Control Officer and bring animals to the City of Lufkin's facility the same as Hemphill and Groveton.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Tucker Weems that Animal Control Contracts for the Cities of Diboll, Hemphill, Hudson, Crockett and Groveton be approved as presented. A unanimous affirmative vote was recorded.

10. REQUEST - APPROVED - CITY OF ZAVALLA - PURCHASE OF CITY WATER

Mayor Bronaugh stated that the next item for consideration was the request of the City of Zavalla for purchase of City water.

City Manager Maclin stated that included in the Council packet is a letter from Mayor Gant expressing the need that Zavalla for water and the desire to purchase water from the City of Lufkin, estimating the need at approximately 75,000 to 100,000 gallons per day. City Manager Maclin stated that today's request is to seek Council's consent to consider this, and the City of Lufkin would obviously have to develop a contractual arrangement that would involve the City of Huntington for transmission purposes as well as the City of Zavalla. City Manager Maclin stated that today's starting point is to seek the principle of would the City of Lufkin consider the sale of water to the City of Zavalla, which would basically go through Lufkin's connection currently with Huntington, and then Huntington would transmit it down to the other side of Huntington and Zavalla would have to lay approximately 12 miles of line (plus or minus) from the edge of Huntington on down to Zavalla. City Manager Maclin stated that Zavalla is in the southern end of the well field of the Yegua aquifer which has had some difficulty getting property quality water.

Mayor Gant stated that the City of Zavalla cannot get water, and she realized that in the future all the surrounding cities would go to the lake for water. Mayor Gant

stated that the City of Zavalla is trying to grow and there is a limit on the amount of water per meter that they can pump, and they are reaching their limit and having to turn people away. Mayor Gant stated that the time has come that in order for the City of Zavalla to expand and grow they absolutely have to have water. Mayor Gant stated that they drilled two dry holes before they drilled their last hole in 1991. Mayor Gant stated that when you get down in the southern end of Angelina County there is just no water. Mayor Gant stated that the Texas Water Commission and TNRCC let the City of Zavalla use the last well while they were looking for an alternative. Mayor Gant stated that she and the City Council have been so busy with sewer that they have not paid that much attention to water until the City began to grow but couldn't because they have no water.

In response to question by Councilmember Bowman, Mayor Gant stated that the City is approximately seven miles from the Lake and eleven miles from the City of Huntington. In response to question by Councilmember Bowman as to whether it would be more economical to go to the Lake, Mayor Gant stated that from her understanding a surface water plant costs an awful lot of money to start with, then the maintenance and operation is so expensive, that they simply could not afford it. Mayor Gant stated that they could borrow the money and run to Huntington and buy water from the City of Lufkin if everything can be worked out, and come out much better until everyone is on Lake water.

City Manager Maclin stated that another reason why Mayor Gant and the City of Zavalla cannot go to the Lake is that the City of Lufkin is the only entity the Corps of Engineers has permitted to take water out of Rayburn. City Manager Maclin stated that the City of Lufkin could sell to the City of Zavalla if we put the line it. City Manager Maclin stated that Mayor Gant is correct in that the cost for a surface water treatment plant far exceeds the electrical transmission costs of even another 10 or 15 miles of pipe on top of the 12 she is talking about.

Councilmember Bowman asked what Zavalla's position was on the County-wide regional water system that never developed. City Manager Maclin stated that Zavalla's position was that they needed water, and there is documentation to the effect that they participated in the regional water system. Councilmember Bowman asked if we continue to let other cities buy water without the proper infrastructure, what kind of situation will the City of Lufkin be getting into? Mr. Wright stated that theoretically the City of Lufkin went ahead and sized and constructed the loop line and the elevated tank to compensate for future water usage. Mr. Wright stated that he was working with EGA at the time the regional water system was being discussed and the first entity to pull out was the City of Diboll, and Zavalla, Huntington and Burke were the main three that stayed until the end because they were in dire need of water. Mr. Wright stated that when the regional system collapsed they could not afford to do anything on their own. Mr. Wright stated that Huntington did lay the line to Lufkin and now Mayor Gant is trying to lay that line from Zavalla to Huntington. Mr. Wright stated that the line is a 12" line. City Manager Maclin stated that if every entity had participated in the plan there would have been 15 entities, including Lufkin State School.

Councilmember Gorden stated that he agreed with Councilmember Bowman, and stated that the taxpayers of Lufkin will be paying more than what they would have if the regional system had been successful. City Manager Maclin stated that ways can be found to equitably reimburse the City of Lufkin through fees charged for the sale of the water. In response to question by Councilmember Bowman, City Manager Maclin stated that the City of Lufkin has a contract with the City of Huntington which they have not exercised. Mr. Wright stated that they have a contract but they are not using it at this time. Mr. Wright stated that, in his opinion, the City of Huntington will eventually exercise and use the system since the aquifer they are in is the Yegua. Mr. Wright stated that they are using the Fuller Springs wells now, and they are not in the Yegua Aquifer.

