

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF  
LUFKIN, TEXAS HELD ON THE 16<sup>th</sup> DAY OF AUGUST, 2005**

On the 16<sup>th</sup> day of August 2005, 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 Bronaugh	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
Jack Gorden, Jr.	Councilmember, Ward No. 5
Dennis Robertson	Councilmember, Ward No. 6
Paul L. Parker	City Manager
Renee Thompson	City Secretary
Robert Flournoy	City Attorney
Keith Wright	Asst. City Manager/Public Works
Kenneth Williams	Asst. City Manager/Administrative Services
David Koonce	Human Resource Director
Scott Marcotte	Asst. Police Chief
Pete Prewitt	Fire Chief
Dorothy Wilson	Director of Planning
Doug Wood	Finance Director
Jim Wehmeier	Economic Development Director
Barbara Thompson	Main Street Director
Belinda Southern	Finance Department
Jan Pigg	Human Resource Department
Diana Russell	Human Resource Department
Bill Cameron	City of Lufkin Webmaster
J. C. Burch	Pinecrest/Altersgate Trust
Mike Davis	Davis Insurance/Blue Cross and Blue Shield of Texas Rep.
Gip Friesen	Friesen-Strain Insurance Assoc., Inc.
Karen Robinson	Friesen-Strain Insurance Assoc., Inc.
Stephen Dorman	KSA Engineers, Inc.
Billy Sims	KSA Engineers, Inc.
Jack Jumper	
Joseph Collmorgan	

being present, when the following business was transacted:

1. The meeting was opened with prayer by Reverend Jim Powell, First Methodist Church.
2. Mayor Louis Bronaugh 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 2, 2005 were approved on a motion by Councilmember Lynn Torres, and seconded by Councilmember Rose Faine Boyd. A unanimous affirmative vote was recorded.

**OLD BUSINESS:**

4. **SECOND READING OF THE REQUEST OF GLORIA TORAN (AGENT) - APPROVED - ON BEHALF OF ROBBIE PELHAM (OWNER) TO CHANGE THE ZONING FROM "SMALL SINGLE-FAMILY DWELLING" TO "LIGHT MANUFACTURING" ON PROPERTY DESCRIBED AS BLOCK 1, LOT 1 AND 2 OF ANGELINA COUNTY LUMBER COMPANY AND MORE COMMONLY KNOWN AS 910 AND 912 THOMPSON STREET. THIS REQUEST WILL ALSO ENCOMPASS AMENDING THE FUTURE LAND USE MAP OF THE COMPREHENSIVE PLAN BY CHANGING THE DESIGNATION OF THE PROPERTY FROM "LOW DENSITY RESIDENTIAL" TO "INDUSTRIAL"**

Mayor Louis Bronaugh stated that the next item for consideration was the Second Reading of the request of Gloria Toran (Agent) on behalf of Robbie Pelham (Owner) to change the Zoning from "Small Single-Family Dwelling" to "Light Manufacturing" on property described as Block 1, Lot 1 and 2 of Angelina County Lumber Company and more commonly known as 910 and 912 Thompson Street. This request will also encompass amending the Future Land Use Map of the Comprehensive Plan by changing the designation of the property from "Low Density Residential" to "Industrial".

City Manager Paul Parker stated that since this is the Second Reading, Council is very familiar with the item. City Manager Parker added that this was recommended for approval by unanimous vote by the Planning and Zoning Commission. Mayor Bronaugh then asked if there was anyone in the audience that wished to speak for or against this Ordinance. There was none.

Councilmember Rose Faine Boyd moved to approve on Second Reading the request of Gloria Toran (Agent) on behalf of Robbie Pelham (Owner) to change the Zoning from "Small Single-Family Dwelling" to "Light Manufacturing" on property described as Block 1, Lot 1 and 2 of Angelina County Lumber Company and more commonly known as 910 and 912 Thompson Street. This request will also encompass amending the Future Land Use Map of the Comprehensive Plan by changing the designation of the property from "Low Density Residential" to "Industrial". Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

**5. SECOND READING OF THE REQUEST OF J. C. BURCH - APPROVED - OF PINECREST/ALTERSGATE TRUST AND MARK STRONG, ARCHITECT TO CHANGE THE ZONING OF 32.143 ACRES OF LAND DESCRIBED AS TRACT 43 OF THE J. L. QUINALTY SURVEY AND TRACTS 119 AND 120 OF THE J. A. BONTON SURVEY AND LOCATED NEAR MAGGIE STREET FROM "MEDIUM SINGLE-FAMILY DWELLING;" TO A "PLANNED UNIT DEVELOPMENT" (PUD)"**

Mayor Louis Bronaugh stated that the next item for consideration was the Second Reading of the request of J. C. Burch of Pinecrest/Altersgate Trust and Mark Strong, Architect to change the Zoning of 32.143 acres of land described as Tract 43 of the J. L. Quinalty Survey and Tracts 119 and 120 of the J. A. Bonton Survey and located near Maggie Street from "Medium Single-Family Dwelling;" to a "Planned Unit Development" (PUD)". City Manager Paul Parker stated that this was a Second Reading and recommended unanimously by the Planning and Zoning Commission for approval. Mayor Bronaugh then asked if there was anyone in the audience that wished to speak for or against this Ordinance. There was none.

