

**MINUTES OF BUDGET WORKSHOP MEETING OF THE CITY COUNCIL OF THE  
CITY OF LUFKIN, TEXAS, HELD ON THE  
25<sup>th</sup> DAY OF July 2000 AT 9:00 A. M.**

On the 25<sup>TH</sup> day of July 2000 the City Council of the City of Lufkin, Texas, convened in a Budget Workshop meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis Bronaugh	Mayor
R. L. Kuykendall	Mayor pro tem
Lynn Torres	Councilmember, Ward No. 3
Jack Gorden, Jr.	Councilmember, Ward No. 5
Dennis Robertson	Councilmember, Ward No. 6
C. G. Maclin	City Manager
James Hager	Asst. City Manager/Finance
Atha Stokes Martin	City Secretary
Keith Wright	City Engineer
Kenneth Williams	Director of Public Works
David Koonce	Director of Human Resources

being present, and

Don Boyd	Councilmember, Ward No. 2
Bob Bowman	Councilmember, Ward No. 4

Being absent when the following business was transacted.

1. Mayor Bronaugh called meeting to order.

**2. VARIANCE – APPROVED – CIVIL WAR RE-ENACTMENT CEREMONIES –  
ANGELINA COLLEGE GENEALOGY CONFERENCE**

Mayor Bronaugh stated that the first item for consideration was a variance to fire weapons for Civil War re-enactment ceremonies sponsored by the Angelina College Genealogy Conference.

City Manager Maclin stated that included in the Council packet was a memo from Chief Collins for an event permit, a copy of the actual special event permit application, and two or three pages of information from Angelina College who was hosting the Genealogical Seminar and Conference this weekend. Mr. Maclin stated that one of the items the College is wanting to include in this genealogical conference is a Civil War reenactment. Mr. Maclin stated that players come in from other communities and participate in these activities and some of them bring black powder muskets and guns (no projectiles), and that does require a waiver of policy to allow an event like this from Council in order to provide for the discharge of these firearms.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Dennis Robertson that variance to fire weapons for Civil War enactment ceremonies sponsored by the Angelina College Genealogy Conference be granted as requested. The following vote was recorded:

Aye: Councilmembers Gorden, Torres, Robertson and Mayor Bronaugh  
Nay: Councilmember Kuykendall

Motion carried with four affirmative votes.

**3. EXECUTIVE SESSION:**

Mayor Bronaugh recessed Regular Session at 9:04 a. m. to enter into Executive Session. Regular Session reconvened at 9:54 a. m. and Mayor Bronaugh stated that Council had discussed attorney/client matters and personnel and no decisions were made.

#### **4. REVIEW OF 2000-2001 FISCAL YEAR BUDGET**

Mayor Bronaugh stated that Council would now hear a review of the 2000-2001 Fiscal Year Budget.

City Manager Maclin stated that on the Council table are the ranking sheets as tabulated. Mr. Maclin stated that the first sheet is the same sheet as Council saw it with the numbers plugged in and the second sheet is in descending order. Mr. Maclin stated that item #7 is the Jones Park basketball court and that is where the funds available ran out and it ran out at about \$30,000 worth of the \$65,000 basketball court. Mr. Maclin stated that part of his proposal will be that we fund that project over two fiscal years, and that we do a late summer project next year to start the project out of this year's budget and complete it out of next year's budget. Mr. Maclin stated that if Council agrees to that they will basically be committing a \$35,000 carry-over decision package to next year's budget.

City Manager Maclin stated that also in the Council packet is a slide outline view with six slides per page giving a preview of this presentation less some of the video clips that have been added.

City Manager Maclin stated that he would cover each of the four funds – General Fund, Utility Fund, Solid Waste Fund and the Civic Center Fund. Mr. Maclin stated that this budget continues the major Capitol Improvements Program that Council initiated last year, and also provides full operational support for a new Library facility. Mr. Maclin stated that this would be the first time in the history of the City that the City has had a bona fide public library. Mr. Maclin stated that as of October 1 the Library would be under the direction of the City and as of April 1, we anticipate being in the brand new facility that is twice as big as the current facility and will provide much greater services to the citizens.