Councilmember Bowman stated that the question he had was, is 1 1/2 times the

rate sufficient to pay for the infrastructure the City of Lufkin is building now to benefit these towns who are wanting water. City Manager Maclin stated that if you take 75,000-100,000 gallons a day in terms of a pro-rated share of the City's capacity, it won't take a lot.

Mayor Gant stated that the City of Zavalla stayed with the original plan until it became totally unfeasible. Mayor Gant stated that everything that happens in Zavalla helps the City of Lufkin. Mayor Gant stated that she is in desperate need now so she is looking at Lufkin. Mayor Gant stated that the citizens of Zavalla shop in Lufkin, and they cannot grow without water. Mayor Gant stated that she would appreciate the City of Lufkin's consideration.

Mayor Gant introduced Councilmembers who were present: Mayor pro tem John Poe, Clyde Mott and Laura Mae Terrell (a new member). Mayor Gant stated that the City of Zavalla now has three women on the Council.

In response to question by Councilmember Bowman, City Manager Maclin stated that when he first came here 6 1/2 years ago it was at the mid-way point of the Regional Water Study and when the water predictions and consumption usage statistics were reviewed and calculated based on the next 20 years for the City of Lufkin, it was the conclusion at the time that we would be able to have enough ground water probably for 15-20 years to meet the needs and growth of the City at that time. City Manager Maclin stated that despite the fact that there has been good growth in Lufkin in terms of both new residential and new commercial, those projections have been with the engineer's estimates. City Manager Maclin stated that what was not within the engineer's estimates in terms of timing, in his opinion, was the growth of Pilgrim's Pride's water consumption. City Manager Maclin stated that since that study was done Pilgrim's has more than doubled their water consumption. City Manager Maclin stated that without a major food processor that is required by USDA law to use lots of water per bird, those projections done in the regional study are still credible, but when you factor in a poultry processing plant, things change. City Manager Maclin stated that the growth of Pilgrim's in the last two years is the equivalent of 825 new homes. City Manager Maclin stated that you have to keep your industrial consumptions as the major impactor; residential consumptions are much easier to absorb.

City Manager Maclin stated that the second part of Councilmember Bowman's question is, in his opinion, the need - the urgency, if not TNRCC's requirement to go to surface water will become a reality in the next generation. City Manager Maclin stated that, in his opinion, the City will be encouraged to have multiple sources of water as water becomes more and more scarce, and will need to have both ground water and surface water. City Manager Maclin stated that the fact that the City does have the 26 million gallons a day availability at Rayburn will lead us at some point in the future to lay a line to Rayburn and begin to take water there. City Manager Maclin stated that the kind of catalyst that would trigger that would be something like a major industry, like a papermill, that does use large volumes of water (20-25 million gallons per day) which would involve Economic Development Administration funds to help bear some of the expense to lay the water line to Rayburn and build a surface water treatment plant, which is very expensive. City Manager Maclin stated that, in his opinion, we are not in a danger zone now, and as long as we are talking quantities of 100,000 gallon a day we are still in the realm of the 15-20 year long range plan. City Manager Maclin stated that as we get industrial users who use much more than that per day that will expedite the needs to utilize surface water from Rayburn.

Mr. Wright stated that there is a possibility that the City can get a grant from the Texas Water Development Board to update our water plan and we will possibly pursue that as early as next year.

Councilmember Bowman asked if the City could approach those entities who we tried to bring into the plan several years ago and visit with them and try to get them

to buy into this program so that we have a regional plan. Mr. Wright stated that he has been approached by some engineers who have made this same suggestion. Councilmember Bowman stated that Lufkin does not need to provide all the water for this County; there needs to be a regional plan from Rayburn or some other source. Councilmember Bowman stated that he did not have a problem with Lufkin getting some water from Rayburn and providing it to the regional system, but he does have real problems with us continually using ground water when the legislature has said very clearly that the days of everybody using ground water wells are numbered. Councilmember Bowman stated that the legislature came very close in this session to imposing a correlative rights on the use of ground water.

Mr. Wright stated that he has already approached the City Manager about setting the City's sights on the lake.

Mayor Bronaugh stated that he and the City Manager have discussed about the Council going back and reviewing the situation and possibly hiring engineers to go in and update the study. In response to question by Councilmember Bowman, City Manager Maclin stated that he did not know how much the update would cost, but if it were just for the City it wouldn't be that expensive.

