

MINUTES OF CALLED MEETING OF THE CITY COMMISSION OF THE
CITY OF LUFKIN HELD ON THE 13TH DAY OF AUGUST, 1991 AT 6:30 P.M.

On the 13th day of August, 1991, the City Commission of the City of Lufkin, Texas, convened in a Called Meeting in the City Hall Council Chambers with the following members thereof, to-wit:

Louis A. Bronaugh	Mayor
Percy Simond, Jr.	Commissioner, Ward 1
Don Boyd	Commissioner, Ward 2
Bob Bowman	Commissioner, Ward 4
Jack Gorden	Commissioner, Ward 5
Paul Mayberry	Commissioner, Ward 6
C. G. Maclin	City Manager
Ron Wesch	Asst. City Mgr./Public Works
Darryl Mayfield	Asst. City Mgr./Finance
Atha Stokes	City Secretary
Rita Jenkins	Finance Director

being present, and

Danny Roper	Commissioner, Ward 3
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being absent when the following business was transacted.

1. Meeting was called to order by Mayor Bronaugh.

2. RESOLUTION - APPROVED - DISTRICT 11 OFFICE - STATE OF TEXAS
DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION

Mayor Bronaugh stated that the first item for consideration was Resolution in support of the continuance of the local District Office of the State of Texas Department of Highways and Public Transportation.

Mayor Bronaugh stated that John Sharp has made a recommendation to eliminate six (6) District Highway Offices in the State of Texas, and District 11 is being considered as part of the recommendation.

Mayor Bronaugh stated that he would be in Austin on Thursday to present the Resolution to Arnold Oliver who will be making the decision.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Bob Bowman that Resolution be approved as presented. A unanimous affirmative vote was recorded.

3. BUDGET REVIEW AND WORKSHOP

Mayor Bronaugh stated that the next item for consideration was a Budget Review and Workshop for 1991-92 fiscal year budget.

City Manager Maclin stated that preliminary budget packets had been delivered to the Commissioners on Friday with summaries of each fund with supporting documentation. City Manager Maclin stated that on Monday afternoon a draft proposal of the budget for Fiscal Year 1991-'92 was delivered to the Commissioners for consideration prior to this meeting. City Manager Maclin stated that he wanted to make a presentation that synthesizes the information in the three-ring binder for each fund (General Fund, Solid Waste Fund & Utility Fund) and highlights the items included in these funds, the revenue and expense aspects related to each of the funds. City Manager Maclin stated that staff is also proposing consideration for a tax increase.

City Manager Maclin complimented the City staff for their efforts in helping to prepare the budget.

City Manager Maclin stated that the budget proposes no new personnel with the exception of the Zoo, where at the Commission's direction, the new clerks for collection of the

entrance fee were included. City Manager Maclin stated that in last year's budget there was one position that was provided for through a DETCOG program, and this year it has been expanded to an Office Assistant 2 position under the new personnel format. City Manager Maclin stated that this position will be funded half through the Code Enforcement Office and half out of Building Inspection. City Manager Maclin stated that the City has recently received another DETCOG (JTPA) grant that will pay half of the wages for that employee for six months at minimum wage, after which time it would be the City's responsibility to make that position go to a full time status. City Manager Maclin stated that with the exception of that partial employee cost, there is no new employees proposed in this budget. City Manager Maclin stated that there were other considerations, some of which he felt were in the City's best interest, and would like to re-propose for consideration again next year. City Manager Maclin stated that staff started out with \$3.8 million worth of requests, and upon discovering what total revenues were available, found that there was not that much new revenue after the fixed costs were taken into account. City Manager Maclin stated that, in his opinion, the effort that was made through the Department Heads and the prioritization effort that was made by the City Commission was appropriate and was beneficial. City Manager Maclin stated that it is unfortunate that we will not be able to afford as many of the niceties that we would have liked to that were on the priority ranking sheets.