Councilmember Jack Gorden moved to approve on Second Reading the request of J. C. Burch of Pinecrest/Altersgate Trust and Mark Strong, Architect to change the Zoning of 32.143 acres of land described as Tract 43 of the J. L. Quinalty Survey and Tracts 119 and 120 of the J. A. Bonton Survey and located near Maggie Street from "Medium Single-Family Dwelling;" to a "Planned Unit Development" (PUD)". Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

**6. SECOND READING OF A PETITION FOR ANNEXATION BY JOSEPH COLLMORGAN AND JACK J. JUMPER - APPROVED - ON APPROXIMATELY 12.307 ACRES OF LAND GENERALLY LOCATED ON THE NORTH SIDE OF ELLEN TROUT DRIVE NEAR KURTH DRIVE**

Mayor Louis Bronaugh stated that the next item for consideration was the Second Reading of the Petition for Annexation by Joseph Collmorgan and Jack J. Jumper on approximately 12.307 acres of land generally located on the north side of Ellen Trout Drive near Kurth Drive. City Manager Parker stated this was another unanimous recommendation from the Planning and Zoning Commission for annexation.

Councilmember Lynn Torres moved to approve on Second Reading the Petition for Annexation by Joseph Collmorgan and Jack J. Jumper on approximately 12.307 acres of land generally located on the north side of Ellen Trout Drive near Kurth Drive. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

**7. SECOND READING OF THE ORDINANCE AMENDING CHAPTER 51.111 OF THE CODE OF ORDINANCES OF THE CITY OF LUFKIN, TEXAS; - APPROVED - MAKING CERTAIN CHANGES IN THE SEWER RATES; REPEALING ALL ORDINANCES IN CONFLICT THEREWITH; AND PROVIDING AN EFFECTIVE DATE.**

Mayor Louis Bronaugh stated that the next item for consideration was the Second Reading of the Ordinance amending Chapter 51.111 of the Code of Ordinances of the City of Lufkin, Texas; making certain changes in the Sewer Rates; repealing all Ordinances in conflict therewith; and providing an effective date. City Manager Paul Parker stated this is the fourth year of the sewer rate analysis. City Manager Parker added that residential rates would increase from \$2.72 per thousand gallons to \$2.98, commercial rates would increase from \$3.00 per thousand gallons to \$3.30, and industrial rates are on a sliding scale, but the average increase would be approximately 6.25%. City Manager Parker noted that next year will be the last year for the increases and would only affect industrial. City Manager Parker added that Staff recommends approval of this Ordinance.

Councilmember Dennis Robertson moved to approve on Second Reading the Ordinance amending Chapter 51.111 of the Code of Ordinances of the City of Lufkin, Texas; making certain changes in the Sewer Rates; repealing all Ordinances in conflict therewith; and providing an effective date. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

## **NEW BUSINESS:**

- 8. FIRST READING OF THE REQUEST OF JACK J. JUMPER AND JOE COLLMORGAN - APPROVED - TO CHANGE THE ZONING ON 5.419 ACRES OF LAND DESCRIBED AS PARTS OF LOT 1 AND 2 OF THE JUMPER SUBDIVISION FROM "COMMERCIAL" TO "LIGHT MANUFACTURING". THIS REQUEST WILL ALSO ENCOMPASS AMENDING THE FUTURE LAND USE MAP OF THE COMPREHENSIVE PLAN BY CHANGING THE DESIGNATION OF THE PROPERTY FROM "COMMERCIAL" TO "INDUSTRIAL"**

Mayor Louis Bronaugh stated that the next item for consideration was the First Reading of the request of Jack J. Jumper and Joe Collmorgan to change the Zoning on 5.419 acres of land described as parts of Lot 1 and 2 of the Jumper Subdivision from "Commercial" to "Light Manufacturing". This request will also encompass amending the Future Land Use Map of the Comprehensive Plan by changing the designation of the property from "Commercial" to "Industrial". City Manager Paul Parker stated this property is adjacent to the property that Council just annexed. City Manager Parker stated that this Zone Change is requesting the property be zoned to "Industrial" and noted that the area is surrounded by industrial and manufacturing usage. City Manager Parker added that the Planning and Zoning Commission unanimously voted to recommend that the Future Land Use Plan be amended to change the designation of the property from "Commercial" to "Industrial" and to change the zoning from "Commercial" to "Light Manufacturing" be approved. Mayor Bronaugh then asked if there was anyone in the audience that wished to speak for or against this Ordinance. There was none.

Councilmember Jack Gorden moved to approve on First Reading the request of Jack J. Jumper and Joe Collmorgan to change the Zoning on 5.419 acres of land described as parts of Lot 1 and 2 of the Jumper Subdivision from "Commercial" to "Light Manufacturing". This request will also encompass amending the Future Land Use Map of the Comprehensive Plan by changing the designation of the property from "Commercial" to "Industrial". Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

- 9. FIRST READING OF APPROPRIATE ZONING AND FUTURE LAND USE CLASSIFICATION FOR APPROXIMATELY 12.307 ACRES OF LAND BEING CONSIDERED FOR ANNEXATION - APPROVED - AND GENERALLY LOCATED ON THE NORTH SIDE OF ELLEN TROUT DRIVE NEAR KURTH DRIVE**

Mayor Louis Bronaugh stated that the next item for consideration was the First Reading of the appropriate Zoning and Future Land Use classification for approximately 12.307 acres of land being considered for annexation and generally located on the north side of Ellen Trout Drive near Kurth Drive. City Manager Paul Parker stated that this was the property that Council just annexed and the applicant is requesting that this area be re-Zoned to "Light Manufacturing" and that Future Land Use be designated as "Industrial", as was just passed by Council on the property adjacent to this area. City Manager Parker added that the Planning and Zoning Commission unanimously recommended the Zone Change for approval.

