

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

On the 5th day of August, 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
Bob Bowman
Jack Gorden, Jr.
Tucker Weems
C. G. Maclin
Darryl Mayfield
Atha Stokes
Keith Wright
Stephen Abraham
Kenneth R. Williams

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

being present, and

Percy Simond
Betty Jones

Councilmember, Ward No. 1
Councilmember, Ward No. 3

being absent when the following business was transacted.

1. Meeting was opened with prayer by Chaplain Billy Dunn, Lufkin State School.
2. Mayor Bronaugh welcomed visitors present.

3. **APPROVAL OF MINUTES**

Motion was made by Councilmember Don Boyd and seconded by Councilmember Tucker Weems that the minutes of the Regular Meeting of July 15, 1997 be approved as presented. A unanimous affirmative vote was recorded.

4. **PUBLIC HEARING - BUDGET - FISCAL YEAR 1997-'98**

Mayor Bronaugh opened Public Hearing to consider the budget for Fiscal Year 1997-'98.

Mayor Bronaugh stated that two of the City's Councilmembers were out of town and absent for tonight's meeting and they are Mr. Simond and Mrs. Jones. Mayor Bronaugh asked if any of the Councilmembers had any comments they would like to make. Councilmember Weems stated that he would like to make a recommendation that Council amend the budget and reduce the water and sewer back to zero and go to a 4% increase in Solid Waste rates instead of the proposed 7%. Mayor Bronaugh asked if this would be a motion to ask staff to correct the budget to reflect the figures recommended by Councilmember Weems. Councilmember Weems stated that out of respect for Councilmembers who are missing he would defer a vote on this until they are present.

Councilmember Bowman stated that he would be in agreement with Councilmember Weems and had not been real comfortable with the 7% increase in Solid Waste. Councilmember Weems stated that, in his opinion, the City's economic growth would be sufficient to fund future projects. Councilmember Gorden stated that he would concur, but would like to see a small increase in the water and sewer, but agrees in cutting the Solid Waste from 7% to 4%. Councilmember Gorden stated that he would like to see Council be as prudent as possible but at the same time he is interested in seeing the Council maintaining the

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integrity of what has been started in the Depreciation Funds. Councilmember Boyd stated that he would concur. Mayor Bronaugh stated that he was looking for a larger reduction on Solid Waste rates, but if 4% is what the Council has recommended he would concur. Councilmember Bowman stated that he would not have a problem if the Solid Waste rate was lowered below 4%. Mayor Bronaugh stated that he had asked the City Manager to give him a breakdown of the last 10 years of the rates, and this information has been provided to Councilmembers at their place on the Council table.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember Jack Gorden, Jr. to amend the budget by not increasing the water and sewer rates and reducing the solid waste rate increase from 7% to 4%. A unanimous affirmative vote was recorded.

City Manager Maclin stated that for a point of clarification since Mr. Weems made the motion and Mr. Gorden made the second, in order for staff to have the understanding and assurance of the fund availability for specifically the Brentwood sewer extension project, would it perhaps be appropriate for staff to consider at the second meeting in September, as is customary, to consider designated fund balances. City Manager Maclin stated that this is where there is a project that we are in the middle of and it hasn't been finished, we will designate the fund balance for the completion of the project, would it not also be appropriate for us to consider for audit purposes to designate some of our utility fund fund balance for this particular Brentwood project. Councilmember Weems stated that he would not have a problem with that. City Manager Maclin stated that, in his opinion, that would work from an audit standpoint and would assure the fund availability from a project standpoint. City Manager Maclin stated that for staff to presume revenues growth would take an increase of \$200,000 is a little optimistic, we already have a projection of revenue growth within the revenues projected for next year, which is a conservative number. City Manager Maclin stated that for staff to bank on getting that much growth to pay for that project would be over optimistic at this stage of the game, particularly in light of the fact that if we had a wet year next year and water consumption was down. City Manager Maclin stated that there have been years where there has been as much as 60 inches of rain in East Texas, which has cut down drastically on the water consumption. City Manager Maclin stated that if this is an understanding with both the motion and the second that he can come back to Council at the September 16th meeting with a request to do a designated fund balance from the Utility Fund for those projects, this will give staff something definitive enough to make plans for. Councilmember Gorden stated that he was interested in finding another way to pay for Brentwood. City Manager Maclin stated that either way we will have some assurance of the availability of funds and by doing it with a designated fund balance we can always undo it and we will not diminish our reputation with the bond rating agencies like we would if we did in the middle of a fiscal year.

