MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS HELD ON THE 15th DAY OF JULY, 2008.

On the 15th day of July, 2008, 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
Rufus Duncan	Councilmember, Ward No. 5
Phil Medford	Councilmember, Ward No. 6
Paul L. Parker	City Manager
Keith Wright	Assistant City Manager
Bob Flournoy	City Attorney
Renee Thompson	City Secretary
Larry Brazil	Police Chief
Scott Marcotte	Asst. Police Chief
Pete Prewitt	Fire Chief
Doug Wood	Finance Director
Dorothy Wilson	Planning Director
Steve Floyd	Solid Waste & Recycling Director
Don Hannabas	Parks & Leisure Services Director
Barbara Thompson	Main Street Director
Jim Wehmeier	Economic Development Director
Dale Allred	Inspection Services Director
Bill Cameron	City Webmaster
David Collier	Oncor Electric Delivery Company
Garland Picou	Mayor's Committee for People with Disabilities

being present, and

Lynn Torres	Councilmember, Ward No. 3
Don Langston	Councilmember, Ward No. 4

being absent, when the following business was transacted:

1. The meeting was opened with prayer by Pastor Mark Wilke, Carpenters Way Baptist Church.

2. Mayor Jack Gorden welcomed visitors present.

Mayor Gorden stated that the City of Lufkin was honored to have two (2) young people in the audience that were going to read essays they had written regarding citizenship. Mayor Gorden added that they were attendees of the Don Boyd Summer Youth Camp, in which the City helped sponsor. Mayor Gorden stated that Lacey Chimney, President of the Youth Camp, was also present in the audience. Mayor Gorden also introduced Coach Shana Spells, who worked with the students. Mayor Gorden explained that the Youth Camp held a contest in which the students wrote essays about citizenship. Mayor Gorden added that Mayor Pro Tem Rose Faine Boyd and City Manager Paul Parker assisted in judging the competition. Mayor Gorden stated that the first and second place winners were present to read their essays. Mayor Gorden then introduced Troy Allen who won second place in the essay contest. Troy Allen then read his essay concerning citizenship. Mayor Gorden then introduced the first place winner, CeeJae Malina. CeeJae Malina then read her essay regarding citizenship. Mayor Gorden then recognized third place winner, Alexus Hood, and fourth place winner, Kayla Lee. Mayor Gorden stated that it was an honor to have all of the students, and workers with the Don Boyd Summer Youth Camp present at the Council Meeting. Mayor Gorden pointed out that it was the fifteenth (15th) year of the Camp, and added that it was a wonderful program for the City. Mayor Gorden added that he heard great things from the parents that were involved in the program, and that the community was proud of the Camp's accomplishments.

Mayor Pro Tem Rose Boyd stated that she appreciated that the Camp was still taking place and hoped that it would continue for a long time. Mayor Pro Tem Boyd added that the Camp was helping many children in the community.

Lacey Chimney stated that the success of the Camp was due in large, from the support of the City of Lufkin. Mayor Gorden then asked Mr. Chimney to pass on to his group that the City appreciated the hard work put forth at the Camp and throughout the year.

3. **APPROVAL OF MINUTES**

Minutes of the Regular Meeting of July 1, 2008, were approved on a motion by Councilmember Rose Faine Boyd, and seconded by Councilmember Rufus Duncan. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. **PUBLIC HEARING AND SECOND READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE CITY OF LUFKIN, TEXAS – APPROVED - BY GRANTING A ZONE CHANGE ON A CERTAIN TRACT OR PARCEL OF LAND WITHIN THE CORPORATE LIMITS OF THE CITY OF LUFKIN, TEXAS, DESCRIBED AS BLOCK 8, LOT 2 OF THE WOODLAND HEIGHTS ADDITION, MORE COMMONLY KNOWN AS 618 WEST FRANK 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 of the City of Lufkin, Texas by granting a Zone Change on a certain tract or parcel of land within the corporate limits of the City of Lufkin, Texas, described as Block 8, Lot 2 of the Woodland Heights Addition, more commonly known as 618 West Frank 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 a request to change the zoning from "Residential Medium Single Family Dwelling" to "Commercial". City Manager Parker added that the projected use of the property was a physician's office and clinic. City Manager Parker stated that the Planning and Zoning Commission and City Staff were recommending the Council approve the zone change.