City Manager Maclin stated that he would like for the Commission to now look at the overall consideration of all three funds--General Fund, Utility Fund and starting October 1st, a Solid Waste Fund.

City Manager Maclin stated that for all three funds staff is proposing a 3% cost of living salary increase for all employees. City Manager Maclin stated that in discussion and review with the City Attorney and other legal input, it was determined according to Fair Labor Standards Act, that the method in which the City was paying a Christmas bonus was inappropriate and not in compliance. City Manager Maclin stated that as he visited with the Commissioners individually about this situation, the potential elimination of the Christmas bonus had strong negative employee morale implications. City Manager Maclin stated that the City Attorney clearly ruled that the method in which the City was paying the Christmas bonus needed to be altered and ultimately needed to be eliminated. City Manager Maclin stated that rather than eliminate the Christmas bonus "cold turkey", staff is proposing to take that money that previously was the Christmas bonus which is 25% of one month's salary or 2% of an employee's annual salary, and add that to the 3% cost of living and have a net result of a 5% increase. City Manager Maclin stated that this means that the employee will begin receiving what was formerly the Christmas bonus effective October 1 and will receive it throughout the year and will not lose the net effect of that money to their salary for fiscal year 1991-92. City Manager Maclin stated that this would be the last year that this money would be allocated in this format.

City Manager Maclin stated that the next thing that had significant impact on all funds was increased insurance costs, which is not unique to the City of Lufkin. City Manager Maclin stated that the City has a total increase of \$302,757--34.8% of the increase is in health insurance--18.3% of the increase is in Worker's Compensation, and 16.4% of the increase is in liability/auto insurance. City Manager Maclin stated that for the past six years the City's Worker's Compensation claims totaled \$2.3 million and premium totals \$1.9 million. City Manager Maclin stated that the DETSIF has paid out \$419,313 more in claims than the City has paid in premiums. City Manager Maclin stated that there is a \$110,000 increase for 1991-92. City Manager Maclin stated that during the six year period from 1985 to 1990, the Worker's Comp premium increased 315%--state wide during a 5-year period from 1986 to 1990, statistics show that Worker's Comp costs have went up 247%--which means that the

City is running about 87% above the statewide average. City Manager Maclin stated that these numbers are based on the insurance fund fiscal year which is July 1 - June 30.

City Manager Maclin stated that in the current fiscal year the City budgeted approximately \$112 per employee for health insurance. City Manager Maclin stated that in February because of the deficit in that fund, the contribution was increased out of the reserve insurance fund that goes back to the first year's sales tax, up to \$134 per employee per month. City Manager Maclin stated that he is now proposing that the contribution needs to be increased another \$16, up to \$150 per employee per month in order for the fund to remain healthy. City Manager Maclin stated that the fund is still in deficit, and since the increase in February, it has been a "flat" deficit. City Manager Maclin stated that by going from last year's allocation of \$112 per employee to \$150 will mean a \$162,917 increase or 35%.

City Manager Maclin stated that in liability auto insurance the City went with TML's bid back in May, increasing the deductibles from \$5,000 to \$10,000 but also increasing the limits coverage from \$500,00 to \$1 million. City Manager Maclin stated that there was a 16.3% increase in the liability/auto coverage (\$29,840). City Manager Maclin stated that the total increase for insurance coverage for the City was \$302,757. City Manager Maclin stated that staff is making significant efforts towards safety programs and hopefully will be presenting to the Commission by October 1 a safety program, safety handbook and new personnel policies and procedures that will all have the reduction and limitation of liability on the part of the City as a foremost thought. City Manager Maclin stated that the Worker's Comp Program will hopefully provide incentives for employees to be safe on the job.

City Manager Maclin stated that as we get closer to renewal of the health insurance, employee dependent contribution will be discussed, and statistics will be provided that show how much of the premium the employees are paying and how much the claim experience is reflected based on that premium and from that make a recommendation to the dependent coverage. City Manager Maclin stated that at this time, he will not be addressing dependent coverage because he is waiting to get some more claims experience so that at the end of the calendar year he will have more accurate updates.