Motion by Councilmember Tucker Weems and second by Councilmember Jack Gorden, Jr. was amended to allow the City Manager to request a designated fund balance from the Utility Fund for the Brentwood project at the September 16th meeting. A unanimous affirmative vote was recorded.

City Manager Maclin introduced members of the Lufkin Board of Development: Tom Brewer, Kevin Smithhart, Steve Trotter, and stated that Chairman Jim Haley, and members Debbie Johnston, Nick Wolda and Patty Byrd were unable to attend tonight's meeting. City Manager Maclin stated that this Board has worked diligently to provide Council each year with a recommendation from the Board of Development. This year their proposal includes \$320,000 for the Civic Center, \$40,750 for the Museum of East Texas, \$59,446 for the Expo Center, \$163,540 for the Tourism and Convention Bureau, \$19,933 for the Forestry Museum, and \$10,000 for a billboard sign advertising Lufkin. City Manager Maclin stated that other than the billboard sign all of these represent an increase this year.

In response to request by Mayor Bronaugh, City Manager Maclin stated that these revenues come from hotel/motel occupancy tax that staff is estimating at approximately \$416,000 next year, and the balance comes from Civic Center rental fees, which are approximately \$120,000.

Mayor Bronaugh recognized Robbie Warren. Mr. Warren stated that he was present last year at the Public Hearing on the same subject. Mr. Warren stated that there was a proposed water rate increase at that particular time, and he came down and voiced his objections. Mr. Warren stated that he lost the argument because Council did vote for the increase. Mr. Warren stated that he was back again to oppose any increases in the rates. Mr. Warren stated that last year he raised the question on the budget that is published in the paper. Mr. Warren stated that Administration as advertised in the paper was scattered all through the budget and he could not get a hold on what the City's total cost for administration and the total operation of the City or of the budget was. Mr. Warren stated that he asked, last year, what was the total cost of Administration and no one could give him an answer, and he asked for speculation, and no one was willing to guess at that time. Mr. Warren stated that the Mayor made the statement that staff and Council did not have that information at that time but Mr. Mayfield would get that information as to what the total percentage of administration was and would get it to him. Mr. Warren asked if Mr. Mayfield was present. City Manager Maclin stated that Mr. Mayfield was not present. Mr. Warren stated that he had not heard from Mr. Mayfield since that time, but he would assume that Mr. Mayfield would have that information today. Mayor Bronaugh stated that he would assume that Mr. Mayfield would have that information much sooner if the request was made last year. City Manager Maclin stated that Councilmember Weems also agreed to visit with Mr. Warren.