Councilmember Lynn Torres moved to approve on First Reading the appropriate Zoning and Future Land Use classification for approximately 12.307 acres of land being considered for annexation and generally located on the north side of Ellen Trout Drive near Kurth Drive. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

- 10. AWARD OF BID AND MODIFICATION OF HEALTH BENEFITS - APPROVED - FOR HEALTH CARE MANAGEMENT SERVICES FOR THE CITY OF LUFKIN**

Mayor Louis Bronaugh stated that the next item for consideration was to award a bid and modify health benefits for health care management services for the City of Lufkin. City Manager Paul Parker stated that as indicated in the Council Packet, the City of Lufkin had a balance of \$2,693,072 in the year 2000 in the City's Health Trust Fund. City Manager Parker explained that if projections are correct, the City would have an ending balance in this year's Health Trust Fund of \$350,000. City Manager Parker added that obviously over the past five years the Fund Balance has decreased quite rapidly as health charges have gone up, the cost of health has increased, and the number of claims have also risen during this time and impacted the City's Health Insurance Fund. City Manager Parker explained that even though the City is self-insured, the City bids out the third party administrator, which is the insurance company that helps administrate our fund and assists the City in receiving discounts. City Manager Parker stated that this year Council decided to bid out the third party administrator because of the depletion of this fund.

City Manager Parker added that Council appointed a Committee that would include Councilmembers Kuykendall and Langston along with HIPPA Review Board of City Staff that includes Human Resource Director David Koonce, City Attorney Bob Flournoy, City Secretary Renee Thompson and City Manager Paul Parker. City Manager Parker explained that during the review this Committee looked at the City's existing health policies, benefits, and programs. City Manager Parker stated that the Committee made recommendations on how to make the fund more whole after reviewing the City's existing policies. City Manager Parker added that during the process the Committee went out

for bids for a Third Party Administrator and added several options for the bidders to offer proposals on.

City Manager Parker stated that the City received seven bids for the Third Party Administrator and added that there were two separate bids from Blue Cross from two different vendors. City Manager Parker explained that these vendors were Mike Davis from Lufkin and Charles Poland of Nacogdoches and both bids were identical in cost. City Manager Parker stated that on the surface, it would appear that the Texas Municipal League, giving a discount by joining partnership with Cigna and PHCS, would give the City a savings of 56.5% on the overall claims or discounts. City Manager Parker explained that TML did not have a signed contract with Cigna. City Manager Parker added that the City of Lufkin could not accept this bid because the numbers given to the City of Lufkin were based on a contract they did not have.

City Manager Parker stated that the next apparent low bidder was Cigna. City Manager Parker explained that Cigna also appears to be giving a 56.5% discount, but added that this figure is based on having very few doctors in the Lufkin and Nacogdoches area and does not include Woodland Heights Medical Center. City Manager Parker explained that many local doctors and Woodland Heights Medical Center would be out of network. City Manager Parker stated that this would eventually cost the plan more, as well as the limit the usage of the plan for some hospitals and some of the local doctors.

City Manager Parker stated that this brought the City to the best quote for the plan, which was from Blue Cross. City Manager Parker explained that the two bidders from Blue Cross were exact in numbers and added that the Committee recommended using Mike Davis, as he is a Lufkin based company. City Manager Parker stated that this proposal shows an anticipated savings of 53%. City Manager Parker added that this 53% savings, if approved, would calculate to approximately \$672,000 of savings based on the number of claims the City had last year, which was \$4.2 million dollars. City Manager Parker stated that additionally the plan modifications include recommending that the City change the individual deductible from \$500 to \$750, the family deductible would change from \$1500 to \$2250, and the Wellness Program would be dropped from the plan. City Manager Parker explained that the "out of pocket" expense would change from \$1000 to \$1500 per individual and the family "out of pocket" expense would change from \$3000 to \$4500. City Manager Parker added that emergency room visits would change to a \$100 per admission copay and physician visits would change from 20% to a rate of \$25. City Manager Parker stated that the Committee estimates these changes to generate another \$200,000 in savings. City Manager Parker added that the Committee is also recommending discontinuing the utilization of "Marketplace Ministries" to add another savings of \$36,708.

City Manager Parker stated that the savings from Blue Cross over our current carrier would come to \$672,000. City Manager Parker added that the changes in benefits would reap another \$200,000 and discontinuing the service of "Marketplace Ministries" would add another \$36,708. City Manager Parker stated that the total savings, by going with Blue Cross and making plan modifications, is \$908,708, which should help to get the plan on a more sound basis over the next few years. City Manager Parker stated that the recommendation from the Health Insurance Review Committee would be to award the Third Party Administrator bid to Mike Davis with Blue Cross and to make the plan modifications as outlined in the packet.