Mayor Gorden opened the Public Hearing at 5:15 p.m. and asked anyone who wished to speak on the item to please step forward. There appearing to be no one who wished to speak, Mayor Gorden closed the Public Hearing at 5:16 p.m.

Councilmember Rufus Duncan moved to approve the Second Reading of the Ordinance amending the Zoning Ordinance of the City of Lufkin, Texas by granting a Zone Change on a certain tract or parcel of land within the corporate limits of the City of Lufkin, Texas, described as Block 8, Lot 2 of the Woodland Heights Addition, more commonly known as 618 West Frank Avenue and authorizing the City Planner to make such changes on the Official Map. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

5. **PUBLIC HEARING AND SECOND READING OF AN ORDINANCE AMENDING THE ZONING ORDINANCE 3368, - APPROVED - ARTICLE XXI SUPPLEMENTAL DEVELOPMENT REGULATIONS FOR SINGLE-FAMILY AND DUPLEX INDUSTRIALIZED HOUSING; REQUIRING SUCH HOUSING TO HAVE A VALUE EQUAL TO OR GREATER THAN THE MEDIAN TAXABLE VALUE OF EACH SINGLE-FAMILY DWELLING LOCATED WITHIN 500 FEET OF THE LOT ON WHICH THE INDUSTRIALIZED HOUSING IS PROPOSED TO BE LOCATED; REQUIRING EXTERIOR SIDING, ROOFING, ROOF PITCH, FOUNDATION, FASCIA AND FENESTRATION COMPATIBLE WITH THE SINGLE FAMILY DWELLINGS LOCATED WITHIN 500 FEET; REQUIRING BUILDING SETBACKS, SIDE AND REAR YARD SETBACKS, SUBDIVISION CONTROLS, SQUARE FOOTAGE, AND OTHER SITE REQUIREMENTS**

APPLICABLE TO SINGLE FAMILY DWELLINGS AND REQUIRING THAT SAID HOUSING BE SECURELY FIXED TO A PERMANENT FOUNDATION.

Mayor Jack Gorden stated that the next item for consideration was a Public Hearing and Second Reading of an Ordinance amending the Zoning Ordinance 3368, Article XXI Supplemental Development Regulations for single-family and duplex industrialized housing; requiring such housing to have a value equal to or greater than the median taxable value of each single-family dwelling located within 500 feet of the lot on which the industrialized housing is proposed to be located; requiring exterior siding, roofing, roof pitch, foundation, fascia and fenestration compatible with the single family dwellings located within 500 feet; requiring building setbacks, side and rear yard setbacks, subdivision controls, square footage, and other site requirements applicable to single family dwellings and requiring that said housing be securely fixed to a permanent foundation.

City Manager Paul Parker stated that the State Legislature was requiring municipalities to allow Industrialized Housing Code (IHC) constructed homes be considered on the same basis as homes built from the ground up or "stick built" homes. City Manager Parker added that the Ordinance was designed to give protection to areas in the City where the value of homes would be higher than IHC constructed homes.

Mayor Gorden stated that in the past, the City had tried to keep the industrialized homes in one (1) area. Mayor Gorden added that the State had preempted the City's ability to designate certain areas for the IHC homes. Mayor Gorden stated that the City of Lufkin was trying to protect the areas where the IHC homes would be placed, based on the valuation of the homes in that area. City Manager Parker added the Ordinance also included certain construction requirements to make the homes more compatible to the residential neighborhoods.

Mayor Gorden opened the Public Hearing at 5:17 p.m. and asked anyone who wished to speak on the item to please step forward. There appearing to be no one who wished to speak, Mayor Gorden closed the Public Hearing at 5:18 p.m.