Mr. Maclin stated that in 1988 the Council submitted to the voters and the voters approved a  $\frac{1}{2}$  cent sales tax for the reduction of ad valorem tax and by law the City ended up with a bit of a windfall of funds that were not applicable to tax reduction that first portion of a fiscal year. Mr. Maclin stated that by law the City was able to keep those funds and use them for whatever they deemed, and at the time Council deemed to set up an Insurance Loss Fund. Mr. Maclin stated that that is what the City uses to pay the deductible. Mr. Maclin stated that most of the City's claims have a \$10,000 deductible. Mr. Maclin stated that the Insurance Loss Fund that has served the City well for 12 years is nearing depletion and staff is proposing to take funds from all three funds (\$25, \$50 and \$25) for a total of \$100,000 to be placed in that fund over a period of time so that it may retain solvency.

City Manager Maclin stated that the Capitol Improvements Projects that are scheduled for the next 12 months fiscal year include the acquisition of property for the three detention ponds on the east side of town, the Public Safety Communications Radio System, and the purchase of a replacement ambulance for the Fire Department. Mr. Maclin stated that the Street Improvement Program will be continued which is something that the citizens have responded very positively too and will continue to be a hallmark of City services. Mr. Maclin stated that the Civic Center repair projects will be completed which were budgeted this fiscal year (replacement of the walls). Mr. Maclin stated that parts of the downtown infrastructure improvements for the T21 grant would be started.

City Manager Maclin stated that this budget also includes a cost of living adjustment of 3% for all employees but includes a salary survey adjustment for Police and Fire at a total of 9% to be implemented at  $4\frac{1}{2}\%$  in October and  $4\frac{1}{2}\%$  in April, which is six months through the fiscal year, and also salary revisions according to the salary survey for light and heavy equipment operators, laborers, crew leaders, and foremen to maintain salary survey competitiveness.

City Manager Maclin stated that in the General Fund some of the highlights included in the decision package supplements include a replacement Gradall, street reconstruction

program, additional boom mower purchase and an additional pro patch asphalt truck. Mr. Maclin stated the City purchased its first pro patch machine about three years ago and it is an all in one inclusive piece of equipment that gives the ability to make a quality patch that has some longevity to it. Mr. Maclin provided video coverage of these pieces of equipment in operation.

City Manager Maclin stated that in the Police Department we would be providing for an additional Communications Operator, additional traffic enforcement officer positions (6), and a heating and air conditioning replacement unit. Mr. Maclin stated that the City has not received at this date firm, final confirmation of the grant, but are still cautiously optimistic that the City will receive those funds for the six officer positions.

City Manager Maclin stated that in the Information Technology Department staff would be entering into a lease upgrade program that will be very beneficial to help maintain current technology within all the City departments. Mr. Maclin stated that this provides for a computer lease upgrade program for older computers in several departments.

City Manager Maclin stated that in Parks & Leisure Services there is the addition of a veterinarian for the Zoo. Mr. Maclin stated that the construction of a new basketball court at Jones Park complies with the Parks Board as one of their top priorities for neighborhood improvement and will provide a basketball facility to replace what in essence was tennis courts.

City Manager Maclin stated that the breakdown of where the money is in the proposed budget – in terms of revenues, almost 40% of the General Fund revenues comes from sales tax. Mr. Maclin stated that on the opposite end of that is the 21% from ad valorem tax. Mr. Maclin stated that franchise fees make up 10.6%, charges for services about 7.2%, fines and forfeits only about 2.8%.

City Manager Maclin stated that 47%, or about 48 cents out of every dollar, goes to Public Safety. Mr. Maclin stated that adding community development to that, which includes Building Inspection Services and Code Enforcement, you could say that 50 cents out of every dollar goes for enforcement of laws and public safety.