Councilmember Gorden stated that he has changed his mind over the years about this, and it might be a good idea if the City of Lufkin just took the lead. Councilmember Gorden stated that, in his opinion, we should move forward and help get Zavalla some water, but at the same time, let's pursue the grant, do the study. Councilmember Gorden stated that the City might want to build the surface water system sooner than the 15-20 years just from the standpoint that we may end of having less expensive water in the state or even the south and use it to attract industry.

Mayor Bronaugh stated that after the budget is approved, he would like to get back to the water situation.

Motion was made by Councilmember Bob Bowman to table this request until we have more knowledge about the City's future needs.

Councilmember Boyd stated that Mayor Gant's letter indicates that it would be a year before they would want to start purchasing the water from Lufkin. Councilmember Boyd stated that if the City is going to sell water to Zavalla they need to start making preparations because we still need to get with Huntington to run the lines. City Manager Maclin stated that if there is urgency of need in Zavalla's behalf it would be that in order to make a loan/grant/low interest loan application to Texas Water Development Board for the transmission line from Huntington to Zavalla, they are going to need the assurance of a source. City Manager Maclin stated that the City owes it to Zavalla to respond to their request in a reasonable amount of time, otherwise it will hold up their process of an application for a loan because they have to know and guarantee their source, even if it is drill new wells or go somewhere else.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Percy Simond to approve the request of the City of Zavalla for the purchase of water from the City of Lufkin.

Councilmember Gorden asked if the City could change the pricing of water at any time with the other entities we have agreements with. City Manager Maclin stated that most of the agreements are tied to the City's current commercial rates, so if the City's rates are raised 3%, theirs get raised automatically. Councilmember Gorden stated that it seems that the City should have more flexibility on the rate that is charged.

City Manager Maclin stated that what staff had said at the beginning of the meeting today was that we would like to see if there is an indication of agreement to sell

water, now let staff work with Zavalla and Huntington to develop a contract, and bring a contract back to Council for approval at a future date, 60 to 90 days, and then Council will be voting on the price and the terms of the contract. City Manager Maclin stated that Council will be giving a notice of intent to sell the water today. Councilmember Gorden stated that he is not saying that the City should charge Zavalla more, but he is back on the track of the general water issue.

Councilmember Bowman stated that he did not have a problem selling water to Zavalla, but just wanted to be sure that this City's water needs were taken care of first and that we are getting a fair price for the water we sell.

In response to question by Councilmember Gorden, City Manager Maclin stated that the contracts are perpetual but the rates are controlled by Council. City Manager Maclin stated that the rates are automatically altered every time the City of Lufkin's rates are altered. City Manager Maclin stated that Council can establish a rate category for sell of water outside the City limits and call it that. City Attorney Flournoy stated that the way the contract is drawn the rate is 1 1/2 times the commercial rate. Councilmember Gorden asked if it was possible for Council to change the rate. Councilmember Gorden stated that, in his opinion, Council needed to know if they could change the rate, and that they should have a better handle on it.

Mr. Wright stated that there is a clause in most of the contracts that allows for renewal or review after so many years, and also a clause where the City, after sufficient notice, can revise the contract. Councilmember Bowman stated that entities that buy water from the City of Lufkin need to be treated in a separate class rather than as taxpayers of Lufkin. Councilmember Bowman stated that he was not sure that 1 1/2 times the commercial rate is enough.

In response to question by Councilmember Bowman, City Manager Maclin stated that the City of Zavalla will pay transmission costs to Huntington, and there is still the expense of laying the distribution lines. City Manager Maclin stated that every contract the City has done has been at the gates of the City limits of Lufkin; we are not getting into the transmission business, we are just selling ground source water. City Manager Maclin stated that the entity has to make all of the capital investments to get it to where it needs to go, in some cases to provide additional treatment because of the length they are carrying it.

Councilmember Jones stated that the City has agreements with other cities that in the event they need water we would furnish water to them and asked what would happen to those type of agreements if we got into a drought. City Manager Maclin stated that the City of Lufkin comes first. Councilmember Jones asked what would happen if the City got into a drought situation that went on for several years or the City has well problems. City Manager Maclin stated that the City of Lufkin first, those we have permanent contracts with, second, those in an emergency position, third, predicated on available source.

Councilmember Weems stated that this is very comprehensive and needs a lot of study put into it. Mr. Wright stated that that could be a part of the water study, to review the actual cost to the City of Lufkin per 1,000 gallons of water, and then look at a rate structure for entities outside. Councilmember Weems stated that, in his opinion, we need to go ahead and develop a rate structure and find out our total needs. Councilmember Weems stated that he was not on the Council when the regional water review was made and he would like to see it come back and Council take a long term look at it. Councilmember Weems stated that he agreed with Councilmember Bowman that we possibly need a different category for the contracts and perhaps even re-negotiate some of the contracts the City already has.