Councilmember Phil Medford moved to approve the Second Reading of the Ordinance amending the Zoning Ordinance 3368, Article XXI Supplemental Development Regulations for single-family and duplex industrialized housing; requiring such housing to have a value equal to or greater than the median taxable value of each single-family dwelling located within 500 feet of the lot on which the industrialized housing is proposed to be located; requiring exterior siding, roofing, roof pitch, foundation, fascia and fenestration compatible with the single family dwellings located within 500 feet; requiring building setbacks, side and rear yard setbacks, subdivision controls, square footage, and other site requirements applicable to single family dwellings and requiring that said housing be securely fixed to a permanent foundation. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

NEW BUSINESS:

6. PRESENTATION TO GARLAND PICOU, OUTGOING CHAIRPERSON FOR THE MAYOR'S COMMITTEE FOR PEOPLE WITH DISABILITIES

Mayor Jack Gorden stated that the next item for consideration was a presentation to Garland Picou, outgoing Chairperson for the Mayor's Committee for People with Disabilities.

Mayor Gorden then requested that Mr. Garland Picou meet him at the front of the Council Chambers for the presentation. Mayor Gorden stated that in September of 1963, Garland Picou was hired as physical therapist for the treatment facility of the Angelina County Society for Crippled Children and Adults. Mayor Gorden added that Mr. Picou began forty (40) years of service to the disabled of East Texas. Mayor Gorden stated that Mr. Picou cared enough to share the truth with his patients and families, even when it hurt deeply. Mayor Gorden stated that Mr. Picou's vision always reached beyond present problems to future accomplishments. Mayor Gorden concluded that Mr. Picou worked hard and wore many hats, such as friend, physical therapist, Christian, husband, administrator, director, dog trainer, father, grandfather, and fisherman. Mayor Gorden added that this could not even begin to show our community's appreciation for what he had done. Mayor Gorden thanked Mr. Picou adding that he was a household name to many people in Angelina County.

Mayor Gorden stated that Mayor Louis Bronaugh had actually started the Mayor's Committee for People with Disabilities, and noted that the Committee had done so much good work for the Lufkin community by enabling disabled people better access to many of the commercial properties in Lufkin. Mayor Gorden then recognized those members of the committee in that were present in the audience and again thanked Garland Picou for all that he had done in the community.

7. **<u>RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS, - APPROVED - AUTHORIZING THE SUSPENSION OF PROPOSED RATES AND THE INTERVENTION IN THE PUBLIC UTILITY COMMISSION PROCEEDING INVOLVING THE REQUEST TO INCREASE ELECTRIC RATES OF ONCOR ELECTRIC DELIVERY COMPANY; AUTHORIZING PARTICIPATION IN A COALITION OF MUNICIPALITIES KNOWN AS THE ALLIANCE OF TXU/ONCOR CUSTOMERS ("ATOC"); PROVIDING FOR THE RETENTION OF EXPERTS; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT, AND SUCH OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT AND DECLARING AN EFFECTIVE DATE</u>**

Mayor Jack Gorden stated that the next item for consideration was the Resolution of the City Council of the City of Lufkin, Texas, authorizing the suspension of proposed rates and the intervention in the Public Utility Commission proceeding involving the request to increase electric rates of Oncor Electric Delivery Company; authorizing participation in a coalition of municipalities known as the Alliance of TXU/Oncor Customers ("ATOC"); providing for the retention of experts; finding that the meeting complies with the Open Meetings Act, and such other findings and provisions related to the subject and declaring an effective date.

Mayor Gorden added that David Collier, with Oncor was present at the meeting.

City Manager Paul Parker stated that the Public Utility Commission (PUC) required, through an agreement that was made several years ago, that by July 1, 2008, Oncor to file a rate case with the Public Utility Commission concerning delivery of electricity. City Manager Parker then turned the meeting over to David Collier, with Oncor.