Councilmember Jack Gorden commented that it sounded like a lot of work went into this plan and should help get the City of Lufkin back on track.

Councilmember Dennis Robertson stated that most plans have a "Preferred Provider Network". Councilmember Robertson asked if the City of Lufkin had such a network. City Manager Paul Parker stated that this does include a network.

City Manager Parker added that one additional change in the Health Coverage would be to the retirees' health insurance plan. City Manager Parker stated that the law requires the City of Lufkin to offer retirees the same plan that is available to other employees in the City of Lufkin. City Manager Parker added that this plan would be available to retirees, but at a rate of \$600 per month instead of the \$200 per month that they have been paying. City Manager Parker explained that there would be a second option available to retirees for \$200 per month that would be a more catastrophic plan.

Human Resource Director David Koonce then explained that if an employee uses a non-preferred provider (doctor or hospital outside of the network), then the plan will drop to a 50% benefit. Councilmember Dennis Robertson noted that he understood most of the doctors in the Lufkin area are on the Blue Cross Plan. Davis Insurance Representative Mike Davis stated that Blue Cross has both hospitals and 100% of the doctors in Lufkin and has 79% of the hospitals and 89% of the doctors state-wide.

Councilmember Rose Faine Boyd asked Mr. Davis if the contracts with doctors were renewed annually. Mr. Davis stated that he believed that there is an annual review. City Manager Parker added that the City of Lufkin is contracting with Mr. Davis and Blue Cross for one year.

Councilmember Dennis Robertson moved to award a bid and modify health benefits for health care management services for the City of Lufkin. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

City Manager Parker pointed out that Marketplace Ministries had provided a letter to the City Council offering to continue their services to the City of Lufkin at no cost for a one year period. City Manager Parker added that Marketplace Ministries indicated that there may be funding for this service in the future through efforts of the people in the community.

**11. RESOLUTION AUTHORIZING THE SUBMISSION OF APPLICATION FOR ECONOMIC DEVELOPMENT FUNDS – APPROVED - THROUGH THE MAIN STREET PROGRAM, TEXAS CAPITAL FUND PROGRAM, INCLUDING MATCH COMMITMENT AMOUNT AND PROPOSED USE OF FUNDS**

Mayor Louis Bronaugh stated that the next item for consideration was a Resolution authorizing the submission of application for Economic Development Funds through the Main Street Program, Texas Capital Fund Program, including match commitment amount and proposed use of funds. City Manager Paul Parker stated that based on the Council's August 2<sup>nd</sup> action of identifying and designating right-of-way along South First Street from Burke Avenue to Jackson Avenue as an area of slum and blight, this item will allow Staff to apply for a grant in the amount of \$150,000 which includes the 15% match that would be required by the City. City Manager Parker explained that this work would include complete removal and replacement of sidewalks in the area and also allow the construction of new sidewalks where no sidewalks presently exist. City Manager Parker stated that if the grant is approved, a budget amendment would be brought back to the City Council to allocate the \$15,000 required matching funds. City Manager Parker added that Staff recommended that Council approve this Resolution.

Councilmember Dennis Robertson asked if Staff would cost the project out more precisely if the grant were approved. City Manager Parker stated that before completing the application, Engineering looked at the project and cut the size of the area from the original proposal. City Manager Parker added that Staff felt comfortable that the \$150,000 grant would be enough to complete the project in that area.

Assistant City Manager/Public Works Keith Wright stated that as part of the application process the City would have to provide a detailed cost breakdown analysis that would be sealed and sent with the application. Mr. Wright added that the project was scaled down in size from the original plans so that the grant would cover the cost of the project and still leave a contingency to complete the job.

Councilmember Don Langston asked if there were any known ancillary issues in this area. Mr. Wright stated that he was not aware of any at the time. Mr. Wright added that City staff will evaluate these issues and if any are uncovered, funds from the Water and Sewer Budget could be used to address them. Mr. Wright stated that he is not aware of any of these issues until staff is able to begin surveying and designing the project.

Councilmember Rose Faine Boyd moved to approve the Resolution authorizing the submission of application for Economic Development Funds through the Main Street Program, Texas Capital Fund Program, including match commitment amount and proposed use of funds. Councilmember Dennis Robertson seconded the motion. A unanimous affirmative vote was recorded.

**12. PUBLIC HEARING AND FIRST READING OF AN APPROPRIATIONS ORDINANCE – APPROVED - ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2005, AND ENDING SEPTEMBER 30, 2006**

Mayor Louis Bronaugh stated that the next item for consideration was to hold a public hearing and consider on First Reading an Appropriations Ordinance adopting a Budget for the Fiscal Year beginning October 1, 2005, and ending September 30, 2006. City Manager Paul Parker stated that the Combined Funds Summary Revenues would be \$48,597,754 and the Combined Funds Summary Expenditures would be \$51,342,117. City Manager Parker added that the basic difference in expenditures over revenues would be budgeting the reserve for the Service Center. City Manager Parker explained that the figures are broken down for Council on the attachments. City Manager Parker added that included in the packet information is the City Manager's Memorandum highlighting the major expenditures in the budget. City Manager Parker stated that this year's budget is based on a Sales Tax projection for next year of 3.5%. City Manager Parker added that when the budget was in the planning stages, staff thought that this was a conservative estimate, but may now be more realistic as gas prices continue to rise. City Manager Parker stated that the City is also looking at an Ad Val Orem tax increase of 5.4%. City Manager Parker added that the difference in the effective tax rate and the proposed tax rate is based on a 97% collection ratio. City Manager Parker

stated that this 97% would generate approximately \$513,213. City Manager Parker stated that most of this money was in the initial budget projections, but the balance had allowed Staff to bring to Council a balanced budget. City Manager Parker reminded Council that when this budget was first submitted, it appeared to be a deficit budget, and now would be a balanced budget.