City Manager Maclin stated that an advantage to the employees is that they will get retirement match on the 5% increase which they didn't get on the Christmas bonus.

City Manager Maclin stated that under revenue projections overall for the three funds, he is presenting a proposal that requests consideration for a 4.9 increase in the property tax rate from a current 36.82 to 43.52. City Manager Maclin stated that in water and sewer there will be an overall increase of 7% in utility rates for a minimum bill increase of 70 cents per month. City Manager Maclin stated that every consideration has been given to the senior citizen and the fixed income individual who traditionally has a low water consumption rate.

City Manager Maclin stated that there will be a significant increase in garbage rates to pay for increased landfill fees--the minimum bill increase would be \$1.61 per month.

City Manager Maclin stated that considerations for the General Fund include a budget proposal which represents a less than 2% increase overall excluding insurance and salaries. City Manager Maclin stated that if you take out the insurance and personnel costs, the general fund is only about a 2% increase, and the bottom line on all three funds is that water, sewer and garbage is where the bulk of the increase is. City Manager Maclin stated that the other most significant consideration of the General Fund is the lease purchase finance program. City Manager Maclin stated that included in the Commissioner's packet Friday was a

copy of the proposed items on the lease purchase finance program. City Manager Maclin stated that this is basically the priority ranking list that the Commissioners gave input on and reflect those items that had a 3.5 rating or higher. City Manager Maclin stated that this list includes equipment, computers, capital outlay items, and things that the Department Heads ranked very highly and things that as a general rule the Commissioners ranked very highly.

In response to question by Commissioner Bowman, City Manager Maclin stated that the Assistant City Manager of Finance provided the Commissioners with an overall plan that would address consolidation of the computer system and part of it has been implemented in this budget.

City Manager Maclin stated that he had put together a graph to show the history of property values in Lufkin from 1982 to 1991 from the certified tax roll. City Manager Maclin stated that the 1991 certified roll is \$816 million; 1990 was \$796 million--a net effect of \$63,000 in cash. City Manager Maclin stated that if you see the phenomenal growth in property values in the early '80's up to the mid-'80's it is a lot easier to balance a budget without a tax increase when you have that kind of spike going up in property values because you are obviously having significant increases in the values which produce new tax dollars. City Manager Maclin stated that in 1986 the values were a little flatter, the increases are nominal percent wise, and it is a lot tougher to budget in 1986 to 1991 than it was in 1980 to 1986. City Manager Maclin stated that the "dip" in 1986-1987 was probably the first time property values in Lufkin went down.

City Manager Maclin stated that some of the departmental consideration highlights were:

Police: Lease Purchase of Police Vehicles Program
Continued Narcotics Enforcement Program
911 Service Comes On-line

Fire/EMS: Remount of Med 2 Ambulance
New Rescue Truck
Haz Mat Level III Upgrade

Street: Chestnut Avenue Right-of-Way
Gradall Included in Capital Outlay
Continue Street Overlay Program at Current Level

Ellen Trout Zoo: New Entrance
New Restroom Facility
Concession/Gift Area
Admission Fee for Future Improvements
and Repairs

Park: Electrical Repairs on Houses at Winston and Chambers
Park
Replacement Tractors and Mowers
Replacement Pickup Truck

City Manager Maclin stated that budget graphs for General Fund reflect the General Fund expense by category for fiscal year 1991-92:

11.61%	General Government
48.66%	Public Safety
20.96%	Public Works
9.02%	Parks/Recreation & Zoo
6.66%	Debt Retirement
3.09%	Bad Debt/Contingency

The General Fund revenue sources by category for fiscal year 1991-92:

27.04%	Property Taxes
45.07%	Sales and Use Tax

6.08%	Charges for Services
10.22%	Franchise Fees/Street Rental
1.22%	License and Permits
7.25%	Miscellaneous Revenues
3.12%	Fines and Forfeits

City Manager Maclin gave a comparison of the tax increase on a home valued at \$75,000.