David Collier, District Manager of Oncor approached the podium. Mr. Collier stated that Oncor filed a rate case on June 27, 2008, for two hundred seventy-five million dollars ($275,000,000) with all cities that had not given up original jurisdiction and the Public Utility Commission. Mr. Collier added that Oncor filed that case at the request of two (2) entities. Mr. Collier stated that those entities were the Coalition of Cities, with whom Oncor had a settlement agreement that Oncor would file by July 1, 2008, and the Public Utility Commission, who asked Oncor, after the sale of the company to TXU, to come in for a rate review. Mr. Collier stated that the Council had a copy of his presentation in each of their packets and indicated that he would not read the entire presentation. Mr. Collier added that there were a few highlights that he wanted to go over. Mr. Collier stated that Oncor was the poles and wires of the electricity delivery business. Mr. Collier added that in the past there were always generators and power plants and now they are no longer regulated. Mr. Collier explained that Oncor handled the poles and wires and those were the only regulated part in the electrical industry. Mr. Collier stated that there was the retailer that the public purchases their power from and sends their payment to each month. Mr. Collier stated that there are approximately seventy (70) plus retailers in the state of Texas. Mr. Collier stated that Oncor did not own or sell electricity. Mr. Collier added that Oncor only delivered the electricity. Mr. Collier stated that Oncor had a charge for delivery that was normally passed on by the retailers. Mr. Collier explained that Oncor had filed for an increase in the delivery charge. Mr. Collier stated that the cities and the Public Utility Commission had jurisdiction over Oncor's rates and operations. Mr. Collier explained that Oncor lived up to the agreement with the cities and the Public Utility Commission and had filed for a rate review. Mr. Collier added that Oncor had not had an increase since deregulation. Mr. Collier explained that the cost of operations had gone up quite a bit since 2001. Mr. Collier stated that the current request that Oncor filed would be approximately a 2.7% increase on an average thirteen hundred (1,300) kilowatt bill. Mr. Collier explained that Oncor took the average bill on their system that was approximately thirteen hundred (1,300) kilowatt hours used by a resident. Mr. Collier stated the average increase would be approximately five dollars and nine cents ($5.09) per month for the average increase in a residential customer. Mr. Collier stated that the Council would see a pie chart in the information provided to them. Mr. Collier stated that the pie chart represented the thirteen hundred (1,300) kilowatt hours. Mr. Collier explained that the delivery cost for the average customer was approximately twenty-one percent (21%) of their total bill. Mr. Collier stated the cost for delivery was the same for every retailer. Mr. Collier stated the Oncor charged the same delivery cost for each retailer. Mr. Collier added that also included in the packet was a bar chart that showed that Oncor's rates would be in line with all of the other wire companies. Mr. Collier explained that page six (6) of the information explained the need for the increase which covered operating expenses and capital investment. Mr. Collier added that page seven (7) of the information explained the major components of the requested increase. Mr. Collier explained that the components were depreciation, storm cost, and pension and post retirement benefits. Mr. Collier stated all of the major storms that had recently occurred had not been put into Oncor's rate base. Mr. Collier added that Oncor had eight (8) out of the ten (10) worst storms on Oncor's system since 2001. Mr. Collier stated that page eight (8) of the information explained the rate review support. Mr. Collier stated that he had filed a summary with City Manager Paul Parker and that the summary was available for review. Mr. Collier stated that he had asked City Manager Parker to consider denying the case and turning it over to the Public Utility Commission because Oncor had system wide rates. Mr. Collier stated that if the Council approved any portion between zero and one hundred percent (0%-100%), then Oncor would appeal it. Mr. Collier added that if the Council denied the Resolution, then Oncor would appeal that also. Mr. Collier stated that another option that the Council had was to suspend for ninety (90) days. Mr. Collier explained that at the end of the ninety (90) day period final action would have to be taken. Mr. Collier added that he would return to the Council at the end of the ninety (90) days to request the Council to take final action by either denying or approving the request. Mr. Collier stated that after the Council's action, Oncor would appeal the decision so that Lufkin would have the same rates as other communities in the area. Mr. Collier stated that the proposed changes would affect City rates and even franchise cost in the future if the City chose to change the franchise cost. Mr. Collier added that all proposed changes would be determined after the final ruling of the Public Utility Commission. Mr. Collier stated that he would be happy to answer any questions from the Mayor and Council.