Mayor Bronaugh then opened the Public Hearing at 5:33 p.m. concerning the adoption of the 2006 Operating Budget. Mayor Bronaugh then asked the audience for comments or anyone wishing to speak about the adoption of the 2006 Operating Budget. Mayor Bronaugh again asked those attending the Council Meeting if there was anyone who wanted to speak concerning the 2006 Operating Budget. Mayor Bronaugh then closed the Public Hearing at 5:34 p.m.

Councilmember Jack Gorden moved to approve on First Reading an Appropriations Ordinance adopting a Budget for the Fiscal Year beginning October 1, 2005, and ending September 30, 2006. Councilmember Lynn Torres seconded the motion. A unanimous affirmative vote was recorded.

**13. PUBLIC HEARING AND FIRST READING OF AN ORDINANCE LEVYING TAXES FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF LUFKIN - APPROVED - AND PROVIDING FOR THE DEBT SERVICE FUND FOR THE FISCAL YEAR 2006 AND APPORTIONING EACH LEVY FOR THE SPECIFIC PURPOSE**

Mayor Louis Bronaugh stated that the next item for consideration was to hold a public hearing and consider on First Reading an Ordinance levying taxes for the use and support of the Municipal Government of the City of Lufkin and providing for the Debt Service Fund for the Fiscal Year 2006 and apportioning each levy for the specific purpose. Mayor Bronaugh then announced that the Second Public Hearing would be held on Tuesday, August 30, 2005, at 12:00 noon in Room 102 (Council Chambers) in the Lufkin City Hall. Mayor Bronaugh also announced that the Lufkin City Council would meet to vote on the proposed tax rate on Tuesday, September 6, 2005, at 5:00 p.m. in Room 102 (Council Chambers) in the Lufkin City Hall.

Mayor Bronaugh then opened the Public Hearing at 5:36 p.m. concerning the Ordinance levying taxes for the use and support of the Municipal Government of the City of Lufkin and providing for the Debt Service Fund for the Fiscal Year 2006 and apportioning each levy for the specific purpose. Mayor Bronaugh then asked the audience for comments or anyone wishing to speak about the Ordinance levying taxes. Mayor Bronaugh again asked those attending the Council Meeting if there was anyone who wanted to speak concerning the Ordinance levying taxes. Mayor Bronaugh then closed the Public Hearing at 5:37 p.m.

City Manager Parker reminded Council that on the adoption of the effective tax rate, the exact language was set for the motion by the legislature this year and would have to be used in the motion.

Councilmember Dennis Robertson asked the City Manager to explain why the Truth in Taxation stated that the City would be increasing taxes this year while the tax rate would be the same as last year. City Manager Parker explained that the tax rate for the past two years has been \$.5585 per \$100 valuation. City Manager Parker added that Council is not proposing to increase the tax rate for the City of Lufkin. City Manager Parker stated that however, that same tax rate would generate more revenue due to the re-evaluation of properties in the area. City Manager Parker emphasized that property taxes would increase revenue, but the rate would not increase. City Manager Parker explained that some property taxes would actually go down as this was the first year for the Senior Freeze to be in effect.

Councilmember Dennis Robertson moved that property taxes be increased by the adoption of a tax rate of \$.5585 per \$100 valuation. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

**14. ENGINEERING CONTRACT - APPROVED - FOR AN ENVIRONMENTAL ASSESSMENT STUDY AT SAM RAYBURN RESERVOIR**

Mayor Louis Bronaugh stated that the next item for consideration was an engineering contract for an environmental assessment study at Sam Rayburn Reservoir. City Manager Paul Parker stated that several years ago the City Council approved \$1,000,000 of expenditures to acquire permits, complete required environmental assessments, and purchase land and easements to allow the City of Lufkin to utilize surface water rights at Sam Rayburn Reservoir. City Manager Parker added that Staff is requesting that Council consider the final contract to KSA Engineers in the amount of \$63,000 to perform work for the environmental assessments, obtaining permits, and preparing easements. City Manager Parker then asked Assistant City Manager/Public Works and City Engineer Keith Wright to give the status of the other contracts, as well as projected future plans for the water.

