

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY
OF LUFKIN, TEXAS HELD ON THE 15TH DAY OF AUGUST, 2006**

On the 15th day of August, 2006, 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:

Jack Gorden, Jr.	Mayor
Rose Faine Boyd	Mayor Pro-Tem
R. L. Kuykendall	Councilmember, Ward No. 1
Lynn Torres	Councilmember, Ward No. 3
Don Langston	Councilmember, Ward No. 4
Rufus Duncan, Jr.	Councilmember, Ward No. 5
Phil Medford	Councilmember, Ward No. 6
Paul L. Parker	City Manager
Renee Thompson	City Secretary
Robert Flourney	City Attorney
Keith Wright	Asst. City Manager
David Koonce	Human Resource Director
Larry Brazil	Police Chief
Pete Prewitt	Fire Chief
Doug Wood	Finance Director
Dorothy Wilson	Planning Director
Barbara Thompson	Main Street Director
Jim Wehmeier	Economic Development Director
Belinda Southern	Finance
Linda Parker	Economic Development

being present, when the following business was transacted:

1. The meeting was opened with prayer by Reverend William Ricks, First Missionary Baptist Church.
2. Mayor Jack Gorden welcomed visitors present. Councilmember Lynn Torres recognized LHS students who were present, satisfying their government class requirement and noted that these young people were in attendance on just the second day of school.

3. APPROVAL OF MINUTES

Minutes of the Regular Meeting on August 1, 2006 were approved on a motion by Councilmember Rose Faine Boyd, and seconded by Councilmember Lynn Torres. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. **PUBLIC HEARING AND SECOND READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE NO. 2084 OF THE CITY OF LUFKIN, TEXAS, - APPROVED - BY AMENDING AN EXISTING "SPECIAL USE" PERMIT FOR A PROFESSIONAL OFFICE: DENTAL, MEDICAL, LEGAL WITH THE EXCEPTION OF DVM, ENGINEERING, ARCHITECTURAL AND ACCOUNTING WITHIN A "NEIGHBORHOOD RETAIL" ZONING DISTRICT ON APPROXIMATELY 1.415 ACRES OF LAND DESCRIBED AS LOT 1, BLOCK 1 OF GIBSON ADDITION AND MORE COMMONLY KNOWN AS 107 KERR AVENUE AND AUTHORIZING THE CITY PLANNER TO MAKE SUCH CHANGES ON THE OFFICIAL MAP**

Mayor Jack Gorden stated that the next item for consideration was a Public Hearing and Second Reading of an Ordinance amending the Zoning Ordinance No. 2084 of the City of Lufkin, Texas, by amending an existing "Special Use" Permit for a Professional Office:

Dental, Medical, Legal with the exception of DVM, Engineering, Architectural and Accounting within a "Neighborhood Retail" Zoning District on approximately 1.415 acres of land described as Lot 1, Block 1 of Gibson Addition and more commonly known as 107 Kerr Avenue and authorizing the City Planner to make such changes on the Official Map. City Manager Paul Parker stated that this was the Second Reading of this Ordinance and the Council had thoroughly reviewed the Ordinance at the last meeting. City Manager Parker added that the Ordinance would amend the "Special Use" Permit that previously would not allow legal offices at the location of 107 West Kerr Avenue. City Manager Parker stated that the amendment would now allow Mr. Haglund to open a legal practice at 107 West Kerr Avenue.

Mayor Gorden then opened the Public Hearing at 5:08 p.m. concerning the Ordinance Amendment. Mayor Gorden asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Ordinance Amendment. Mayor Gorden then closed the Public Hearing at 5:09 p.m.

Councilmember Don Langston moved to approve the Second Reading of the Ordinance amending the Zoning Ordinance No. 2084 of the City of Lufkin, Texas, by amending an existing "Special Use" Permit for a Professional Office: Dental, Medical, Legal with the exception of DVM, Engineering, Architectural and Accounting within a "Neighborhood Retail" Zoning District on approximately 1.415 acres of land described as Lot 1, Block 1 of Gibson Addition and more commonly known as 107 Kerr Avenue and authorizing the City Planner to make such changes on the Official Map. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

NEW BUSINESS:

5. DISCUSSION OF THE TAX RATE AND ESTABLISHING AUGUST 29 AND SEPTEMBER 5, 2006 AS COUNCIL MEETING DATES TO: HOLD PUBLIC HEARINGS; ESTABLISH WATER AND WASTEWATER RATES; ESTABLISH A TAX RATE; AND APPROVAL OF FISCAL YEAR 2006/2007 ANNUAL FISCAL BUDGET- APPROVED