Per \$100 valuation:

Current City Rate - 0.3862	Total City Taxes	\$289.65
Proposed Rate - 0.4352		\$326.40
	Total Annual Increase	\$ 36.75

City Manager Maclin stated that items for consideration to be purchased with additional property tax revenues were:

Police Dept. - Lease payment on new vehicles	\$ 67,000
All Gen. Fund Depts. - Lease purchase capital items note*	\$ 200,000
General Government - Note payment to Expo Center (50%)	\$ 37,500
Total Expense	\$304,500

*City Manager Maclin stated that this would be an interest payment only in the first fiscal year of \$40,000 leaving a balance of \$160,000 for contingency.

City Manager Maclin gave a recap of the General Fund revenues:

- Need for additional revenues and Lease/Purchase Finance Plan
- Plan as suggested provides for Contingency of \$160,000
- Tax Rate still remains below average by comparison

City Manager Maclin stated that considerations for the Utility Fund were:

- Water Distribution Department:
Replacement of water lines on Chestnut and Paul
Replacement dump truck
- Sewer Distribution Department:
Repair of 24" sewer line behind Angelina Mall
Replacement backhoe
- Water Collection Department:
Purchase of hand held meter reading device for improved efficiency
- Water Pollution Control:
Final clarifier rehabilitation
Increased biomonitoring test fees and other EPA mandated testing programs performed by independent laboratories

City Manager Maclin stated that there are approximately \$62,000 in new tests that the City is required to do at the treatment plant. City Manager Maclin stated that there are a lot of things passed by the Congressional leadership in Washington, D. C. relating to clean air and clean water that have to be paid for at the local level.

In response to question by Commissioner Mayberry, City Manager Maclin stated that in this budget there is a \$276,650 increase in items related to EPA mandated requirements--things that have to be done at the treatment plant involving rehabilitation measures, improvement measures, operating procedures to meet the permitted standards by the EPA and Texas Water Commission.

City Manager Maclin stated that the Water Pollution Control Plant has gone from \$800,000 last year to \$1 million this year to \$1.4 million next year in order to meet the new EPA standards. City Manager Maclin stated that the City has a five-year permit and every time the permit is renewed the EPA adds new stricter standards.

City Manager Maclin stated that the next item for discussion was the proposed water and sewer rates for fiscal year 1991-92. City Manager Maclin stated that the residential rate, at the request and input of the Commission in previous workshops, was to provide a conservation incentive rate. City Manager Maclin stated that in the past the more water used the cheaper it was, and now the more you use it becomes more expensive. City Manager Maclin stated that the minimum rate on water goes from \$6.04 to \$6.25--a 21 cent increase. City Manager Maclin stated there was a net increase of 5% across the board until you get above 12,000 gallons and then there is a 12% increase.

City Manager Maclin stated that a handout sheet has been provided that shows the rates for all the different categories at different levels and what percent increase it would be.

City Manager Maclin stated that there is basically a 10% increase for sewer rates across the board.

City Manager Maclin stated that a survey of water and sewer rates with selected Texas cities has been provided (based on 6,000 gallons consumption). City Manager Maclin stated that the City of Lufkin is well below the average compared with these cities.

City Manager Maclin stated that the breakdown of water and sewer fund revenues by category for fiscal year 1991-92 is:

53.75%	Water
43.47%	Sewer
2.79%	Miscellaneous/Int. Rev.