Mr. Flournoy stated that he was looking at the contract with the City of Burke and it is a five year contract with a five year option at a rate of 1 1/2 times the commercial rate. Mr. Flournoy stated that it also has provisions for first service to the City of

Lufkin, and if our water pressure goes to a certain level, they get cut off first.

In response to question by Mayor Bronaugh, City Manager Maclin stated that the water to the City of Zavalla will be blended with the water they purchase from the City of Lufkin. Mr. Wright stated that the City of Zavalla would blend the water to get their dissolved solids down. They have dissolved solids of 1,000 and they need 1,500, so they would probably blend the City of Lufkin water with their own ground water to get appropriate results in the lab.

Mayor Bronaugh stated that there are several other water districts in this county who are wanting to come in and attach to the City of Lufkin for reserve capacity.

Councilmember Bowman stated that he did not have any problem selling people water when they need it, but this whole idea of Lufkin trying to meet everyone's water needs, bothers him greatly. Councilmember Bowman stated that at some point the City will have to recoup their costs for that water and it will be more expensive, and the folks in Zavalla will be mad at the City for charging big water rates.

Councilmember Gorden stated that he had changed his mind; there are pluses and minuses, and on the plus side, if all of these people we are dealing with, and potentially will deal with, could go out in our well fields and drill wells. Councilmember Gorden stated that he would rather not be in the water business for other people, but on balance that serves our interest better and at the same time it does serve their interest. Councilmember Bowman stated that he wouldn't mind doing that if there was a regional plan where everybody understood exactly what would happen, and the regional plan was tapping into some surface water supply somewhere. Councilmember Gorden stated that the problem with the regional water plan is that the taxpayers of Lufkin might have to become subservient to some point, to put it bluntly, to all the rest of the County.

The following vote was recorded:

Aye: Councilmembers Gorden, Weems, Simond, Boyd and Mayor Bronaugh

Nay: Councilmembers Jones and Bowman

Motion carried with a 5 to 2 vote.

11. REPAIRS - APPROVED - CITY HALL/POLICE DEPARTMENT - AIR CONDITIONING HVAC SYSTEM

Mayor Bronaugh stated that the next item for consideration was repairs to the City Hall/Police Department air conditioning HVAC system.

City Manager Maclin stated that this was discussed at the Council Retreat and again at the budget workshop, and he asked Council's consideration tonight as an item to go ahead and attempt to make these repairs rather than being a Decision Package out of next year's budget. City Manager Maclin stated that the original number that Council saw at the Retreat was \$186,500, which included a chiller replacement. City Manager Maclin stated that staff has since done some additional research utilizing Texas Utilities electrical consultants, utilizing another HVAC commercial representative, and staff is of the opinion that it is in the City's best interest to repair the existing chiller rather than make the extra expense of purchasing a new chiller. City Manager Maclin stated that the chiller repair package that is in Council's packet is from Nathan Mulholland, Service Manager of Air Conditioning Unlimited, who probably is more familiar with the City's system than anyone else. City Manager Maclin stated that his proposal includes repairs, and recalibrations, includes the installation of a monitoring system, includes some controllers, and some quarterly maintenance and inspections for a total of \$49,120. City Manager Maclin stated that staff is suggesting that this amount come from the General Fund Contingency Fund, which has a \$139,138.13 balance of today.

Nathan Mulholland stated that essentially what he will do is go through City Hall and the Police Department and recalibrate all the controls, which has never been done since this complex was built. Mr. Mulholland stated that the system in the Police Department has not been calibrated in a number of years. Mr. Mulholland stated that basically the system is running wide open. Mr. Mulholland stated that he will install an overall monitoring system which will enable him to know when the system goes down. Mr. Mulholland stated that the situation we are in is that when the system goes down now it is approximately 24 -48 hours before we are aware of it and by the time he is called it is another 12 -14 hours before he can get the system back up again. Mr. Mulholland stated that this system is expandable and can be set up to include all City facilities provided there is a phone line at the structure. Mr. Mulholland stated that he knows this system very well and has worked with it extensively. Mr. Mulholland stated that there will be a person in City Hall trained to operate the system. Mr. Mulholland stated that he will install a control for the chillers to restart everything after a power outage. Also, included in this is a monitoring device on the incoming lines to the building, which is recommended by TU Electric. Mr. Mulholland stated that there is a proposal, plus or minus 35%, on the repair part of the control system, and this is because he has no diagrams of the systems and the company that installed the system is no longer in business. Mr. Mulholland stated that he is aware that there are a lot of problems with the system and some things may be repaired and some things need to be replaced. Mr. Mulholland stated that in the Police Department complex the main water valve that supplies heat to the building is also bad and is included in this package to repair or replace it.