In response to question by Mayor Bronaugh, Councilmember Weems stated that he had visited with Mr. Warren in regard to the total budget, but not the Administration. City Manager Maclin stated that it would be best if he could set a time to meet with Mr. Warren and let staff understand his definition of Administration. Mr. Warren stated that he did not know what City Manager Maclin's definition of Administration cost was, perhaps it was a Department Head, their salary and car allowance. Mr. Warren asked if the salaries of the Department Heads, supervisors, etc. were considered administrative costs. City Manager Maclin stated that that is called Labor and Operations Cost. Mr. Warren asked if the Department Heads and Supervisors salaries were separated out from the meter readers, people who fix leaks, etc. City Manager Maclin stated that in most budgets there is a supervisor line item that is separated out and then there is a labor and operations which are the rank and file employees. City Manager Maclin stated that he could assemble whatever Mr. Warren tells him that he wants to know. Mr. Warren stated that he sees Administration scattered through the budget and #1 he did not understand what it meant, and #2, he never could come to a total as to what percentage of the budget we were paying for Administration as opposed to whose fixing the leak and whose hauling the garbage. City Manager Maclin stated that part of what might be misleading in the terminology or vernacular used in the government or general administration is that under government accounting principles there are funds that the water and sewer department pays to the general fund because the general fund, by accounting definitions owns the main frame computer, for example. City Manager Maclin stated that the main frame computer is used by more than just the general fund, it is used by the water and sewer fund and the solid waste fund. City Manager Maclin stated that it does not make sense to use the taxpayer to buy three computers, we just buy one computer and use it for all three departments. City Manager Maclin stated that the external auditors provide the City a formula where we can calculate the percent of use for that equipment that is owned by the General Fund but is used by the Water and Sewer Fund and the Solid Waste Fund, and that is where a lot of the administrative costs come from. City Manager Maclin stated that the administrative costs may be overhead, equipment, or electricity, or day to day operating costs, but, that by definition in the budget is called a general administrative cost. City Manager Maclin stated that in

some cases it does not even include salaries, in some cases it does, for employees like himself who technically are paid from the General Fund, a portion of his time is spent on water and sewer issues and solid waste issues, therefore, a portion of that salary is reimbursed from the utility fund to the general fund. City Manager Maclin stated that he would be happy to visit with Mr. Warren at his convenience and go through the budget and answer any and all questions that he could possibly provide for Mr. Warren to help answer his questions. City Manager Maclin stated that mainly it would be Mr. Warren helping him to understand what he thinks is administrative. Mr. Warren stated that he would be happy to give Mr. Maclin a call and he would be interested in the visit.

Mr. Warren stated that Council will recall that he mentioned a friend who keeps better records than he does; he has records of what he has paid the light company, the gas company and the City ever since he's been paying for utilities. Mr. Warren stated that going back to July, 1986 his friend's water bill at that time was \$25.72; his water bill in July of this year, 11 years later, was \$91.00. Mr. Warren stated that he lives in the same house and has the same postage stamp size yard, nothing has changed, except he installed an automatic sprinkler system, which may have increased his water usage some. Mr. Warren stated that \$25 to \$91 is better than three times an increase in 11 years time. Mr. Warren stated that everyone is well aware of what increased taxes do to senior citizens, but if Council would consider a senior citizen in Lufkin, Texas who was retired at that time and is still retired and he has a small pension and maybe is drawing \$800 a month in Social Security in 1986. Mr. Warren stated that his friend doesn't have any COLA provisions in his pension plan like the City has on its employees. Mr. Warren stated that the point he is making is that his friend doesn't have a COLA plan; he is still making the same amount that he was making in 1986. Mr. Warren stated that if his friend was making \$1,200 in 1986 and the City went up that much on his water and everything else and the County went up for the same 11 year period, and the School system did the same thing, and his friend is operating on \$1,200 in 1986, and asked "What is he operating on now?" Mr. Warren stated that this is not a very pretty picture if you are of that age and are living on a fixed income.

Mr. Warren stated that he assumed that every time a house is built in a subdivision and the City runs water and sewer to it, the light company runs lights to it too. Mr. Warren stated that from July, 1986 until July, 1997, there is not \$10 difference in his friend's light bill or his natural gas bill. Mr. Warren stated that they haven't raised their rates. Mr. Warren stated that in the last budget staff estimated that they would collect \$283,500 in fines this year; this year's budget reports that by the time October arrives this year the City will have collected \$363,500, which is \$80,000 more. Mr. Warren stated that the City had a conservative estimate, and they made money. Mr. Warren stated that the City has had a windfall in sales tax with Lowe's, etc., that so much more has come in than was budgeted. Mr. Warren stated that it was probably good business to be conservative in all of the estimations on the sources of income, but sometime we give the impression to the taxpayers by some of the things that are in the paper and are on the TV station that the City is operating, if not in the red, close to the red, and we need to raise the water rates. Mr. Warren stated that he proposes to Council that this is not truth.