Mr. Wright stated that the original surface water study contract has been completed. Mr. Wright added that following up on the recommendations of that study, Council approved a \$1,000,000 budget to purchase the property for the Water Plant, which has been completed. Mr. Wright explained that this money is also to lay out the easements for the pipeline right-of-way, to obtain permits for

crossing US Forest Service property, to obtain permits for putting the intake structure within the lake, and crossing the park property near Cassells Boykin Park. Mr. Wright stated that two contracts are on-going; one contract being with Goodwin Lasiter to prepare easements and evaluate the right-of-way ownership maps. Mr. Wright stated that the other contract is with Everett Griffith and Associates to do the same, but added that they also have an environmental assessment that they are performing on US Forest Service Property. Mr. Wright added that this final contract would be with KSA Engineers who would obtain permits to do an environmental assessment on US Army Corp of Engineers property to place a structure in the lake. Mr. Wright explained that this would bring the City to a point, that in a short period of time, Staff could prepare plans and specifications and implement the construction of a Water Plant without having to wait for permits, acquiring property, land or right-of-way, and getting things done in the future. Mr. Wright stated that the timing would depend on the demand and the economic development in the City of Lufkin. Mr. Wright added that on the highest day of consumption, the City pumped 14.3 million gallons. Mr. Wright stated that in June, the City of Lufkin had the capacity to pump approximately 17 million gallons per day. Mr. Wright added that a large industry moving into Lufkin could trigger the need to look at Rayburn surface water in a very short time period. Mr. Wright stated that based on the City of Lufkin's projected growth rate of 2% to 3%, the City is looking at the years 2010 or 2012 before the City would actually have a need for the surface water plant.

Councilmember Dennis Robertson asked Mr. Wright to put a time-line on the project. Councilmember Robertson suggested the date the project was started to the date when the City projected to complete the project. Mr. Wright explained that the City needs to prepare the plans and specifications and that would probably take one and one half (1 ½) years to complete. Mr. Wright stated that then the construction process would take place and would take approximately another one and one half (1 ½) years to complete. Mr. Wright stated that these could not be started until all of the land has been acquired. Mr. Wright explained that establishing a date for the this period would have to be done on projections by looking at the City's water usage each year, the growth rates the City is experiencing, and the number of connections the City is having each year. Mr. Wright explained that the City of Lufkin has been static for a few years and has not pushed the project, but added that now the City is beginning to see a trend in growth like the City had back in the late 1990s. Mr. Wright added that if that growth continues, the City would need to be looking at completing the project in 2010 or 2012. Mr. Wright stated that he would look at triggering the actual design for 2010. Mr. Wright explained that if the economy flattens out, the project would be pushed out in time, and if the economy continues to grow or an industry moves into the City, then the scale would move forward in time. Mr. Wright added that this would be something that Staff would have to monitor and then come back with a recommendation to Council to go forward to obtain the water to meet the needs of the citizens of Lufkin.

Councilmember Robertson stated that he suggests the City develop a critical path chart, that would explain the timeline and all of the facets of the project as it is completed. Mr. Wright stated that Staff had determined the largest obstacle in moving forward would be the permits and environmental assessments. Mr. Wright stated that once these are completed, the remainder of the project would be straightforward.

Councilmember Don Langston stated that his chief concern would be obtaining the easements. Councilmember Langston added that design could not be started until the easements are obtained. Councilmember Langston explained that it appears that the City is behind on getting these acquired. Councilmember Langston stated that only 50% of the process is completed, and the City has been working on it for several years, so it is imperative that this process moves quickly, along with the environmental issues.

Mr. Wright stated that the drive to move forward this year is from the amount of water that the City of Lufkin has been pumping. Mr. Wright explained that the City has been low in consumption for the past three (3) years and water revenues have been down. Mr. Wright added that Staff had not pushed the engineers to get this completed and now the City is pushing to obtain the easements. Mr. Wright stated that Staff did not have the urgency that they are beginning to feel now. Mr. Wright added that this is not that far out in the future and the easements need to be obtained. Mr. Wright stated that all of the property could be obtained in the next two years.

Councilmember Dennis Robertson stated that in Section A: Scope of Services, Section 1, Item B, it states: "Consult with Corp of Engineers in conjunction with the County as to the requirements to construct facilities in the park area and gain written authorization or denial of use." Councilmember Robertson stated that the term "denial of use" struck him as a strange statement and that he did not know that could be a possibility at this point in the process. Mr. Wright stated that the contract with the US Army Corp of Engineers allows the City to construct a facility on any of their land along the lake property. Mr. Wright added that they cannot deny the City use, but may restrict the impact of going through or on the park lands. Mr. Wright stated that is a concern because the City would like to go through part of a park area and may be why the County is mentioned. Mr. Wright added that the County now operates a park area on the lake and they have a master plan for the park and the City would have to coordinate with them. Mr. Wright explained that the City is looking at one building,

that will be very low profile, located in the park. Mr. Wright stated that the actual intake structure would all be underground. Mr. Wright added that the piping back to the plant would also be underground. Mr. Wright stated that he believed that the County would have a hard time denying use to the City base on the contract.

Councilmember Langston reiterated that he considers it to be imperative that the City get the easement acquisition completed and would like to see the City get after that project post-haste.

Councilmember Dennis Robertson moved to approve the engineering contract with KSA Engineers, Inc. for an environmental assessment study at Sam Rayburn Reservoir. Councilmember Jack Gorden seconded the motion. A unanimous affirmative vote was recorded.