In response to question by Councilmember Weems, Mr. Mulholland stated that H & S Mechanical installed the system and went out of business approximately 18 months after this job was completed.

In response to question by Councilmember Weems, Mr. Mulholland stated that the company he was working for at the time had also bid on the HVAC system for the City, and he knew for a fact that H & S Mechanical was the low bidder.

In response to question by Councilmember Weems, City Manager Maclin stated that it is staff's recommendation to go with the repair bid as opposed to replacing the chiller. City Manager Maclin stated that Mr. Mulholland had submitted a bid for replacing the chiller also but after visiting with TU Electric staff could not find any additional energy savings on the energy efficiency rating of the new unit versus this unit. City Manager Maclin stated, in his opinion, it is in the City's best interest to repair what we have rather than try to replace it. The estimate is that this system could last another 10 or more years if we make these repairs. City Manager Maclin stated that staff felt like with the problems that we have had now was the time to go ahead and pursue this and avoid any further difficulties. City Manager Maclin stated that another difference in this proposal that has not been part of the past is the regular quarterly maintenance.

City Manager Maclin stated that he had been asked why the City had not been doing the quarterly maintenance and he stated that staff did not know that we were supposed to do that. In response to question by Councilmember Weems, City Manager Maclin stated that a variety of people have been doing the repair work including City staff. In response to question by Councilmember Weems, Mr. Mulholland stated that a year ago the repairs included replacing the chiller barrel and both compressors. Mr. Mulholland stated that these repairs were necessary as a result of a power outage. City Manager Maclin stated that when the power went out it came back single phase instead of three phase, and the proposal includes a monitoring system providing alarms when the system fails. City Manager Maclin stated that staff had attempted to get the City's liability insurance to pay for these repairs but were unsuccessful.

In response to question by Councilmember Bowman if an expenditure of this

amount required bids, Mr. Flournoy stated that for a repair it would not. Mayor Bronaugh stated that item #4 of the proposal would require the purchase of the monitoring system. Mr. Mulholland stated that this is a Novar Controls monitoring system, and will allow him to know about a failure in the system before the employees of City Hall would know about it. In response to question by Mayor Bronaugh, Mr. Mulholland stated that the City would purchase the Novar Controls system from him. Mr. Mulholland stated that he has coordinated this with Mr. Wright and he would be supplying the hardware and software for the computer.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Don Boyd proposal for repairs to the City Hall/Police Department air conditioning HVAC system in the amount of \$49,120 be approved as submitted by Air Conditioning Unlimited.

The following vote was recorded:

Aye: Councilmembers Bowman, Jones, Gorden, Boyd, Simond and Mayor Bronaugh

Nay: Councilmember Weems

12. PRESENTATION - BRIAN McCLAIN - SMALL BUSINESS DEVELOPMENT CENTER

Mayor Bronaugh stated that the next item for consideration was a presentation by Brian McClain of the Small Business Development Center to provide Council with an update on current activities.

City Manager Maclin stated that included in the Council packet is a copy of Mr. McClain's report. City Manager Maclin stated that it is our request through Dr. Phillips that each year the City of Lufkin as a sponsor of the Small Business Development Center get an opportunity to hear a report on the activities so that Council knows what has been going on and can be up to date on their progress with the utilization of City funds to support this program.

Mr. McClain stated that the SBDC focuses on many areas and right now they are focusing on sponsoring classes and seminars for the business community. Mr. McClain stated that this budget year as of 6/1/97 they have held 29 classes and 265 business people have attended. Mr. McClain stated that the second half of the calendar year they have scheduled 136 classes, and in exhibit 5 in the packet is an example of their direct mail that they mailed to all the business people in the City last month. Mr. McClain stated that they are covering everything from small business bookkeeping to how to operate Adobe Illustrator software for small businesses. Mr. McClain stated that the total classes projected for the budget year which ends the end of September is 89, a 123% increase over the previous year. Mr. McClain stated that the total participants projected for this budget year, which are people coming to the school to take part in their classes, is 660. Mr. McClain stated that this is a 130% increase over the previous year. Mr. McClain stated that another area that they work on is consulting current business owners and future business people in the area of business planning, marketing, finance, international trade and patents. Mr. McClain stated that this budget year as of 6/01/97 they have consulted with 96 business people on a one time basis, which represents a 37% increase over last year and 71 business people on a continuous basis, and that represents an 18% increase over last year. Mr. McClain stated that by the end of the budget year the SBDC will consult with approximately 285 business people on a one time and continuous basis. Mr. McClain stated that this is a 119% increase over last year. Mr. McClain stated that this increase in activity is due to more classes being held and an increase in their marketing effort and a very good working relationship with the Chamber and the City. Mr. McClain stated that their most recent performance survey, exhibit #4, shows that for every dollar invested in the SDDB program the community receives a return of \$5.83. This is the result of business expansion, start ups, and businesses being saved from going out of business due to the help of SDDB. Mr. McClain stated that these efforts manifest