Mr. Warren stated that last year the City's budget as published in the paper, reported that the City had a bank balance in the water and sewer fund alone of \$3,475,945, cash in the bank, the beginning balance a year ago. Mr. Warren stated that this year the City shows a beginning balance of the water and sewer fund of \$5,745,000. Mr. Warren stated that the City has had a \$2,300,000 gain in the water and sewer bank balance according to the budget figures that were published in the newspaper. Mr. Warren stated that the City has \$5.7 million in the bank in the water and sewer fund, and asked if any Commissioner present could give him a reason why they need to raise the rate on water and sewer. Mayor Bronaugh stated that we did not want to get into a debate and if Mr. Warren would visit with the City Manager he could answer his questions. Mayor Bronaugh stated that there are other people waiting to speak and other business to take care of, and staff will be happy to answer

Mr. Warren's question but did not want to get into a debate over them. Mr. Warren stated that he did not want to get into a debate either but wanted an answer to his question. Councilmember Gorden stated that a partial answer is that Council had just moved to not have an increase.

Mayor Bronaugh stated that he did not know why Mr. Warren did not receive an answer to his question a year ago, and apologized to Mr. Warren.

Mr. Warren stated that this statement is not necessarily his idea, but a few people learned about him coming to the Council meeting tonight because he was upset over the water rate increase, and they wanted him to ask the question why one week in the paper it says that the City of Lufkin is going to sell water to the City of Zavalla and then the next week in the paper the City of Lufkin has to borrow water from Champion paper company in order to have enough water for its citizens.

Charles Murdoch, who lives on Whitehouse Drive, stated that he was told by the Chief of Police that there was not enough money for citizens to feel like they are protected on Whitehouse Drive. Mr. Murdoch stated that he did not understand why there wasn't money there, why a public safety hazard is build in there. Mr. Murdoch stated that he has lived at this location for 15 years and has been pleading for at least 3 or 4 years and nothing seems to get done. Mr. Murdoch stated that he is for safety. Mr. Murdoch stated that he would not like a stop sign at this location because of the noise but he would rather have a stop sign than for somebody to get killed. Mr. Murdoch stated that he could not get an answer on what will happen with the new Tulane. Mr. Murdoch stated that he has refused to sign any legal documents on the land because of that factor. Mr. Murdoch stated that he got an answer today that there would be a stop sign at this intersection. City Manager Maclin stated that the City will do a study the instant Tulane is opened, and it is his opinion that a stop sign will be the most cost effective method of controlling speed and preventing accidents. City Manager Maclin stated that it will be a four way stop sign, if staff anticipates correctly. City Manager Maclin stated that he could not commit to Mr. Murdoch something that he did not know traffic numbers. City Manager Maclin stated that at this time David Street is a dead end street and when it becomes Tulane and is a straight north-south thoroughfare, the traffic will increase. City Manager Maclin stated that City staff will put out the traffic counters both at Tulane and on Whitehouse and will do a study to determine the feasibility, the applicability and the impact in terms of increasing safety, reducing accidents, by putting a four way stop at that intersection. Mr. Murdoch stated that it looks like to him that the evidence is documented because Chief Collins told him that it was an engineering problem. Mr. Murdoch stated that the City is designing this and have already gone with so it will happen. Mr. Murdoch stated that the City is working on the budget now and needs to put some money aside because there is going to be a death at this intersection. Mr. Murdoch stated that he was sure that the staff and Council were caring people, but just had so much other work to do that this has been pushed to the back burner. Mr. Murdoch stated that he read where the City had received some money from a grant for speed enforcement and perhaps this could be used until there is money for a stop sign. Mr. Murdoch stated that he was pleading with Council because he had seen people in his front yard knocked out, bleeding, and he had become so callous that he had turned his back on a man who he thought was drunk but was actually about to have a stroke. Mr. Murdoch stated that Councilmember Bowman's sister had stopped and rendered aid to this gentleman. In response to statement by Mr. Murdoch that he could not get Police patrol in his neighborhood, City Manager Maclin stated that Mr. Murdoch was getting patrolled the same amount that other neighborhoods with similar problems have. City Manager Maclin stated that Chief Collin's philosophy regarding traffic enforcement is to send the enforcement where we are having the most problems. City Manager Maclin stated that whether Mr. Murdoch chooses to recognize it or not, there has been traffic enforcement on Whitehouse Drive and there are traffic tickets in Municipal Court to prove it, and will continue to do so as needed. City Manager Maclin stated that he understands what Mr. Murdoch is talking about in terms of the hill, that is why the City thinks the stop sign will be a