Mayor Gorden stated that regardless of what happened with Oncor's request, the City of Lufkin considered Oncor as a partner with the City of Lufkin. City Manager Paul Parker stated that Mr. Collier had effectively outlined the rate increase and the rationale and reasons behind the increase. City Manager Parker stated that Staff recommended that the Council take the option to suspend for ninety (90) days and allow the City to join the Coalition of Cities that wanted to review the request. City Manager Parker added that the expenses of the review would be borne by the company in the review process and that the City of Lufkin would be out no additional capital outlay from City funds. City Manager Parker stated that expenses would eventually be incorporated into the overall rate. City Manager Parker stated that it appeared that everyone that was reviewing the request believed that there was some increase that Oncor would receive, due to the timing since their last increase. City Manager Parker questioned whether two hundred seventy-five million dollars ($275,000,000) was the right amount or was there a lesser amount that would be more acceptable. City Manager Parker explained that those were the things that would be reviewed by the City's consultants, as well as the Public Utility Commission, that would be the arbitrator who would hear and make the final determination. City Manager Parker stated that Staff recommended that the Council approve the Resolution suspending the rates for ninety (90) days and also authorize City Manager Parker to represent the City of Lufkin and serve on the Alliance of TXU/Oncor Customers (ATOC) steering committee that would review the proposed rate case from the City's standpoint.

Mayor Gorden stated that his understanding was that the City would authorize the law firm of Herrera & Boyle, PLLC to act on behalf of the City of Lufkin only after the ATOC steering committee gave approval to do so. City Manager Parker stated that was correct and that any formal action on behalf of the City of Lufkin would have to come back before the Council. City Manager Parker added that authorizing him to be on the ATOC steering committee would allow the City to be involved in the reviewing process and be in touch with the entire process. City Manager Parker stated that the agency could not do anything without first coming back to the City of Lufkin for authorization. City Manager Parker stated that at the end of ninety (90) days, Staff would return to the Council to either approve or deny the request.

Councilmember Rufus Duncan moved to approve the Resolution of the City Council of the City of Lufkin, Texas, authorizing the suspension of proposed rates and the intervention in the Public Utility Commission proceeding involving the request to increase electric rates of Oncor Electric Delivery Company; authorizing participation in a coalition of municipalities known as the Alliance of TXU/Oncor Customers ("ATOC"); providing for the retention of experts; finding that the meeting complies with the Open Meetings Act. and such other findings and provisions related to the subject and declaring an effective date. Councilmember Rose Faine Boyd seconded the motion. A unanimous affirmative vote was recorded.

8. **RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2007/2008 OPERATING BUDGET (BUDGET AMENDMENT NO. 31), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE GENERAL AND GENERAL CONSTRUCTION FUND; AND PROVIDING AN EFFECTIVE DATE**

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an amendment to the 2007/2008 Operating Budget (Budget Amendment No. 31) providing for the supplemental appropriation of funds in the General and General Construction Fund; and providing an effective date.

City Manager Paul Parker stated that at the recent Capital Improvement Project Planning Retreat one of the items that was presented was the Pines Theater. City Manager Parker explained that the theater needed to have its roof replaced and part of the front façade and store front renovated to improve its condition because of its rapid deterioration. City Manager Parker stated that Staff anticipated setting up a construction account in the amount of five hundred thousand dollars ($500,000) for the initial Pines Theater renovation, if the Council approved the Budget Amendment. City Manager Parker explained that the funds would also provide seed money to go to the philanthropic organizations in the community and the state for additional funding. City Manager Parker added that the City had some preliminary indications that funding was available from some organizations for the renovations. City Manager Parker stated that Staff recommended that Council approve the Budget Amendment as submitted.