City Manager Maclin stated that the next largest category is Public Works which is 24%; General Government 12%; 10.8% for culture and leisure, which includes all the Parks & Recreation and Zoo Departments

City Manager Maclin stated that there continues to be a very positive indicator of a risk management program, all the employees working together under the leadership of David Koonce, the Risk Manager in the Human Resource Department. Mr. Maclin stated that the City's Workers Comp premiums during the period where there is a slight increase is where the City has added 12 Policemen, 12 Firemen, and several other employees that make up most of that increase, and is not necessarily to do with the City's claims experience. Mr. Maclin stated that the City's modifier this year is still an attractive one and a very admirable modifier level based on the City's claims experience.

City Manager Maclin stated that in Sales Tax Revenues, there is a nice upward climb and has been the strength as to why the City has been able to add 12 new Police Officers and 12 new Firefighters and a fire station without a tax rate increase. Mr. Maclin stated that the strategy back in the '90's was to do what we could to help grow the community and take that growth in sales tax and additional property values and then be able to provide a better quality of City services to our citizens.

City Manager Maclin stated that this chart shows a nice steady climb in terms of ad valorem tax revenues. Mr. Maclin stated that this is the amount of dollars the City receives in tax funding, and we are over \$6 million now per year. Mr. Maclin stated that amount comes directly from the assessed values. Mr. Maclin stated that in fiscal 1998 the City crossed the \$1 billion net taxable mark for the first time in the history of the City, and we continue to rise this year with \$1.256 billion. Mr. Maclin stated that the most of this growth is in new construction with a little bit of it coming from the re-appraisals done by the CID the last two years.

City Manager Maclin stated that this slide shows the tax rate that Council has approved over the last ten years. Mr. Maclin stated that the red portion represents the Interest and Sinking or debt fund requirement and the green portion represents maintenance and operations. Mr. Maclin stated that you could see that basically there have been minimal changes in the tax rate in 10 years. Mr. Maclin stated that the rate here was a result of an increase approved by the voters of a five-cent tax hike for the street bond election in 1994. Mr. Maclin stated that the tax rate was increased three cents in 1995 and two cents in 1996, and other than that Council has not raised the tax rate until the three quarters of a cent, which Council also took some of the operations and maintenance funds and shifted them into debt service to be able to do the Capital Improvements Program with only a three-quarters of a cent tax increase at the time.

City Manager Maclin stated that the proposal that staff is providing today maintains the current property tax rate, it also requires a review of the tax rate later this fiscal year. Mr. Maclin stated that on August 9<sup>th</sup> staff and Council would be conducting a workshop with TxDOT to further review the U S 59 near term improvements which includes 59S, 59E and 59N on the Loop. Mr. Maclin stated that this would have to be addressed at some point in the future. Mr. Maclin stated that a portion of Tulane Drive on the screen is a reminder that we also want to consider going back to the voters with another street bond election like we had in 1994. Mr. Maclin stated that hopefully in 2001 we would be able to bring this to the voters for their consideration for other streets that need similar improvements as thoroughfares in the community.

City Manager Maclin stated that the next slide shows a chart comparing the City of Lufkin with other cities our size for tax rate comparison. Mr. Maclin stated that if you take all of the cities and average them it comes out to about .599 per valuation and the City of Lufkin's rate is about .495 cents, which is about 21% less than other comparable cities.

City Manager Maclin stated in the Utility Fund we will actually begin some of the contracts this fall that we have been talking about with the Texas Water Development funds low interest program for over a year now. Mr. Maclin stated that staff hopes to award several contracts during this fiscal year to begin that process. Mr. Maclin stated that also included in the budget is an Infiltration and Inflow Study, which is the first phase of a project we have to do to be in compliance with EPA regulations and TNRCC rules. Mr. Maclin stated that this study will help staff identify those pipes in our sanitary sewer system that get water in them whenever there is a storm with heavy rainfall and help to identify a priority ranking of which sewer lines need to be replaced first based on the greatest degree of infiltration inflow.

City Manager Maclin stated that staff mentioned in the budget workshop the desire to purchase a bar coding system for utility billing. Mr. Maclin stated that based on the information given staff from the Post Office this system should pay for itself within three fiscal years. Mr. Maclin stated that also included in the Utility Fund Depreciation are some replacement pickups and a backhoe loader.