legitimate method to control that problem. City Manager Maclin stated that he could not make a commitment today to Mr. Murdoch, other than to say that once the City has done the study and the study confirms what we anticipate then we think a stop sign is a very viable means of improving the safety of that intersection. Councilmember Bowman asked that Council make a commitment to do something about this problem. Mr. Murdoch stated that he had also requested a school bus stop sign for children and it has not been installed as yet.

Mr. Murdoch stated that for six days after the last wreck Police Officers were at this intersection religiously. Mr. Murdoch stated that there have been three accidents at this intersection since November, which should tell anybody that the traffic has already increased on Whitehouse without having to do a survey. City Manager Maclin stated that the survey he referred to was a survey for the new Tulane.

Councilmember Bowman stated that he would like to make a comment for the people who live in the Whitehouse area, back when the City was thinking about re-doing the streets, he really wanted to widen Whitehouse and make it a good, wide, safe street and the people who live along Whitehouse did not want to do that. Councilmember Bowman stated that the people who live on Whitehouse liked their small, lazy street with low traffic. Councilmember Bowman stated that if the City had been able to widen Whitehouse as part of the bond program, part of the problem would have been resolved. Councilmember Bowman stated that, in his opinion, the problem will not be resolved until the street is widened.

Mayor Bronaugh closed Public Hearing.

5. ORDINANCE - APPROVED - SECOND READING - ZONE CHANGE - RESIDENTIAL SMALL SINGLE FAMILY TO COMMERCIAL - KURTH DRIVE - PAUL R. STRINGER - PAUL P. STRINGER

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

Motion was made by Councilmember Don Boyd and seconded by Councilmember Bob Bowman that Ordinance to change the zoning from "RS" Residential Small Single Family to "C" Commercial district on property located at 1405 Kurth Drive as requested by Paul R. Stringer on behalf of Paul P. Stringer be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

6. ORDINANCE - APPROVED - SECOND READING - ZONE CHANGE - RESIDENTIAL LARGE SINGLE FAMILY TO LOCAL BUSINESS - DANIEL McCALL DRIVE - HIGHWAY 59 - WALTER BORGFELD - RAUL GUTIERREZ - W. D. THAMES, JR.

Mayor Bronaugh stated that the next item for consideration was Second Reading of an Ordinance to change the zoning from "RS" Residential Small Single Family to "C" Commercial 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.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember Jack Gorden, Jr. that Ordinance to change the zoning from "RS" Residential Small Single Family to "C" Commercial 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 Second and Final Reading as presented. A unanimous affirmative vote was recorded.

7. ORDINANCES - APPROVED - ANNEXATION - ZONING CLASSIFICATION - UNITED PENTECOSTAL CAMPGROUND - U. S. HIGHWAY 59 - FM 819

Mayor Bronaugh stated that the next item for consideration was annexation of and appropriate zoning classification for two tracts of land comprising approximately 29.3895 acres adjacent to the United Pentecostal Campground and generally located at the southwest corner of U. S. Highway 59 and FM 819.

City Manager Maclin stated that this was a requested annexation by the Pentecostal Church, and this is the next step in the process.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Don Boyd that Ordinance for the annexation of two tracts of land comprising approximately 29.3895 acres adjacent to the United Pentecostal Campground and generally located at the southwest corner of U. S. Highway 59 and FM 819 be approved on First Reading as presented, and that the zoning classification be designated as Residential Large Single Family. A unanimous affirmative vote was recorded.

