# MINUTES OF CALLED MEETING OF THE CITY COMMISSION OF THE CITY OF LUFKIN, TEXAS, HELD ON THE 12TH DAY OF AUGUST, 1992 AT 5:00 P.M.

On the 12th day of August, 1992 the City Commission of the City of Lufkin, Texas, convened in regular meeting in the Council Chambers of City Hall with the following members thereof, to wit:

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| Louis A. Bronaugh | Mayor |
| Percy Simond | Commissioner, Ward No. 1 |
| Don Boyd | Commissioner, Ward No. 2 |
| Larry Kegler | Commissioner, Ward No. 3 |
| Bob Bowman | Commissioner, Ward No. 4 |
| Jack Gorden | Commissioner, Ward No. 5 |
| Tucker Weems | Commissioner, Ward No. 6 |

being present when the following business was transacted.

1. Meeting was opened by Mayor Louis Bronaugh.

2. **PRESENTATION OF PROPOSED BUDGET FOR FISCAL YEAR 1992-93**

City Manager Maclin stated that in his presentation he would basically touch on the highlights of the 1992-93 budget proposal. The Manager stated that at todays meeting he would like for the Commissioners to make any changes, corrections, or deletions to the budget so that these changes could be made prior to the Public Hearing meeting on August 18.

City Manager Maclin stated that this budget includes longevity pay for all fulltime employees in all three funds (General, Utility, and Solid Waste). City Manager Maclin stated that this is the only item in the priority ranking form that all the Commissioners ranked at the highest level.

City Manager Maclin stated that the Salary Classification Plan was another item that also ranked high enough to be included in the proposed budget. The Manager stated that this Plan will assist the City in both recruiting, as well as retaining, quality employees because it will give us a more competitive salary base for cities our size. The Manager stated that he wanted to point out that this budget does not include an across-the-board salary adjustment as far as a cost-of-living increase because of the expense for the longevity pay and the salary reclassification. The Manager stated that as a result of these two items, every employee will see some additional benefit to their pay. The Manager stated that staff is working hard to be as cost-cutting as possible, while improving efficiency, and doing everything possible to maintain a high quality of service to the citizens of the City of Lufkin in the most cost efficient, productive manner possible. The Manager stated that staff would continue to implement more of the right-sizing ideas that were discussed at the budget retreat.

City Manager Maclin stated that the first item for discussion is General Fund departmental considerations, starting with the Street Department. The Manager stated that the budget for the Street Department includes the lease purchase of two (2) new dump trucks; the repair/replacement of the bridge on Centrailia Street; and, to continue to maintain the street overlay program at the current level.

City Manager Maclin stated that in the Fire/EMS Department the budget includes the employment of three (3) additional firefighters, lease purchase of a new pumper engine, and a box-type ambulance (to replace the only type van ambulance that is currently in the fleet).

City Manager Maclin stated in the Police Department the budget includes the lease purchase of 11 new vehicles (this is Phase II of the program that was initiated last year where vehicles were purchased with the 100,000 mile extended warranty); and the salary realignment and adjustment for years of service. The Manager stated that this years plan only included compensation for five years, but next year a 6-10 year plan will be considered.

City Manager Maclin stated that staff has advertised for bids for the new entrance at the Ellen Trout Zoo. The Manager stated that the new entrance, the concession-gift area, and restroom facility will hopefully all be constructed within the next six months. The Zoo's budget also includes new uniforms and a new telephone system. The Manager stated that a check in the amount of $47,000 had been received from the TLL Temple Foundation for the new entrance and concession-gift area.

City Manager Maclin stated the Engineering Department budget includes two additional Auto-CAD computer systems, and the purchase of a map copier machine.