Mayor Jack Gorden stated that the next item for consideration was to discuss a Tax Rate and to establish August 29 and September 5, 2006 as Council Meeting dates to: hold Public Hearings; establish Water and Wastewater Rates; establish a Tax Rate; and approval of Fiscal Year 2006/2007 Annual Fiscal Budget. City Manager Paul Parker stated that the Council had discussed the 2006/2007 Budget at four (4) previous meetings. City Manager Parker explained that the proposal before the Council was to set Council Meeting dates for August 29 and September 5, 2006. City Manager Parker added that the August 29, 2006 Meeting would be a "Special Called" Council Meeting to consider Water and Wastewater Rates and reminded the Council that the present budget has a proposed three percent (3%) increase in Water and Wastewater Rates. City Manager Parker added that a seven percent (7%) increase in Water and Wastewater Rates would be required to cover the anticipated electrical rate increase. City Manager Parker stated that the City Council had deferred part of the anticipated increase to future years with the understanding that Staff would do a water analysis study and have a detailed plan. City Manager Parker stated that that proposal would also allow the Council to adopt the effective tax rate, which is \$.55478 per \$100 valuation, and would lower the existing tax levy in Lufkin, which is \$.5585. City Manager Parker explained that adopting the effective tax rate would decrease the original proposed rate by forty-six thousand six hundred seventy-five dollars (\$46,675). City Manager Parker stated the remainder of the information within the budget had remained the same since the last Council Workshop. City Manager Parker added that the numbers would change slightly as the City receives new information. City Manager Parker stated that the most recent month's Sales Tax remained in excellent shape. City Manager Parker added that the Council was working hard to maintain services and keep the tax rates lower. City Manager Parker stated that the August 29, 2006 meeting was originally set for 12:00 p.m. but would be changed to 5:00 p.m. due to conflicts in Council Member's schedules. City Manager Parker added that he would be happy to answer any questions that the Council had concerning the 2006/2007 Budget, the Tax Rate, and the Water and Wastewater Rates.

There was discussion among the Mayor and City Council Members concerning the Tax Rate.

Councilmember Phil Medford moved to approve establishing August 29 and September 5, 2006 as Council Meeting dates to: hold Public Hearings; establish Water and Wastewater Rates; establish a Tax Rate; and approval of Fiscal Year 2006/2007 Annual Fiscal Budget. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

6. RESOLUTION FOR THE CITY OF LUFKIN, TEXAS - APPROVED - ELECTING TO BE EXEMPT FOR THE PLAN YEAR BEGINNING OCTOBER 1, 2006 THROUGH SEPTEMBER 31, 2007 FROM THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Mayor Jack Gorden stated that the next item for consideration was a Resolution for the City of Lufkin, Texas electing to be exempt for the plan year beginning October 1, 2006 through September 31, 2007 from the Health Insurance Portability and Accountability Act of 1996. City Manager Paul Parker stated that every year since the City of Lufkin became self-insured, the Council and Staff chose to opt out on the requirements imposed by the Health Insurance Portability and Accountability Act (HIPAA). City Manager Parker added that this would allow the City to set the parameters for its own insurance and allow the City to exclude some items in the insurance coverage that may not be necessary, but was covered by HIPAA. City Manager Parker stated that this "opt out" allowed the Health Insurance Board the opportunity to meet the needs of the City of Lufkin.

Human Resource Director David Koonce stated that there was a mistake in the Ordinance that was in the Council Packets. Mr. Koonce explained that the Resolution still had the Texas Municipal League Group Benefits Risk Pool as the City's provider but should have stated that Blue Cross and Blue Shield of Texas is the current provider. Mr. Koonce assured the Council that this mistake would be corrected and given to the City Secretary for the signatures.

There was some discussion among the Mayor and City Council Members concerning the City's Health Insurance and how the Health Insurance Board was working to control the costs.