Mayor Jack Gorden stated that he thought that it would be a great first step toward making the Pines Theater a viable part of the City of Lufkin and would be a great move by the Council.

Councilmember Rufus Duncan stated that he thought it would be a lot easier to ask for donations once the condition of the building was stabilized.

Councilmember Rufus Duncan moved to approve the Resolution authorizing an amendment to the 2007/2008 Operating Budget (Budget Amendment No. 31) providing for the supplemental appropriation of funds in the General and General Construction Fund; and providing an effective date. Councilmember R. L. Kuykendall seconded the motion. A unanimous affirmative vote was recorded.

9. **RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2007/2008 OPERATING BUDGET (BUDGET AMENDMENT NO. 32), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE SOLID WASTE/RECYCLING RENEWAL AND REPLACEMENT FUND; AND PROVIDING AN EFFECTIVE DATE.**

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an amendment to the 2007/2008 Operating Budget (Budget Amendment No. 32) providing for the supplemental appropriation of funds in the Solid Waste/Recycling Renewal and Replacement Fund; and providing an effective date.

City Manager Paul Parker stated that at the Capital Improvement Project Planning Retreat, the Staff and Council also discussed the possibility of the City entering into owning fuel farms, with one located at the Solid Waste Facility and the other at the Public Works Facility, to fuel the City's fleet. City Manager Parker added that the City presently purchased fuel through a contract with Brookshire Brothers/Polk Oil. City Manager Parker stated that they had provided excellent service to the City. City Manager Parker explained that this was a different way for the City to look at its fuel needs for the future. City Manager Parker stated that Staff had met with owners of the present contract and that they had given the City good pointers concerning the fuel system. City Manager Parker stated that the overall cost of building four (4) twelve thousand (12,000) gallon tanks, with one being gasoline and the other diesel at both locations and would be double walled steel above ground tanks, and would include electrical costs, concrete and other essential equipment would be approximately three hundred sixty thousand dollars ($360,000). City Manager Parker added that the annual life was expected to be a minimum of twenty (20) years. City Manager Parker explained that the pay back on the system, from an economic standpoint, would be approximately twelve (12) years. City Manager Parker stated that the payoff would be a rather long period of time. City Manager Parker added that over the twenty (20) years the payoff would be good, under the current circumstances. City Manager Parker added that no one could know what the price of fuel would be in six (6) or seven (7) years. City Manager Parker stated that having the fueling locations would put the City in a better position for the future to control its destiny. City Manager Parker added that it would also save on a lot of manpower needed to reconcile the financial reporting and would eliminate down time, and other small factors that added up to be a lot of savings over time. City Manager Parker stated that the City would go out for bids, and once the bids were received, Staff would have a better understanding of the total cost. City Manager Parker pointed out that the price of the fueling stations had escalated about twenty-five percent (25%) over the last year due to the increase in cost for steel. City Manager Parker added that if the City was ever going to initiate the fueling system that now would be the time to do it. City Manager Parker stated that it would give the City many advantages during emergency situations such as Hurricane Rita. City Manager added that during "Rita", Polk Oil did a wonderful job of assisting the City of Lufkin, and they were not even the City's provider at that time. City Manager Parker explained that Polk Oil kept the City's fleets fueled during the entire emergency situation. City Manager Parker added that the City wanting to operate fuel stations was no reflection on Polk Oil at all. City Manager Parker stated that Polk Oil had met with City Staff earlier that day in a supportive role and may be the provider of fuel in the bulk forms. City Manager Parker stated that from a pure economic standpoint, the payoff was several years in the future. City Manager Parker added that the savings, control, and having fuel at the City's disposal in emergency situations would be to the City's advantage to go forth. City Manager Parker stated that Staff recommended that Council approve the Budget Amendment to establish the funding of three hundred sixty thousand dollars ($360,000) for the purchase of a City fuel system.

Mayor Jack Gorden stated that considering only one (1) justification for the fuel system would not be enough to proceed, but when all justifications were put together, there was no question that the City needed to go forward with purchasing fuel stations.