City Manager Maclin stated that overall in the General Fund, one of the priorities the Commission stated at the retreat was that they wanted a budget without a tax increase, and this budget does propose that the tax rate remainthe same at 43.52. The Manager stated that based on the City's increase in ad valorem property values, the effective tax rate would be 43.35, which is 2/10's of a cent less than the current rate (reflected primarily through new construction). The Manager stated that the tax roll increased approximately 1.7% in terms of ad valorem values in the City.

City Manager Maclin stated that there has been an increase in sales tax revenues over last year, and property values are holding stable.

City Manager Maclin reviewed the General Fund Expenses:

Public Safety - 48.79%
Public Works - 21%
Parks & Zoo - 8%
Debt Retirement - 6%
General Government - 12%

General Fund Revenue Sources:

Property tax - 28.50%
Sales Tax -
Franchies and Street rentals - 10%
Miscellaneous - 11%
Fines and Forfeits - 2%
Licenses and Permits - 1%

City Manager Maclin stated that in the Utility Fund, the Water and Sewer Distribution Departments have been combined, and the budget includes the replacement of water and sewer lines on Chestnut Street, purchase of a TV camera for sewer line inspection, installation of sewer line in the Bell Oaks Subdivision, and the purchase of a new dump truck.

City Manager Maclin stated that the Water Production Department budget includes the installation of an altitude value on the Kiln Street water tower, and the purchase of a new chlorinator.

City Manager Maclin stated that the Water Pollution Department budget includes the purchase of some laboratory testing equipment/instrumentation, the purchase of some pumps and an impeller, and a gas chromotograph for metals testing.

City Manager Maclin stated that in terms of revenue for the Utility Fund, this budget requires a rate increase of 8% in water and sewer to meet the distribution needs (primarily in the Chestnut area ( $200,000), and the Bell Oaks Subdivision).
City Manager Maclin stated that in a recent TML Region 16 meeting, Frank Sturtzl

pointed out the fact that a substantial portion of the expense is to meet Federal and State mandates. The Manager stated that in terms of the requirements the City has had to meet, currently there is about $137,000 a year in testing, biomonitoring, pre-treatment programs, permit fees, inspection fees, engineering, and other chemical costs that are required to meet EPA standards. The Manager stated that in the Water Production Department there is approximately $63,000 in expenses per year that are directly related to State and Federal requirements. The Manager stated that since 1980 the City of Lufkin has issued $11 million worth of debt in order to comply with State and Federal mandates; this $11 million is attributable to the requirements that have been placed on the City by the EPA.

In response to question by Commissioner Simond, City Manager Maclin stated that a copy of the proposed rate structure, and some comparisons to other cities regarding water and sewer fees, had been included in the Commissioners packets. City Manager Maclin stated that staff is proposing an 8% increase in fees.

City Manager Maclin stated that the expenses that make up the Utility Fund Revenue are:

Water Pollution Plant - 25.88%
Water Production - 15.31%
Water & Sewer Distribution - 26.67%
Utility Collection - 6.71%
Debt Retirement - 21.18%
Bad Debt/Contingency - 4.24%

In response to question by Mayor Bronaugh, City Manager Maclin stated that in the proposed fee structure, there is an increase in deposit fees.

City Manager Maclin stated that the Utility Fund Revenue by category is:

Water - 53.39%
Sewer - 45.06%
Miscellaneous/Interest Revenue - 1.56%

City Manager Maclin presented an overhead of the water and sewer service rates survey showing the average minimum rate per 1,000 gallons at $7.65 and Lufkin's proposed rate at $6.76 for water. The average rate for sewer service is $8.02, and Lufkin's proposed rate is $6.20.

City Manager Maclin stated that if the Commission wants to have a utility fund without a rate increase, that is possible, but most of the projected needs for that fund would have to be cut. City Manager Maclin stated that 4% of the 8% increase is mandated by the contract the City has with the Highway Department for the relocation and reinstallation of replacement of lines on Chestnut Street.

City Manager Maclin stated that in light of the $6 million worth of improvements that have been discussed regarding the East Loop and the elevated storage tank on the south side of town, staff will have to come back in April with a 3% increase to help cover these improvements.