8. ORDINANCE - APPROVED - FIRST READING - SUBDIVISION ORDINANCE - DRAINAGE CRITERIA MANUAL

Mayor Bronaugh stated that the next item for consideration was First Reading of an Ordinance to amend the Subdivision Ordinance to include the approval of the Drainage Criteria Manual.

City Manager Maclin stated that this item was presented at the last meeting and tabled to allow Council further time to review a very technical document. City Manager Maclin stated that the City Engineer was present to answer any questions.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Bob Bowman that Ordinance to amend the Subdivision Ordinance to include the approval of the Drainage Criteria Manual be approved on First Reading as presented. A unanimous affirmative vote was recorded.

9. BID - APPROVED - SITE WORK - TRANSMISSION LINE WORK - WATER WELL #13 - CRAWFORD CONSTRUCTION COMPANY

Mayor Bronaugh stated that the next item for consideration was the award of a bid for site work and transmission line work for Water Well #13.

City Manager Maclin stated that included in the Council packet is the bid tabulation for this project and the staff recommendation is to award the low bid of Crawford Construction Company in the amount of \$172,132.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Bob Bowman to award the bid of Crawford Construction Company in the amount of \$172,132 for site work and transmission line work at Water Well #13. A unanimous affirmative vote was recorded.

10. BID - APPROVED - AIR COMPRESSOR - WATER UTILITIES DEPARTMENT - LUFKIN SUPPLY

Mayor Bronaugh stated that the next item for consideration was bids for the purchase of an air compressor to be used in the Water Utilities Department.

City Manager Maclin stated that included in the Council packet is the bid tabulation and staff recommendation is the acceptance of the low bid from Lufkin Supply in the amount of \$10,950.04.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Jack Gorden, Jr. that the bid of Lufkin Supply in the amount of \$10,950.04 be approved as submitted. A unanimous affirmative vote was recorded.

11. BID - APPROVED - SEWER LINE RELOCATION - U. S. 69 - LOOP 287 - J & D CONSTRUCTION

Mayor Bronaugh stated that the next item for consideration was award of bid for sewer line relocation at U. S. 69 North and Loop 287.

City Manager Maclin stated that this project is necessitated by the contract for the new overpass, grade crossing at U. S. Highway 69 North and Loop 287. City Manager Maclin stated that it is his understanding that this project did go to bid last week in Austin, and Brown & Root was the low bidder. City Manager Maclin stated that the project came in at \$16.6 million, which was less than the \$17 million that was projected. City Manager Maclin stated that since the contract has been awarded the City needs to get the sewer line out of the way, and staff recommendation is to award the low bid of J & D Construction in the amount of \$275,250.50.

City Manager Maclin stated that item #12 is related to this in that there are some elements of our sewer line relocation that meet the State criteria for reimbursement for the relocation of a utility line. City Manager Maclin stated that will amount to about \$79,482, which will lower our net cost to about \$195,768, which is well within the \$220,000 we projected for City funds in our recent \$3 million revenue bond issue.

In response to question by Councilmember Gorden, City Manager Maclin stated that J & D Construction Company has an excellent reputation with the City in terms of quality of work and completion within time schedules.

Motion was made by Councilmember Don Boyd and seconded by Councilmember Bob Bowman that bid of J & D Construction in the amount of \$275,250.50 for the relocation of the sewer line at U. S. 69 North and Loop 287 be approved as submitted. A unanimous affirmative vote was recorded.

12. TXDOT AGREEMENT - APPROVED - UTILITY REIMBURSEMENT

Mayor Bronaugh stated that the next item for consideration was the TxDOT Agreement for utility reimbursement.

Motion was made by Councilmember Tucker Weems and seconded by Councilmember Jack Gorden, Jr. that City Manager C. G. Maclin be authorized to sign the TxDOT Agreement for utility reimbursement as presented. A unanimous affirmative vote was recorded.