themselves in increased payroll, increased training resulting in higher wages, and increased sales taxes. Mr. McClain stated that their 1997-'98 budget , which is exhibit 6, and a summary of that budget (page 3 of the report) shows no increase in spending for next year. Mr. McClain stated that the City funding represents \$7,500 to the total budget which is \$125,252. Mr. McClain stated that the 1998-'99 budget they are projecting an increase of 16%, which will take it up to \$145,252. Mr. McClain stated that this increase is due to an increase in the cost of doing business and a projected increase in the clients and classes that they are already seeing at this time. Mr. McClain stated that the breakdown of this increase would be: \$10,000 for the City, \$10,000 for the County, \$55,252 for the College and \$70,000 for the SBA, which also funds their program.

Mr. McClain stated that he appreciated the opportunity to present the program.

Councilmember Gorden stated that he appreciated Mr. McClain raising the level of visibility of what the SDBC is doing.

13. **ENGAGEMENT LETTER - APPROVED - AXLEY & RODE**

Mayor Bronaugh stated that the next item for consideration was an engagement letter for an external audit by Axley and Rode.

City Manager Maclin stated that included in the Council packet is a letter from Axley & Rode under the signature of Linda Milford, a partner with the firm. City Manager Maclin stated that the history of the City over the past decade plus has been a rotation of the two major accounting firms for provision of external auditing services on an annual basis. The rotation is in three year increments. City Manager Maclin stated that this serves the City, and serves other governmental entities, as well as the accounting firms by providing a more equitably distributed work load. City Manager Maclin stated that he was extremely pleased with the proposal submitted by Axley & Rode in that its fee as stated on page 3, not to exceed \$28,500, is less than what the City has paid the last three years. City Manager Maclin stated that staff is recommending Council's consideration for approval of this letter of engagement with Axley & Rode.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Don Boyd that engagement letter for an external audit by Axley and Rode be approved as presented. A unanimous affirmative vote was recorded.

14. **STATEWIDE ARCHITECTURAL BARRIERS REMOVAL PROGRAM (SABR)**

Mayor Bronaugh stated that the next item for consideration was participation in the Statewide Architectural Barriers Removal Program (SABR).

City Manager Maclin stated that included in the Council packet is a memo from the Assistant City Manager. City Manager Maclin stated that the City was actually contacted by the Texas Department of Housing and Community Affairs for a pilot program, and the City was one of four locations in the Texas selected to participate in this program. City Manager Maclin stated that the purpose of the program is to provide funding to assist disabled individuals to make modifications, to remove barriers, or rehabilitate or reconstruct homes for qualified low-income disabled persons or with families with dependents with disabilities in order to make their home more accessible and barrier free and assist in their life style by converting their home to meet the needs of their disability. City Manager Maclin stated that the City's participation would be a \$15,000 match of a total \$25,000; the other \$10,000 would come from the Commissioners Court. City Manager Maclin stated that the project is expected to be complete in approximately 18 months, for a total of \$260,000 to do eight homes, and four homes in the County for a total of 12 homes. City Manager Maclin stated that letters of support from the Burke Center, Lufkin Workshop, Texas Rehabilitation Commission, and the Project Director of the Home of Your Own Coalition (HOYO) were included in the packet information.

In response to question by Mayor Bronaugh, City Manager Maclin stated that staff will be using some of the agencies that we received letters of support from to find qualified candidates. Mayor Bronaugh stated that he would hope that they would also work with the Mayor's Committee on Disabilities.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Tucker Weems that the City of Lufkin participate in the Statewide Architectural Barriers Removal Program (SABR) as recommend by City staff. A unanimous affirmative vote was recorded.

15. **BUDGET DRAFT PREPARATION - APPROVED - CAPITAL IMPROVEMENTS**

Mayor Bronaugh stated that the next item for consideration was further consideration of budget discussions relating to capital improvements and other items for preparation of the budget draft.

City Manager Maclin stated that the Decision Package for repairs to air conditioning for City hall had been removed tonight by approval of item #11 on the agenda.