City Manager Maclin stated that the Utility Fund is the only fund that staff is proposing a rate increase this year, and is one that Council actually approved last year when we adopted the desire to replace \$16 million of asbestos cement pipe. Mr. Maclin stated that this would be a 10% increase in rates required to accomplish that project and this would be spread out at 2% per year over a five-year period. Mr. Maclin stated that this is the second year of that 2% increase to cover the interest and sinking debt requirements necessary to fund the asbestos cement pipe replacement.

City Manager Maclin stated that in the Solid Waste Fund there are two items for the Depreciation Fund and they are the purchase of a replacement front-end loader and a replacement of pickup truck and crew cab truck. Mr. Maclin stated that staff is hoping to build up the funds in the Solid Waste Depreciation Fund so that when it is time for Dennis Webster to replace the side loader trucks they can be replaced all at one time and get some economies of scales and efficiency savings. Mr. Maclin stated that in the Solid Waste Fund we are retaining our current rates for residential and commercial customers. Mr. Maclin stated that in visiting with Judge Joe Berry there will possibly be an increase in landfill fees next year, which will be addressed in next year's budget. Mr. Maclin stated that the Solid Waste Department is one of those elements that contribute

to the quality of life in Lufkin. Mr. Maclin stated that when you consider all the services that the City provides for the \$12-13 the citizens pays including brush pickup, leaf pickup, appliance pickup, etc., all of these services for \$12-13 per month. Mr. Maclin stated that Lufkin is unique in that regard in that we are the only City that has a recycling program and curb side co-mingled collection.

City Manager Maclin stated that the Angelina County Arts Alliance has proposed to be included in the Hotel/Motel civic funds. Mr. Maclin stated that there are increases in the Museum of East Texas, Forestry Museum, and Tourism and Convention Bureau.

City Manager Maclin stated that in the Civic Center Fund specifically, this is one fund that he is going to ask Council to give Administration some advice on. Mr. Maclin stated that looking back at the Ranking Sheet, you will see that on the Civic Center Fund four Councilmembers voted for the new facility and three voted for refurbishing the old facility, and although that is a majority it does not meet his definition of a consensus of opinion. Mr. Maclin stated that he would respectfully ask Council to think about this to make sure that we are all in agreement to the greatest extent possible in directing staff whether they want money in the budget out of the Hotel/Motel Tax fund surplus as opposed to General Fund. Mr. Maclin stated that Council saw the video of the Civic Center parking lot with the asphalt cracking with age and depreciation, and then a video of the lot across the street that staff has proposed to pave to handle additional parking for events. Mr. Maclin stated that in light of the fact that three of the Council ranked the old parking lot refurbishing #1 and four of the Council voted it #2 and the new parking lot #1, in his opinion, it would be appropriate to have input from Council at the conclusion of this meeting and come to a consensus of opinion since the vote was more fragmented than the other votes.

City Manager Maclin stated that, in summary, this budget provides a pro-active approach to meet the infrastructure needs of our community, which is a growing community. Mr. Maclin stated that also it is a very conservative use of funds, and the Department Heads and employees are to be complimented. Mr. Maclin stated that the increase in this year's budget over last year's budget is very minimal based on a very concerted effort by all the departments to minimize increases. Mr. Maclin stated that Council had a lot shorter list of supplements requested from Departments this year.

City Manager Maclin stated that staff would like to propose a budget schedule for Council's consideration for adoption today and that is that the Public Hearing be held on Tuesday, August 1<sup>st</sup>, and at that time Council should direct any changes they want to be made to staff. Mr. Maclin stated that staff proposes to have the First Reading of the budget Ordinances on August 15<sup>th</sup> and the final reading on September 4<sup>th</sup>. Mr. Maclin stated that staff also proposes that we place the budget summary sheets in this weekend's newspaper as a precursor and advertisement for the Public Hearing to be held next Tuesday in accordance with our Charter.