Councilmember Don Langston moved to approve the Resolution for the City of Lufkin, Texas electing to be exempt for the plan year beginning October 1, 2006 through September 31, 2007 from the Health Insurance Portability and Accountability Act of 1996. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

7. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2005/2006 OPERATING BUDGET (BUDGET AMENDMENT NO. 31), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL FUND; AND PROVIDING AN EFFECTIVE DATE AND AUTHORIZING THE FIRE DEPARTMENT TO ACCEPT A GRANT FROM THE STATE HEALTH DEPARTMENT REGIONAL AREA COUNCIL IN THE AMOUNT OF \$14,369

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an amendment to the 2005/2006 Operating Budget (Budget Amendment No. 31), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date and authorizing the Fire Department to accept a grant from the State Health Department Regional Area Council in the amount of fourteen thousand three hundred sixty-nine dollars (\$14,369). City Manager Paul Parker stated that the State Health Department Regional Area Council (RAC) notified the Fire Department that they were eligible for a grant in the amount of fourteen thousand three hundred sixty-nine dollars (\$14,369) with no City match required. City Manager Parker added that with the Council's approval, the Fire Department proposed to purchase four (4) Panasonic

Toughbook Laptops for the ambulances, to aid in the EMS reporting system. City Manager Parker stated that Staff recommended that the Council authorize the Fire Department to accept the grant in the amount of fourteen thousand three hundred sixty-nine dollars (\$14,369) from the RAC.

There were questions and discussion among the Mayor and City Council Members concerning the laptops.

Councilmember Rose Faine Boyd moved to approve the Resolution authorizing an amendment to the 2005/2006 Operating Budget (Budget Amendment No. 31), providing for the supplemental appropriation of funds in the General Fund; and providing an effective date and authorizing the Fire Department to accept a grant from the State Health Department Regional Area Council in the amount of \$14,369. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

8. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2005/2006 OPERATING BUDGET (BUDGET AMENDMENT NO. 32), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL AND EQUIPMENT AMORTIZATION AND REPLACEMENT FUNDS; AND PROVIDING AN EFFECTIVE DATE AND APPROVE A BID FOR THE PURCHASE OF A TYMCO 600 SWEEPER FOR THE STREET DEPARTMENT.

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an amendment to the 2005/2006 Operating Budget (Budget Amendment No. 32), providing for the supplemental appropriation of funds in the General and Equipment Amortization and Replacement Funds; and providing an effective date and approve a bid for the purchase of a Tymco 600 Sweeper for the Street Department. City Manager Paul Parker stated that when the City set up the Amortization Program, earlier in the year, one hundred twenty-five thousand dollars (\$125,000) was approved for the purchase of a street sweeper. City Manager Parker added that the purchase of the sweeper was delayed until the Council could consider a position in the Street Department in the 2006/2007 Budget. City Manager Parker stated that there had been an increase in the cost of the sweeper since the original request. City Manager Parker explained that an additional eleven thousand eight hundred sixty-three dollars (\$11,863) would be required to be transferred from the General Fund Balance to allow the purchase of the equipment. City Manager Parker added that purchasing the street sweeper at this time would help avoid some of the emissions programs that would go into effect in the coming year and would more than likely save the City of Lufkin money. City Manager Parker stated that Staff recommended that Council authorize the Resolution for the Budget Amendment and allows Staff to purchase the street sweeper.

There were questions and discussion among the Mayor and City Council Members concerning the street sweeper and its hours of operation.

Councilmember Lynn Torres moved to approve the Resolution authorizing an amendment to the 2005/2006 Operating Budget (Budget Amendment No. 32), providing for the supplemental appropriation of funds in the General and Equipment Amortization and Replacement Funds; and providing an effective date and approve a bid for the purchase of a Tymco 600 Sweeper for the Street Department. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

9. PROJECT NOS. 9 & 14 - APPROVED - OF THE ASBESTOS WATERLINE REPLACEMENT PROJECTS

Mayor Jack Gorden stated that the next item for consideration was accepting Project Nos. 9 & 14 of the Asbestos Waterline Replacement Projects. City Manager Paul Parker stated that the Asbestos Waterline Replacement Project Nos. 9 and 14 were completed. City Manager Parker added that the original contract was one million two hundred eighty-six thousand four hundred twelve dollars and fifty-five cents (\$1,286,412.55). City Manager Parker stated that there was a change order of twenty-six thousand eight hundred sixty-

nine dollars and twenty-four cents (\$26,869.24), revising the contract to one million three hundred thirteen thousand two hundred eighty-one dollars and seventy-nine cents (\$1,313,281.79). City Manager Parker stated that the project had been installed and approved by the City's Inspection Department and added that Staff recommended that Council accept the completion of Asbestos Waterline Replacement Project Nos. 9 and 14 and authorize the final payments for the project.