City Manager Maclin stated that the purpose of this item is to reiterate some things relating to capital improvements and then to provide an opportunity for staff to receive from Council any directions, input, or information in preparation of the budget draft. City Manager Maclin stated that the packet includes a amortization that would provide for approximately \$550,000 for the fire station improvements, the truck and ambulance and the \$775,000 from the Solid Waste Fund for the Solid Waste building that was previously discussed. City Manager Maclin stated that this would have no impact in terms of tax rate because the principal and interest would not begin payments until next years budget. City Manager Maclin stated that the City can absorb this amount of money plus a little more without a tax rate increase due to other bonded indebtedness rolling off the tax rolls. City Manager Maclin stated that the \$775,000 would come from the Solid Waste Fund and would replace in essence what the City is paying in rent now. City Manager Maclin stated that he would like to point out that there would be a couple of other things that Council will be asked to consider for Certificates of Obligation participation in the next six months, those being the completion of the four bond streets. City Manager Maclin stated that staff is projecting somewhere in the vicinity of a \$500,000 shortfall and will need to find a way to finance that. The Master Plan Drainage Study Committee will be bringing to the Council some capital improvements project in the near future specifically a retention pond on the northwest side of the City. City Manager Maclin stated that staff will have accurate numbers for that facility in terms of property acquisition and the construction of the retention pond and will be bringing this to Council in the near future. City Manager Maclin stated that he just wanted to point out to Council that we will be moving forward in these areas with Council's input in the budget process if they specifically wanted to talk about capital outlay. City Manager Maclin stated that he also wanted to seek any other consensus input from Council relating to the budget draft preparation.

In response to question by Councilmember Boyd, City Manager Maclin stated that the figures as indicated on the amortization schedule would provide the funds to refurbish the elevated storage tank on Whitehouse to become a fire station. City Manager Maclin stated that it would be staff's recommendation that the \$500,000 shortfall for the completion of the streets be lumped together because of the issuance cost being saved. City Manager Maclin stated that staff does not know the exact dollar amount and will not know until all the bids are in on all three phases of Tulane. City Manager Maclin stated that the first phase will be coming up shortly, with the second phase coming up in October, and the third phase close to the same time.

Councilmember Boyd asked why we could not put enough money in the C.O.'s to make all the streets concrete. City Manager Maclin stated that if there is a consensus

of opinion by Council we can do that.

Councilmember Simond stated that the City Manager said that if MLK was paved with concrete the Council would have to raise taxes for that extra \$500,000. City Manager Maclin stated that he did not say that. City Manager Maclin stated that he said that taxes would have to be raised if Council went with the full \$4.2 million Public Works facility and street improvements. City Manager Maclin stated that he could produce the minutes to prove that he said \$1.2 million would not cause a tax increase. Councilmember Simond requested that City Secretary Atha Stokes provide him with a copy of the minutes of the May 6, 1996 meeting. City Manager Maclin stated that this was discussed briefly at the Retreat. Councilmember Simond stated that we had nearly a million dollars in interest earned and would like to know why that was not put in to offset the \$500,000. City Manager Maclin stated that he had recommended that, and theoretically that has already been spent and we still have a \$500,000 shortfall, including every penny of the interest that will be earned. City Manager Maclin stated that this information was included in the documentation that was given to Council in May. Councilmember Simond asked if we had gone for concrete instead of asphalt, the almost million dollars this \$8,650,000 earned, would it have used that up plus the other money also. City Manager Maclin stated that it would. City Manager Maclin stated that he had provided Council with documentation of everything that he just said when this was discussed in May when the bids were opened. City Manager Maclin stated that the sheet that was provided showed every penny that had been earned and staff talked about how much is anticipated that will be earned over the completion of the project in terms of interest savings earnings, and were applying every penny of the interest savings earnings back into the four bond street budget.

Councilmember Simond stated that he thought that the City Manager told him earlier today that a lawyer had told him that he could use that money on other streets. City Manager Maclin stated that Mr. Simond's question was, if we had money left over after the four bond streets are completed, how could we use that money, and the answer was we could use it on other streets, but we don't have any money left over. City Manager Maclin stated that Mr. Simond asked if we had money left over could we use it, and that was the interpretation of Ed Esquivel with Jaworski & Fulbright, who is the City's bond counsel. Councilmember Simond stated that he would like for the City Manager to give him some figures on what happened to the \$543,000 interest on the first deal and the other \$207,000 that was not used on Feagin. City Manager Maclin stated that he gave this information to Council in May, but he would be happy to give this information to Mr. Simond again. Councilmember Bowman stated that the City Manager was correct, this information had been provided to Council at the May meeting.

In response to question by Councilmember Gorden, City Manager Maclin stated that the only thing Council has not done this year that they did last year was prior to the completion of the Decision Packages they came to a consensus of opinion regarding cost of living, or in this case they had consideration for a cost of living increase and a retirement program increase. City Manager Maclin stated that last year rather than that being decided solely through the Decision Package process Council chose to discuss it internally and came to an agreement and directed staff to place a 3% increase in the budget. Mayor Bronaugh stated that there are two things to consider, the cost of living increase and the retirement increase.