City Manager Maclin stated that the would like to say "Thank You" to the Council for their efforts and deliberations, to the staff, Department Heads and employees in their contributions to help make this budget presentation possible today.

Motion was made by Councilmember Jack Gorden, Jr. and seconded by Councilmember Lynn Torres to accept the recommendation of the City Manager and staff for the budget schedule as presented. A unanimous affirmative vote was recorded.

City Manager Maclin stated that the Jones Park Basketball Court bid would be scheduled so that the contract could be awarded in late summer and the project started by spending \$30,000 out of this fiscal year's budget and \$35,000 out of 2002 fiscal year's budget to accomplish that project since the line fell in the middle of it during the ranking process.

## **5. COMMENTS**

There was discussion relating to the Civic Center parking lot. City Manager Maclin stated that the most cost effective way to resurface the parking lot would be to set aside the funds for the asphalt and then let the Street Department use their milling machine

and their letdown machine and make it an in-house project. It was the consensus of opinion that resurfacing and maintaining the present parking lot would be more prudent at this time. Councilmember Robertson stated that with trying to project where the City wants to be with the Civic Center 10 – 15 years in the future, we may want to look at some other location and he was not sure that he would want to commit the property across the street to a parking lot. City Manager Maclin stated that if Council were looking for other substantiation for delaying the new parking lot one example would be the Comprehensive Plan update, because we know the consultant is going to look at that area. Mr. Maclin stated that the consultant has an appointment Thursday with the Museum to talk about long range planning in that area as it relates to cultural arts and the Civic Center. Mr. Maclin stated that from that viewpoint it might be appropriate to delay any action on a new parking lot as such time as the Comprehensive Plan is updated to see if any recommendations or feedback come from that study and then reconsider the parking lot next year. Councilmember Gorden stated that he would not have a problem with resurfacing the old parking lot. Councilmember Torres stated that there are numerous events at the Civic Center where the parking is not adequate, and we need to do something if the Civic Center is going to remain at this location.

City Manager Maclin stated that, as he understands it, the consensus is if there are any base failures or something in the parking lot at the existing parking lot, then it should be the priority based over the next 12 months, and #2 we do need to seriously consider additional parking in the area but Council may be willing to wait until Mr. Setliff's report is complete and see what kind of implications it might have.

Councilmember Robertson thanked the staff for working on some projects that would make the City a better place to live. Councilmember Robertson stated that last week they had a major water line break in his neighborhood and, in his opinion, we would have to start looking at the rest of the old water pipes in the City pretty quick.

Councilmember Kuykendall commended the staff on the positive manner in which the budget was presented and wanted to extend his support to them.

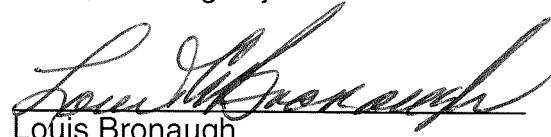
Councilmember Gorden stated that, in his opinion, every year that goes by the City gets better and better, and he appreciated staff's efforts. Councilmember Gorden stated that the citizens of Lufkin should be proud of the staff for all they do on behalf of the City.

Councilmember Torres stated that she had enjoyed her first budget experience, and hoped there would be a way to consider some of the items that did not get funded this year.

City Manager Maclin stated that he would like to express his appreciation to James Hager and his staff and all the departments that participated so diligently in this year's budget.

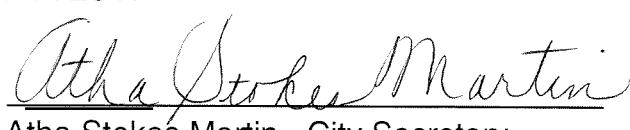
City Manager Maclin stated that the citizens responded very well over the weekend and today to the request for water conservation. Mr. Maclin stated that staff has done some re-valving and there was 31' of water in the Whitehouse storage tank last night, and the pressure complaints have ceased.

6. There being no further business for consideration, meeting adjourned at 10:35 a. m.



Louis Bronaugh  
Mayor

ATTEST:



Atha Stokes Martin

Atha Stokes Martin - City Secretary