Councilmember Rufus Duncan moved to approve Project Nos. 9 & 14 of the Asbestos Waterline Replacement Projects. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

10. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2005/2006 OPERATING BUDGET (BUDGET AMENDMENT NO. 33), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE WATER/WASTEWATER RENEWAL AND REPLACEMENT FUND; AND PROVIDING AN EFFECTIVE DATE AND AUTHORIZING AN EMERGENCY CONTRACT WITH LAYNE CHRISTENSON COMPANY IN THE AMOUNT OF \$140,586 FOR WELL AND PUMP REPAIRS FOR CITY OF LUFKIN WATER WELL NO. 5

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an amendment to the 2005/2006 Operating Budget (Budget Amendment No. 33), providing for the supplemental appropriation of funds in the Water/Wastewater Renewal and Replacement Fund; and providing an effective date and authorizing an emergency contract with Layne Christenson Company in the amount of one hundred forty thousand five hundred eighty-six dollars (\$140,586) for well and pump repairs for City of Lufkin Water Well No. 5. City Manager Paul Parker stated that the City of Lufkin had experienced many problems with water wells during the current year. City Manager Parker added that Water Well No. 5 had a damaged motor and had a piece of the motor that fell into the well system. City Manager Parker explained that as Staff was fishing the motor out and using a television camera to observe the extent of the damage a screen, it became apparent that the screen was almost entirely plugged. City Manager Parker stated that there was approximately one hundred ten feet (110') of screen to allow the water to enter the well. City Manager Parker explained that Layne Christensen Company recommended that the ten inch (10") diameter screen be slip-lined with an eight inch (8") diameter stainless steel screen and then acid wash the old screen to remove built up deposits. City Manager Parker stated that if the old screen was acid washed there was the potential of deterioration and there would be a well failure. City Manager Parker stated that the repairs would require an emergency contract with Layne Christensen Company and foregoing the formal bid process. City Manager Parker stated that the total cost was one hundred forty thousand five hundred eighty-six dollars (\$140,586) which would be charged to the Water/Wastewater Renewal and Replacement Fund. City Manager Parker added that the repairs would take approximately five (5) to six (6) weeks. City Manager Parker stated that Staff's fear was that another well failure could cause severe problems. City Manager Parker added that Staff recommended that Council approve Budget Amendment No. 33 and authorize, under emergency bid requirements, the bid to Layne Christensen Company in the amount of one hundred forty thousand five hundred eighty-six dollars (\$140,586).

There was discussion among the Staff, Mayor and City Council Members concerning the water well.

Councilmember R. L. Kuykendall moved to approve the Resolution authorizing an amendment to the 2005/2006 Operating Budget (Budget Amendment No. 33), providing for the supplemental appropriation of funds in the Water/Wastewater Renewal and Replacement Fund; and providing an effective date and authorizing an emergency contract with Layne Christenson Company in the amount of one hundred forty thousand five hundred eighty-six dollars (\$140,586) for well and pump repairs for City of Lufkin Water Well No. 5. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

11. Mayor Jack Gorden stated that the next item for consideration was a report from Paul Parker, City Manager. City Manager Paul Parker stated that he would highlight the Financial Status Report and the Project Status Report and answer any questions that the Council had regarding the reports. City Manager Parker stated that the General Revenue Fund seemed to be going well at the end of July and added that there were only two (2) months left in the fiscal year. City Manager Parker added that the only exception was the Sales and Use Tax had three (3) months left in the fiscal year. City Manager Parker stated that the revenue collections were in good shape and the expenditures were below the expected projections other than a couple of areas in non-department and Fleet where there were changes made during the current year.

City Manager Parker stated that in the Water/Wastewater Fund the City was at eighty percent (80%) of revenues with an expected increase of revenue during the next two (2) summer months, especially if the weather continues to be hot and dry. City Manager Parker added that on Monday, August 14, 2006, the City pumped approximately thirteen point five (13.5) million gallons of water. City Manager Parker stated that the revenues were almost precisely as Staff had projected. City Manager Parker stated that expenditures were being held down and working capital appeared to be in good shape and the revenues appeared to be right on target.

City Manager Parker stated that the Solid Waste and Recycling Fund was close to the projections for this fiscal year and expenditures were also as projected. City Manager Parker added that both revenues and expenditures should come in as anticipated.

City Manager Parker stated that the Hotel/Motel Fund had improved since the latest assessment. City Manager Parker added that since last year's hurricane, Staff was concerned that the fund would have a deficit, but the Fund has proved to be above what was anticipated. City Manager Parker explained that the expenditures were somewhat misleading due to some of the entities receiving funds being paid in advance.

City Manager Parker stated that the Recreation Fund is a "pass-through" fund in the Parks and Recreation Department.