Water and Sewer Fund expense by department for fiscal year 1991-92:

27.35%	Water Pollution Plant
15.64%	Water Production
12.11%	Water Distribution
13.00%	Sewer Distribution
7.53%	Water Collection Exp.
18.74%	Debt Retirement
5.64%	Bad Debt/Contingency

City Manager Maclin stated that the Utility Fund Revenues:

- Provides for needed increase in Water and Sewer Revenues
- Minimizes impact on low consumption users
- Implements a water conservation incentive rate
- Provides a contingency of \$100,294
- Utility rates by comparison remain below average

City Manager Maclin stated that the considerations for the Solid Waste Fund were:

- Formation of the Department as an Enterprise Fund
- Substantial increase in landfill disposal fees due to State Health Dept. and Sub-Title D regulations of EPA
- Increased recycling efforts

City Manager Maclin stated that solid waste revenues by customer category for fiscal year 1991-92 were:

51.55%	Residential
33.86%	Commercial dumpsters
4.99%	Commercial Min.
7.14%	Commercial Packer
2.47%	Commercial Roll Off

Solid Waste Department expenditures by category for fiscal year 1991-92 are:

77.40%	Sanitation
7.18%	Recycling

- 11.85% General Administration
- 3.57% Bad Debts/Contingency

City Manager Maclin stated that the next item for discussion was the Garbage Service Rate Survey. City Manager Maclin stated that rates for the City of Lufkin are definitely the lowest of East Texas cities with the exception of Nacogdoches who only has once a week service. City Manager Maclin stated that even with the proposed increase Lufkin is still well below the average.

City Manager Maclin stated that Solid Waste Revenues for the fiscal year budget:

- Provides needed increased revenues
- Provides for a depreciation line item
- Provides a contingency of \$63,920
- Rates by comparison remain below average

City Manager Maclin stated that Commission considerations are:

- Participation in lease purchase finance plan for capital items
- Changes, additions, deletions or corrections to the budget proposal
- And, to set a date for a Public Hearing on the budget and adopt a calendar for approval

City Manager Maclin stated that the budget calendar considerations were:

- August 20 - Agenda item: Consider establishment of tax rate, Public Hearing notice date, and other budget related matters.
- September 3 - Public Hearing to consider budget and tax rate and 1st Reading of Appropriations and Tax Levying Ordinances
- September 17 - Second Reading of Appropriations and Tax Levying Ordinances

In response to question by Commissioner Bowman, City Manager Maclin stated that the only new employee in General Fund is the part payment of the clerk in Code Enforcement and Building Inspection Departments (each department to pay half of the salary with a DETCOG grant paying half for the first six months). City Manager Maclin stated that there is a new employee in the Recycling Department, and a clerk at the Zoo, who will not be counted as one of the 350 employees.

City Manager Maclin stated that the City has 350 full time employees, 40 part time employees that have a full time equivalency of 15.75, for a full time equivalency of 365.75 employees.

Mayor Bronaugh stated that the City Manager had given credit to the staff for all the work they had done on the budget preparation, and he felt that the City Commissioners should also be commended for the time they spent in the preparation of the budget. Commissioner Mayberry suggested that the Commissioners write the Department Heads a letter commending them on the work they put in on the budget.

Commissioner Simond stated that he would personally like to applaud the City Manager and his staff for a very professional presentation of the budget. Commissioner Bowman commended the City Manager on an excellent presentation of the budget. Commissioner Gorden stated that he personally has more confidence as a member of the City Commission in this budget than other budgets since he has been on the Commission. Commissioner Mayberry stated that he would like to add that he feels especially good about the line item depreciation added in this year's budget.

City Manager Maclin stated that the intent of tonight's presentation is for a consensus of opinion as to what changes that might need to be made in the budget. City Manager Maclin stated that if there are no changes he would add the lease purchase finance program and other items that were discussed to this budget. City Manager Maclin stated that staff will now make the necessary changes in the proposed budget and provide these revised pages to the Commissioners.

4. There being no further business for consideration, meeting adjourned at 8:15 p.m.


Louis A. Bronaugh - Mayor

ATTEST:


Atha Stokes - City Secretary