Councilmember Gorden asked if there was some item in the Decision Packages that could be put into the bond request. City Manager Maclin stated that the only indication he had received from Council was the fire station. City Manager Maclin stated that the only other Decision Package that could be a part of the revenue bonds would be the \$200,000 to extend sewer service to the Brentwood area.

Councilmember Jones asked if staff is saying include the Brentwood area with the street improvements and the drainage improvements. City Manager Maclin stated that all he was doing at this point is to make Council aware that there will have to

be some extra money to complete the street program and it is logical that that be included with this issue, and that Council will also be given an opportunity to consider a detention pond as part of the master drainage study. City Manager Maclin stated that he was not trying to force Council to make a decision on this tonight, but was trying to be proactive and let them know that this is coming and it makes sense that it all be packaged together for economies of scale to save issuance cost. Councilmember Jones stated that she was in agreement.

Councilmember Simond asked why the insurance fund was put in a Decision Package. City Manager Maclin stated that this was requested by Mr. Gorden. City Manager Maclin stated that we will not have to put more money into this account until the fund is depleted. City Manager Maclin stated that the fund began in 1988 when the City had the sales tax implemented for the 1/2 cent reduction in ad valorem tax. City Manager Maclin stated that at some point in the future, and he has discussed this with Councilmember Gorden, when this fund runs out the City will have to have something to meet the deductible (the City has a \$10,000 deductible). City Manager Maclin stated that there will come a time when that fund runs out, and staff will have to allocate in each department's budget a set aside of funds for that purpose predicated on the past five years history of how much that department has been using it. City Manager Maclin stated that the Police Department, probably because of the vehicles and the type of traffic that they have, would be one of the departments that would have to have a set aside within their budget for insurance deductible. City Manager Maclin stated that now we have the luxury of using the Insurance Loss Fund, but when it is depleted, there will have to be a way to fund it through the normal budget process. Councilmember Gorden stated that he would guess that the City has probably saved a couple million dollars in insurance premiums. Councilmember Gorden stated they the City is probably saving \$500,000 a year in insurance premiums and are not putting anything into the fund. City Manager Maclin stated that the logical way to do this is whatever each department is paying in insurance premiums, a percentage fee is added to it that becomes part of their insurance premium and whatever is left over after the premium is paid goes into the Insurance Loss Fund.

Councilmember Gorden stated that some of the coverages the City dropped amount to a whole lot more than a wrecked Police car.

Mayor Bronaugh suggested that the Insurance Loss Fund be brought back to Council for consideration outside of the Decision Package format.

16. EXECUTIVE SESSION

Mayor Bronaugh recessed Regular Session at 7:05 p. m. to enter into Executive Session. Mayor Bronaugh reconvened Regular Session at 7:50 p. m. and stated that the Council had discussed attorney/client matters, real estate matters, and appointments to Boards and Commissions.

17. APPOINTMENTS - APPROVED - PARKS ADVISORY BOARD

Motion was made by Councilmember Betty Jones and seconded by Councilmember Bob Bowman that Lela Simmons, Pam Fletcher, Hector Rojas, Dennis Robertson, Peggylu Watkins, Cathy Todd and Victor Bruce be appointed to the Parks Advisory Board. A unanimous affirmative vote was recorded.

18. COMMENTS

Councilmember Jack Gorden, Jr. stated that the Investment Committee had met at 3:00 p.m. with the City's Investment Advisor and reviewed the investments of the City. Councilmember Gorden stated that two or three investments have been made since the last time the Committee met all in short term government securities. Councilmember Gorden stated that the Committee discussed the recent upgrades in the City's bond ratings and those favorable write ups the City received from both


the rating agencies, which in the long run should serve the City well and save some money. Councilmember Gorden stated that the Committee also discussed altering somewhat the internal distribution of funds within the City in effect creating a pool that would make it easier to keep more funds invested and easier for the City accounting staff to manage the flow of those funds.


City Manager Maclin stated that there will be a DEDTA meeting on Friday, July 25 at 10:00 a.m. at Crown Colony Country Club, and that Rick Perry would be the speaker.

City Manager Maclin stated that Councilmembers had been polled for a meeting to consider the budget draft and consensus of opinion was that a called meeting would be held on Tuesday, July 22 at 4:00 p. m. in the Council Chambers. City Manager Maclin stated that copies of the budget draft will be delivered to Councilmembers on Monday, July 21.

Mayor Bronaugh stated that he and Public Works Director Kenneth Williams attended a meeting of the East/West Corridor in Louisiana recently. Mayor Bronaugh stated that the guest speakers at the meeting included legislators, representatives from the Governors office, Congressman, Senators and their representatives.

19. There being no further business for consideration, meeting adjourned at 8:02 p.m.


Louis A. Bronaugh - Mayor

ATTEST:

Atha Stokes - City Secretary