City Manager Parker stated that the Zoo Building Fund was doing quite well. City Manager Parker added that the admissions were very close to projections with August and September usually being good months for admissions revenue. City Manager Parker added that expenditures were being held down in that area.

City Manager Parker stated that the Court Technology Fund was in good shape, as well as the Animal Control Fund and Animal Attic Fund. City Manager Parker added that the Economic Development Fund was the one eighth percent (1/8 %) of the Sale Tax and was doing quite well. City Manager Parker added that the expenditures would change in the next month due to the purchase of the land for the Industrial Park.

City Manager Parker stated that the remainder of the funds was the GO Debt Service Fund and the Group Health Insurance Fund. City Manager Parker added that Councilmember Langston had previously pointed out that the Health Insurance Committee was watching the fund carefully and the fund balance was currently stable. City Manager Parker explained that next year the fund could have an approximate eleven percent (11%) increase in costs. City Manager Parker stated that the Health Insurance Committee would be looking at the fund in the following year to consider infusion of revenue or reduction of services.

City Manager Parker stated that the Equipment Amortization Fund was basically the revenue side and added that the only expenditures currently incurred was the employment of Randy Innerarity as the Director.

City Manager Parker stated that from a revenue standpoint, the City of Lufkin is in good shape.

City Manager Parker stated that the Council had the Project Status Report in their packets and asked Assistant City Manager Keith Wright to update the Council on the progress of several projects. City Manager Parker stated that the first project was the Home Street Bridge Project.

Assistant City Manager Keith Wright stated that Staff was working on one half (½) of the street width at a time. Mr. Wright added that the box culverts had been installed and Staff had begun pouring the headwall. Mr. Wright stated that after the headwall was completed it would be back-filled and then a concrete cap would be poured over the structure. Mr. Wright explained that half of the street would be wider than it previously was. Mr. Wright stated that Staff hoped to open up that half by Wednesday, August 23, 2006, so that school buses could be driven over the structure.

City Manager Parker then asked Mr. Wright to update the Council on the Jones Park Spray Play Project.

Mr. Wright stated that Jones Park Spray Play was approximately ninety-nine percent (99%) complete. Mr. Wright added that Staff was waiting to get the electrical work and programming completed for the sequencing of the different features. Mr. Wright stated that the Spray Play Pad should open up at any time. City Manager Parker stated that Staff would email the Council when the Spray Play opens but Staff had decided to wait on a "Grand Opening" until the children could have a chance to enjoy the water feature during the remaining warm summer months.

City Manager Parker then asked Mr. Wright to update the Council on Whitehouse Phase III.

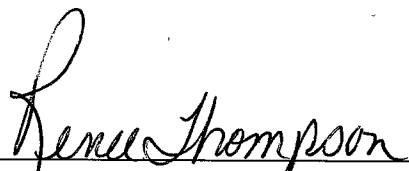
Mr. Wright stated that he had recently talked to Cheryl Flood with TXDOT. Mr. Wright added that the forty-five (45) day Federal limitation period would be up at the end of August 2006. Mr. Wright stated that the City should know something by then.

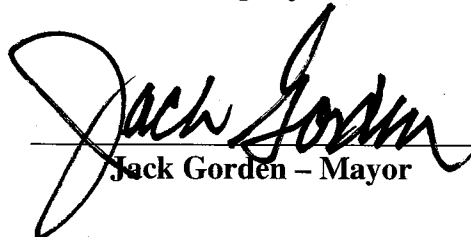
City Manager Parker then asked Mr. Wright to update the Council on Whitehouse Phase II.

Mr. Wright stated that the asphalt was completed on Whitehouse Phase II. Mr. Wright added that Staff was currently working on curbs and driveways and were trying to get set up for base material on Thursday, August 17, 2006. Mr. Wright stated that asphalt prices were going up and driving Staff to complete the project before it escalates. Mr. Wright added that the increasing cost would affect the Lotus Lane and the Whitehouse Phase III Projects.

12. City Manager Parker added that Council had their Calendar of Events. Mayor Gorden stated that earlier that day the Transit Building held their "Grand Opening" and added that for those who were unable to attend, the facility was a very nice addition to the community and downtown. Mayor Gorden added that the Transit Terminal would help the City of Lufkin move forward to attract businesses and individuals to the Lufkin area. City Secretary Renee Thompson reminded the Council of the Special Called Council Meeting that would be held on Tuesday, August 29, 2006 at 5:00 p.m.

13. There being no further business for consideration, the meeting adjourned at 5:42 p.m.


Renee Thompson – City Secretary


Jack Gorden – Mayor