13. RESOLUTION - APPROVED - SELF-FUNDED MUNICIPAL GOVERNMENT HEALTH TRUST INSURANCE PROGRAMS

Mayor Bronaugh stated that the next item for consideration was Federal allowances for self-funded municipal government health trust insurance programs.

City Manager Maclin stated that included in the Council packet is a memo from David Koonce, Director of Personnel, giving a brief overview of this particular item. Also, included is a document for Council to consider adoption of under the law stated in the document, and some Federal register information providing the reference point for this allowance. City Manager Maclin stated that when the Federal government approved what typically is referred to as the HIPAA Federal Act it made allowance for municipal governments like ourselves who have a self-funded health insurance program, whereby we were not required to implement HIPAA but are allowed to waive the HIPAA Federal Act requirements to accept pre-existing conditions for new employees on the City's health insurance program. City

Manager Maclin stated that the reason they did that is that they were trying to be sensitive to the needs of self-funded government entities so that we would not be forced to accept pre-existing conditions and thereby place an additional tax burden on the local citizen if we were to have to raise our health insurance rates. City Manager Maclin stated that quite frankly if we went to this it would force us to abandon our self-funded, which we have had for over a decade now, and go into a group pool. City Manager Maclin stated that he did not think that we would be able to withstand with just a few employees that had pre-existing conditions that would trigger both our specific stop loss and our aggregate stop loss, particularly in the aggregate stop loss our rates would get so excessive that it would be more cost effective for us to go into a group pool. City Manager Maclin stated that the advantage of being self-funded, and this has served the City well during the past six years, is that by effective wellness programs and other things that have been implemented we have had years where the claims experience did not exceed the premiums, thereby we got to keep those revenues. City Manager Maclin stated that if we go to a group health plan, then those years that the premiums exceed the claims experience, that means the group health insurance company makes more profit off of us that year. City Manager Maclin stated that this way when we have a good claims experience year we are able to keep the funds and reward our employees by holding the rates that they have to pay on dependents and by having additional benefits such as those we have added where we supplement the cost for health clubs and exercise clubs, free mammograms for female employees, free prostate exams for male employees, and all of these things have helped contribute to us maintaining a better than average claims experience in our self-funded plan. City Manager Maclin stated that since the Federal government has been kind enough to us a waiver to this, staff feels like it is appropriate for the City of Lufkin to exercise our option under Federal law to waive the HIPPO Federal Act requirements, and therefore we would seek Council's consideration to approve this particular item in the packet.

In response to question by Councilmember Gorden, City Manager Maclin stated that the City can continue its current practice and our current policy of not allowing pre-existing conditions until after a certain period of time has been met, and we can continue with our current policy.

In response to question by Councilmember Weems, City Manager Maclin stated that we could always come back and rescind this Resolution if Council chose; Council has that option. Mr. Koonce stated that Council has to act on this every year.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Jack Gorden, Jr. that Resolution for Federal allowances for self-funded municipal government health trust insurance programs be approved as presented. A unanimous affirmative vote was recorded.

14. ORDINANCE - APPROVED - FIRST READING - ABANDONMENT OF STREET RIGHT-OF-WAY - FIRST CHRISTIAN CHURCH - CIMMARON STREET

Mayor Bronaugh stated that the next item for consideration was abandonment of a portion of street right-of-way adjacent to the First Christian Church at Cimmaron.

City Manager Maclin stated that included in the Council packet is a letter of request from Robert Poland, the Chairman of the Board of First Christian Church, regarding the request to the City to abandon a tract approximately 90' long and 60' wide, 12/100ths of an acre. City Manager Maclin stated that this is adjacent to Cimmaron Street on the back side of their property and they have some plans to do some improvements in that area including some drainage improvements and are seeking Council's consideration to abandon this right-of-way. City Manager Maclin stated that included in the packet is a sheet from David Cochran, Purchasing Director, stating the fair market value at \$850.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Bob Bowman that Ordinance for the abandonment of a portion of

street right-of-way adjacent to the First Christian Church at Cimmaron Street be approved on First Reading as presented.

Mayor Bronaugh recused himself from voting.

Four affirmative votes were recorded.