Councilmember Rose Faine Boyd moved to approve the Resolution authorizing an amendment to the 2007/2008 Operating Budget (Budget Amendment No. 32) providing for the supplemental appropriation of funds in the Solid Waste/Recycling Renewal and Replacement Fund; and providing an effective date. Councilmember Phil Medford seconded the motion. A unanimous affirmative vote was recorded.

10. CITY MANAGER'S REPORT

Mayor Jack Gorden stated that the next item for consideration was the City Manager's Report.

City Manager Paul Parker stated that there were a couple of items to highlight on the Financial Report. City Manager Parker stated that the City's revenue estimates were on target. City Manager Parker added that sales tax had decreased some over the past couple of months, although the sales tax was up for the fiscal year. City Manager Parker stated that the decrease was indicative of the economy, with fuel costs escalating; people were spending more on fuel and food. City Manager Parker explained that both fuel and food were not subject to sales tax. City Manager Parker added that the City may have a period of relatively flat sales tax as citizens absorb the rising fuel and food costs. City Manager Parker stated that the remainder of the revenue in the General Fund appeared to be right on target.

City Manager Parker stated that the next revenue fundto bring to the attention of the Council was the Water/Wastewater Fund. City Manager Parker explained that revenue from water and sewer was below previous estimates. City Manager Parker stated that the year had been relatively wet, and timing of the rain was more of a factor than the rain amount. City Manager Parker stated that two (2) weeks of weather reaching about one hundred degrees (100 °) or higher could increase the revenue in this fund rather quickly. City Manager Parker added that if the Water/Wastewater continued the recent trend, the City would more than likely not make the projections in the water and sewer revenue fund. City Manager Parker pointed out that part of the decrease in the revenue was due to the "shut down" of the Con Agra Plant earlier in the year. City Manager Parker added that hopefully that plant would soon be back into production. City Manager Parker stated Pilgrim's Pride had also cut back on its production and the accumulative result had affected the water use in the City of Lufkin.

City Manager Parker stated that the other revenue accounts were in line, with nothing key to bring to the attention of the Council. City Manager Parker stated that overall, the City of Lufkin remained to be in very good financial shape. City Manager Parker asked the Council if there were any questions concerning the revenue report.

There being no questions, City Manager Parker stated that he would highlight some of the ongoing major projects. City Manager Parker then asked Assistant City Manager Keith Wright to assist with an update on the Whitehouse extension and any other projects that the Council might be getting inquiries on.

Assistant City Manager Keith Wright stated that the Whitehouse extension project was going very well. Assistant City Manager Wright added that Staff had originally estimated that the project would be completed by Thanksgiving, but now the project should be completed much earlier, as long as the weather continued to cooperate. Assistant City Manager Wright stated that the beams for the bridge should be delivered by the end of July and once the beams were installed the top surface could be put on the bridge. Assistant City Manager Wright added that the bridge could then be basically opened and operable.

Assistant City Manager Wright stated that the asphalt was completely down on the Lotus Lane Project. Assistant City Manager Wright added that the curb and gutters still had to be poured and then the next layer of asphalt would be laid. Assistant City Manager Wright stated that the project was coming along well.

Assistant City Manager Wright stated that Staff, along with the Engineering, Fire and Police Departments, had been meeting every Tuesday with TxDOT, concerning the Hwy 59 South Project's issues. Assistant City Manager Wright added that there had recently been a change in the job foreman but everything seemed to be going very well. Assistant City Manager Wright stated that all of the City's utility work had been completed with only clean up and pavement repair yet to be done. Assistant City Manager Wright stated that TxDOT was currently discussing the timing of the Tulane Bridge closure and City Staff had been expressing their concerns that the bridge be closed as short of amount of time as possible.