City Manager Maclin stated that part of this budget includes a savings gained from refinancing of the City's general obligation indebtedness. The Manager stated that the City has an opportunity to reduce the interest rates on some of the general obligation indebtedness that is in the 8-9% range now to the 5-6% range through refinancing. City Manager Maclin stated that he had requested Mike Byrd of First Southwest to come next Tuesday and make a presentation at the City Commission meeting, which would call for a sale in October and save the City over $100,000 this year (included in this year's budget).

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

Increased efforts in recycling
Purchase of two (2) new side loader trucks

Purchase of a new front end loader truck
Purchase of a new roll-off container truck

City Manager Maclin stated that in order to meet this budget in the Solid Waste Fund staff is requesting a 7.5% rate increase to cover the State 50 cent per ton fee at the landfill. The rate increase is also needed to purchase the equipment as seen on the previous overhead. The Manager stated that City of Lufkin rates will still be competitive. An overhead of the Solid Waste Collection Rates Survey showing residential and commercial garbage rates for various East Texas cities was shown. The average rate was $9.46 for residential collection and $17.28 for commercial collection. The proposed rates for Lufkin are $8.94 for residential and $12.73 for commercial.

City Manager Maclin stated that in reviewing the Solid Waste expenses, garbage collection is the bulk of the expense at 74.38%, recycling at 7.23%, general administration at 15.53%, and bad debt/contingency at $2.87%.

Commissioner Simond requested the actual figures of the utility increases from last year.

City Manager Maclin stated that in the Solid Waste revenues, residential makes up 55.68%, commercial at 41.32%, and 3.00% miscellaneous.

City Manager Maclin stated that at this point he would solicit any changes, deletions, or corrections to the budget by the Commissioners. The Manager stated that the Public Hearing for consideration of the FY 1992-93 budget has been set for August 15 at 5:00 P.M. First Reading of the Ordinances will be heard at that time, and Second and Final Reading will be heard on September 1st.

3. **COMMENTS FROM THE COMMISSION:**

In response to question by Commissioner Boyd, City Manager Maclin stated that $6,000 of the amount budgeted for 50-4 Special Services is for the Supervisors Seminar, where a professional from the Texas A & M Extension Service will come in and lead an eight week class to help Department Heads improve their efficiency and leadership skills.

Commissioner Boyd stated that last year $1,500 had been allocated to Court costs, jury and witness fees in 60.7, and there were no funds for this item in this year's budget. City Manager Maclin stated that staff would check on this.

In response to question by Commissioner Kegler, City Manager Maclin stated that the City employs a collection agency to pursue the EMS debts that are past due. In the water and sewer departments, the City has the ability to turn the meter off. The Manager stated that typically in terms of the City's percentage of bad debts in comparison to other cities, Lufkin is doing well.

Commissioner Bowman stated that he would like for staff to conduct a study to see if having a reconnect charge that is higher than the original deposit would encourage people to pay their bills.

In response to question by Commissioner Gorden, the Manager stated that the cut-off point on the priority ranking sheet was 3.71. There were several items at the 3.71 level and staff took into account those things that were of a risk-management nature, those things that had the highest priority in need to the City and most impact to the citizen, and made some arbitrary suggestions at that point.

Mayor Bronaugh stated that he would like to eventually have the fees for zone changes raised to the point where they are self-supporting.

Commissioner Weems stated that next year he would like to see some limitations on the priority ranking sheets where it would balance a little better.

It was the consensus of opinion that the budget, as presented, was a good budget.

Mayor Bronaugh complimented the Manager and staff on an excellent budget for the coming year.

4. There being no further business for consideration, meeting adjourned at 6:15 p.m.

Louis A. Bronaugh

Louis A. Bronaugh - Mayor

ATTEST:

Atha Stokes

Atha Stokes - City Secretary