**15. CONTRACT FOR A SEWER ODOR ANALYSIS IN THE KELTY'S AREA AND A RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2004/2005 OPERATING BUDGET (BUDGET AMENDMENT NO. 22), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE WATER/WASTEWATER FUND; AND PROVIDING AN EFFECTIVE DATE**

Mayor Louis Bronaugh stated that the next item for consideration was a contract for a sewer odor analysis in the Kelty's area and a Resolution authorizing an amendment to the 2004/2005 Operating Budget (Budget Amendment No. 22), providing for the supplemental appropriation of funds in the Water/Wastewater Fund; and providing an effective date. City Manager Parker stated during the last year Staff has looked at the Kelty's area odor problem and has tried several solutions. City Manager Parker added that the City added aeration to the area, tried injecting chlorine, added water to flush the area, and flushed "Dawn" dishwashing liquid in huge barrels in the line. City Manager Parker stated that none of these efforts were satisfactory and the City has not been able to solve the problem. City Manager Parker stated that Staff is recommending that Council allows an amendment to the budget that will allow the City to enter into a contract with Alan Plumber and Associates, Inc., who specializes in odor detection and analysis. City Manager Parker explained that APAI will rent and purchase equipment to test the inflow to determine what is causing the odor. City Manager Parker stated that it could be food by-products, someone dumping illegal sewer, stagnant because of the lack of flow, or a number of other possibilities that has not been identified. City Manager Parker added that APAI would establish the cause of the odor, then come back with a solution.

City Manager Parker stated that the budget transfer would be for \$48,670, if approved and the contract with APAI would be in the amount of \$25,000. City Manager Parker stated that the balance of the funds would be utilized for the purchase and rental of the equipment to assist in conducting an analysis of the Kelty's sewer problem.

Assistant City Manager/Public Works Keith Wright stated that this would be a six (6) week area of testing that would be testing at multiple points. Mr. Wright added that the source of the odor is coming from the Ellen Trout lift station, which has a force main of approximately 1.7 miles that dumps in the Kelty's area. Mr. Wright stated that the City has had odor complaints in the Kelty's area, Lotus Lane, and Gaslight areas. Mr. Wright added that the City has added bacteria that were supposed to attack the sulfides and odor causing surfactants that are in sewer. Mr. Wright stated that this seemed to work for awhile but then became ineffective. Mr. Wright explained that the City put up vents to vent out the odor and are now at the point that Staff is out of ideas. Mr. Wright stated that APAI has specialists that have dealt with odor on many occasions. Mr. Wright added that when talking to APAI, they mentioned testing equipment that he had never heard of for different levels and types of sulfides. Mr. Wright stated that he thinks that APAI can give the City a treatment process or identify the point source of where the odor is coming from. Mr. Wright stated that Staff would like to purchase some of the equipment to have in-house to do additional testing and monitor whatever treatment process is necessary.

Mayor Louis Bronaugh stated that the City has been working with the Kelty's community for the last fifteen years and that there are several residents of the Kelty's area in the audience. Mayor Bronaugh then called on Nancy Bledsoe to come to the microphone to address the City Council.

Nancy Bledsoe stated that she lives at 1859 Old Mill Road and that their property is in the middle of the Kelty's area. Ms. Bledsoe added that her husband, Alan Bledsoe, is the current President of the Kelty's Neighborhood Association and wanted to be in attendance at the Council meeting but was unable to attend. Ms. Bledsoe commended the City Council and the City of Lufkin for their efforts in the last few years to try to identify the odor and for the item before Council at this meeting. Ms. Bledsoe stated that on behalf of the Kelty's Neighborhood Association that she would like to say thank you for what she hoped that Council was about to do.

Councilmember Dennis Robertson stated that he is curious about whether the City has private residence lines that may be the problem or a break in the main line that is allowing the sewer to escape into the soil in a shallow area and causing some of the odor problems. Councilmember Robertson asked if APAI has the capability of testing these possibilities. Mr. Wright stated that APAI

could test all of that but that Staff had identified with preliminary testing that the odor is coming from the manholes and when the lift station kicks on. Mr. Wright explained that there is 1.7 miles of line from the lift station. Mr. Wright stated that sewer is either aerobic or anaerobic, which means that oxygen is either present or absent. Mr. Wright added that the City is getting anaerobic conditions. Mr. Wright stated that the reason all of the dissolved oxygen is being used and what is causing the biochemical oxygen demand, is what the City is going to try to figure out. Mr. Wright stated that the sewer is going into an anaerobic condition that results in the hydrogen sulfide and the rotten egg odor. Mr. Wright added that it is not localized, because if it were a service line, it would be localized and minor.

Councilmember Jack Gorden asked if it could have anything to do with the sewer flow. Councilmember Gorden asked if the amount of shifting of the soil in this area could affect the problem. Mr. Wright stated that many factors affect the problem. Mr. Wright added that temperatures, dissolved oxygen, flow rate, etc. all affect the problem. Mr. Wright stated that Staff observes the flow from the lift stations and that they have hour meters on them. Mr. Wright added that the Staff can see infiltration during a rainfall event and the impact it has on the sewer. Mr. Wright stated that one of the things requested would be a small weather station that would monitor rainfall so Staff can look at the affects of rainfall events on the odor.