Mayor Gorden inquired about the approximate time frame for the Tulane Bridge closure. Assistant City Manager Wright stated that the initial estimate given to City Staff was eighteen (18) months. Assistant City Manager Wright added that the contractor felt that the time could be reduced, but the project was constantly changing so Staff was hoping that the contractor could at least hold true to the eighteen (18) month time period. Assistant City Manager Wright stated that would mean that the bridge would only be closed for one (1) Christmas holiday season. Mayor Gorden stated that citizens were commenting that if the projects were in Houston that they would take much less time to complete. Mayor Gorden asked if there was anything the City could do to reduce the amount of time the project would take. Assistant City Manager Wright stated that the contractor estimated fifteen (15) months to complete the project, but added that there were several factors involved. Assistant City Manager Wright explained that the contributing factors included the flyover or north bound bridge that would tie in to Loop 287, the elevations between the existing bridge and the flyover as it comes down to the loop, the embankment walls at each end of the bridge, and several other issues working to extend the time period. City Manager Paul Parker stated that one of the largest contributors was the moving of all of the present traffic onto the service road. City Manager Parker added that the bridge could be completed, but not operational, due to traffic on service roads. City Manager Parker explained that traffic going across the bridge would interfere with traffic flow. City Manager Parker added that TxDOT could actually have the bridge built but not open until all of the work below was completed. City Manager Parker stated that those factors contributed to the length of time for completion. Assistant City Manager Wright stated that Staff was working to minimize the time period so the bridge would be down no longer than necessary. Assistant City Manager Wright added that City Manager Parker was correct about the traffic using the service roads. Assistant City Manager Wright added that the bridge would not be open to traffic, even if it were completed. Assistant City Manager Wright stated that there were timing issues that needed to be coordinated to minimize the down time.

Assistant City Manager Wright stated that the Crown Colony Asbestos Pipe Replacement Project was nearing completion. Assistant City Manager Wright added that there was approximately nine hundred (900) feet on Augusta and eight hundred (800) feet on Walden Court left to be completed. Assistant City Manager Wright stated that clean up, pressure testing, and tie-ins of existing lines would finalize the work. Assistant City Manager Wright added that Staff had a few problems over the last weekend but those issues had been corrected.

City Manager Parker stated that the last item was a report from the Financial Committee that had met earlier that day. City Manager Parker added that the Financial Committee had met with Financial Consultant Dick Long to go over the financials and investments. City Manager Parker stated that Council had been given a handout regarding the City's investments. City Manager Parker explained that the City continued to do well in its investments. City Manager Parker added that in the City's total portfolio for the last quarter, the average yield was 3.89%, which was well above the current market. City Manager Parker stated that the City had invested in the Cedar's Program, which was a program where large investments that could be divided into smaller certificates of deposit and then placed in ten (10) different banks to ensure security. City Manager Parker stated that the Cedar Program offered a higher interest rate than was available locally or through other programs. City Manager Parker added that the Cedar Programs were doing well and overall the investments were paying off. City Manager Parker stated that the rolling six (6) month yield was over two percent (2%) and therefore the portfolio was looking good. Mayor Gorden stated that Dick Long continued to do a good job advising the City of Lufkin.

11. Mayor Jack Gorden stated that there would be no Executive Session that evening.

12. CALENDAR NOTATIONS FROM MAYOR, COUNCIL MEMBERS, AND CITY MANAGER

Mayor Gorden stated that the next item for consideration was the Calendar Notations. Mayor Gorden reminded the Council that on Friday, July 18, 2008, there would be a meeting of the I-69 Alliance in Nacogdoches and encouraged them to attend. Mayor Gorden added that the meeting was concerning the Port of Houston and how Lufkin could benefit from the growth in the Houston Port. City Manager Parker stated that most of the other meetings were noted on the calendar. City Manager Parker pointed out that the Undoing Racism Meeting would be held on July 21, 2008 and the Planning and Zoning Committee would meet on July 28, 2008 and the rest were routine monthly meetings. Mayor Gorden noted that lunch would be free at the I-69 Alliance Meeting.

13. There being no further business for consideration, the meeting adjourned at 5:37 p.m.

Jack Gorden

Jack Gorden, Mayor

Renee Thompson

Renee Thompson – City Secretary