15. BID - APPROVED - DRAINAGE IMPROVEMENTS - LAKEWOOD COURT - WESTCHESTER DRIVE - J & D CONSTRUCTION

Mayor Bronaugh stated that the next item for consideration was the award of a bid for drainage improvements between Lakewood Court and Westchester Drive.

City Manager Maclin stated that this is a project requested by citizens under our policy of storm sewer installment where the citizen buys the pipe and materials and the City provides the installation. City Manager Maclin stated that it was staff's opinion that it would be best to seek bids on this project and contract it out for a variety of reasons, including landscaping and other considerations in the area to minimize liability to the City. City Manager Maclin stated that four bids were received and the staff recommendation is to award the low bid of J & D Construction in the amount of \$23,475. City Manager Maclin stated that this project will come from funds that are allocated within the Street Department for storm sewer improvements.

Motion was made by Councilmember Bob Bowman and seconded by Councilmember Don Boyd that the bid of J & D Construction in the amount of \$23,475 for drainage improvements between Lakewood Court and Westchester Drive be approved as submitted. A unanimous affirmative vote was recorded.

16. COMMENTS

Councilmember Weems stated that he was glad to see Council consideration a reduction in the water and sewer rates. Councilmember Weems stated that as Mr. Warren pointed out some of the people in the City do not need an increase, and in his opinion, the City could get by this particular year without an increase due to our economic growth, and hopefully will maintain the same level of growth in the future.

Councilmember Boyd stated that he would like to bring to Councilmembers attention a copy of an article from the Mayors and Councilmembers Conference in July regarding a session that he moderated entitled "Reinventing Government and What it Means to Small Cities".

Councilmember Bowman requested that staff get together with Mr. Warren early tomorrow morning and get his problem resolved. Councilmember Bowman stated that he was disappointed that Mr. Warren had waited a whole year to get some answers from somebody. City Manager Maclin stated that, in his opinion, that was an unfair accusation, because Mr. Weems had visited with Mr. Warren.

City Manager Maclin stated that he wanted to point out some information that had been placed on the Council table involving a rate analysis comparison of debt issuance versus depreciation account. Also, there are 12 pages of rate history of water, sewer and garbage, and sales tax. City Manager Maclin stated that he had passed out a sheet showing the General Fund versus the Solid Waste Fund. City Manager Maclin stated that what he was attempting to do is to show the difference if staff had left the Solid Waste Fund in the General Fund like it was previously and had continued with the same personnel costs relating to curb side bag pickup with two workers per truck - taking into account salaries, wages and Workers Comp, the bottom line comparison is we have saved 28% in automation over the last five years. City Manager Maclin stated that this is predicated strictly on labor costs and does not include recycling. City Manager Maclin stated that basically what he is

trying to say is that there is nearly 30% savings because we went to automation in terms of manpower cost savings. City Manager Maclin stated that the Solid Waste Department has made significant strides in saving the taxpayers of Lufkin large sums of money.

Mayor Bronaugh stated that the Mayor pro tem was one of the participants of the Union Pacific train ride along with Police officers, bus drivers, etc. The eight car train took a short trip to Diboll, and UP personnel gave a presentation on train safety.

City Secretary Atha Stokes reminded Councilmembers of the TML Region 16 meeting August 28th in Jasper, and that the information for the NLC meeting in Philadelphia and the TML meeting in Ft. Worth was now available.

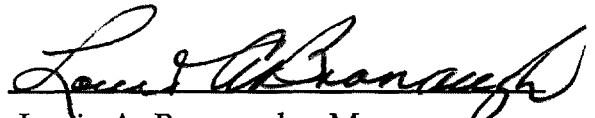
City Manager Maclin stated that there is also information on the Council table for a workshop for Planning & Zoning in Nacogdoches on August 19th, and that staff would be happy to make reservations for Councilmembers.

17. There being no further business for consideration, meeting adjourned at 6:15 p.m.

ATTEST:



Atha Stokes - City Secretary


Louis A. Bronaugh - Mayor