Councilmember Don Langston asked if the City had used a camera in the lines. Mr. Wright stated that the City had not used a camera but added that most of the problem is in the actual force main that the City has limited access to. Mr. Wright alluded to City Manager Parker's earlier mention of using "Dawn" dishwashing liquid in the line. Mr. Wright explained that this rapidly attacks the grease build-up in the line and that Staff was hoping to strip the grease build-up to kill the possible bacteria growth that could be causing the odor. Mr. Wright added that none of the attempts were, however, successful. Mr. Wright added that APAI are very good at what they do, know their business, and that hopefully the City would get a good report and solution when they are finished.

Councilmember Jack Gorden asked the size of the force main. Mr. Wright stated that the force main is a sixteen inch (16") line that dumps into a twenty-one inch (21") gravity line. Mr. Wright stated that the City did replace one of the lines that was similar to this line. Mr. Wright explained that the Kit McConnico force main was very similar with the same pipe material. Mr. Wright stated that the City has looked at this line for replacement in the future and were basing it on the deterioration in the force main at the Kit McConnico lift station. Mr. Wright stated that they were installed at the same time and Staff feels the City has about the same age and condition of line. Mr. Wright added that Staff has not, at this time, identified any failures in the line.

Another resident of the area, Ms. Jean Audrey stated that she lives on McMullen Street. Ms. Audrey added that McMullen Street did not have an odor until the City replaced the pipes. Ms. Audrey stated that other areas had the problem for years but McMullen Street did not have the odor until the new pipes were installed.

Councilmember Lynn Torres moved to approve the contract for a sewer odor analysis in the Kelty's area to Alan Plumber and Associates and a approve the Resolution authorizing an amendment to the 2004/2005 Operating Budget (Budget Amendment No. 22), providing for the supplemental appropriation of funds in the Water/Wastewater Fund; and providing an effective date. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

16. Mayor Louis Bronaugh stated that the next item for consideration was a report from Paul Parker, City Manager. City Manager Paul Parker stated that Council was provided reports in the Council packet and that he would answer any questions that Council might have concerning the reports. City Manager Parker added that he did want to highlight that the City appears to be in good shape in meeting the Budget Revenues. City Manager Parker stated that Sales Tax also appears to be doing well, due to the fact that Staff books October back. City Manager Parker added that Water Revenue should meet the anticipated projections as water usage has fluctuated during the summer months. City Manager Parker stated that he would answer any questions that Council had concerning any of the other funds. City Manager Parker added that the Hotel/Motel Fund would however, more than likely, be under the projected revenue budget. City Manager Parker explained that Staff did not have the results from the Hotel/Motel audit but expect a positive result from it. City Manager Parker stated that also included is the Project Status Report and that he would answer any questions that Council had concerning that report.

Councilmember Don Langston reiterated that the reports are extremely helpful and commended City Manager Parker for his good work in keeping Council informed. City Manager Parker stated that Staff does a lot of work updating the reports. City Manager Parker added that the reports are used by Staff as a guide and tracking device for projects.

Councilmember Langston asked if the City was running into problems procuring right-of-ways on the Whitehouse Phase II. Assistant City Manager/Public Works Keith Wright stated that the areas in question had been settled that week and a bid date had been set for early September, 2005.

Councilmember Langston asked if the City is redirecting the work in Crown Colony (Projects 12 & 13). Mr. Wright stated that there was a section of line where there was a gap in the line size on Hwy. 59 and the City had to obtain an easement across an apartment complex at the location. Mr. Wright added that he understood that the City had come to an agreement on this issue.

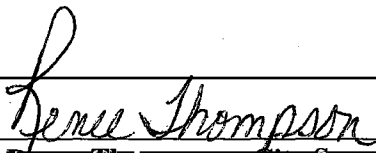
17. Mayor Louis Bronaugh recessed the Regular Session at 6:08 p.m. to enter into Executive Session.

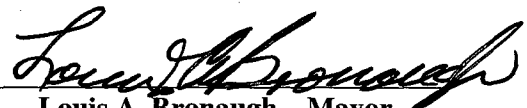
**EXECUTIVE SESSION:** In accordance with the Texas Government Code Section 551.071 (2) Consultation with City Attorney on any Regular Session Agenda item requiring confidential, attorney/client advices necessitated by the deliberation or discussion of said items (as needed), and real estate, appointment to boards and personnel may be discussed.

Mayor Louis Bronaugh reconvened the Regular Session at 6:35 p.m.

18. Mayor Louis Bronaugh stated that Council had received the Calendar of Events from City Secretary Renee Thompson. City Manager Paul Parker stated that the Deep East Texas Water Utility Association's Annual Dinner would be held on Thursday, August 18, 2005 at the Lufkin Pitser Garrison Civic Center and had invited the Mayor and City Council to attend this meeting and steak dinner. City Manager Parker also reminded Council to return the registration forms for the TML Conference to the City Secretary Renee Thompson. City Manager Parker added that there would be a Special Called Meeting of the City Council on August 30, 2005 at 12:00 noon and lunch would be provided. City Manager Parker also reminded Council that the Heritage Festival would be held on August 27, 2005 at the George H. Henderson, Jr. Exposition Center.

19. There being no further business for consideration, the meeting adjourned at 6:37 p.m.

  
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Renee Thompson – City Secretary

  
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Louis A. Bronaugh – Mayor