

MINUTES OF THE SPECIAL CALLED BUDGET RETREAT MEETING OF THE CITY COUNCIL OF THE CITY OF LUFKIN, TEXAS HELD ON 23rd of JUNE, 2020

On the 23rd day of June, 2020, the City Council of the City of Lufkin, Texas convened in a Special Called Budget Retreat at Kurth Lake Lodge with the following members, thereof to wit:

Bob F. Brown	Mayor
Mark Hicks	Mayor Pro Tem
Guessippina Bonner	Councilmember, Ward No. 1
Robert Shankle	Councilmember, Ward No. 2
Lynn Torres	Councilmember, Ward No. 3
Rocky Thigpen	Councilmember, Ward No. 5
Sarah Murray	Councilmember, Ward No. 6
Keith Wright	City Manager
Bruce Green	City Attorney
Kara Andrepont	City Secretary
Jason Arnold	Assistant City Manager
Gerald Williamson	Director of Public Safety
Kevin Gee	Director of Engineering Services
Belinda Southern	Finance Director
Sid Munlin	IT Director
Gordon Henley	Ellen Trout Zoo Director

being present when the following business was transacted.

INVOCATION - The meeting was opened with prayer by City Engineer Kevin Gee.

PUBLIC COMMENT – Mayor Brown opened the meeting for Public Comment on any posted agenda item at 8:31 a.m. There being no one who wished to speak, Mayor Brown closed the Public Comment portion of the meeting.

1. PRESENTATION AND DISCUSSION OF THE 2020-2021 ANNUAL BUDGET

City Manager Keith Wright directed City Council’s attention to the spreadsheet in the packet and detailed the projected end of year budget balance of a deficit of approximately \$798,000 which was significantly higher than previous years. City Manager Wright continued that this would be the first budget in a number of years to end in a deficit. City Manager Wright stated that revenue and expenditures would need to be monitored in the coming months in order to determine what further steps would need to be taken. City Manager Wright stated that a hiring freeze had been implemented along with other provisions, as well as reducing the proposed budget significantly. City Manager Wright furthered that the only other options for a balanced budget were to reduce personnel and/or services. City Manager Wright stated that property tax was up, which was helpful and encouraged City Council to adopt the current tax rate versus the effective tax rate in order to maintain growth. City Manager Wright explained that the Water and Sewer Fund along with the Solid Waste Fund had not been reduced as much as the General Fund; however, the result was still a deficit even with the planned two percent (2%) rate increase for Water and Sewer services. City Manager Wright continued that the Solid Waste Fund was a positive ending balance; however, that included a four percent (4%) increase in rates. City Manager Wright furthered that Angelina County’s proposed Landfill Contract would increase expenditures significantly unless a new agreement was agreed upon. Discussion continued regarding the proposed Landfill Contract and the City’s options should a revised agreement be approved or not. City Manager Wright stated he recommended that Council move forward with the feasibility study regarding solid waste services, including the construction of a City Landfill. City Manager Wright informed City Council the possibility of using the Polk County landfill along with a transfer station should an agreement not be reached with the County. Assistant City Manager Jason Arnold explained the proposed landfill rate increase and the history of the same. Discussion continued regarding the current curbside recycling program and its viability in the future and the option of discontinuing the same in order to alleviate the shortfall caused by the increase in landfill rates. City Manager Wright concluded that a decision regarding the landfill issue would need to be resolved by early August. City Manager Wright moved on to providing

information regarding numerous options City Council could follow when finalizing the 2020-2021 Annual Budget. City Council concurred to move forward with the planned two percent (2%) water and sewer rate increase.

City Manager Wright continued to review the cuts to expenditures in the current and future budget and stated that no salary increase was included. City Manager Wright stated that should the projections improve, a longevity increase might be considered. City Manager Wright continued that staff would continue to closely monitor sales tax and other revenue streams and adjust both the current and future budgets. City Manager Wright continued by reviewing the significant changes to the 2020-2021 budget and stated that City Council could change any of these should they desire. Discussion ensued regarding the different expenditure cuts and the reasons and effects of the cuts.

City Manager Wright reviewed projected sales tax revenue and stated that the City had experienced a number of negative months, even prior to the COVID-19 pandemic. City Manager Wright explained that audits also affected the percentage and didn't necessarily show the correct increase or decrease. City Manager Wright concluded that Staff would need to monitor the revenue from sales tax over the next few months and adjust the tax revenue accordingly.

City Manager Wright then highlighted projected revenue from water and wastewater sales with the planned two percent (2%) increase. City Manager Wright reviewed planned purchases from Fund 380 for the upcoming budget year. City Manager Wright reviewed hotel / motel tax funds and projected revenue from the same as well as projected expenditures from the fund.

Zoo Director Gorden Henley provided information in regard to his request to raise admission rates at the Zoo as well as provide for a reduced admission fee for military personnel. Director Henley reported on the different zoo programs and attendance rates.

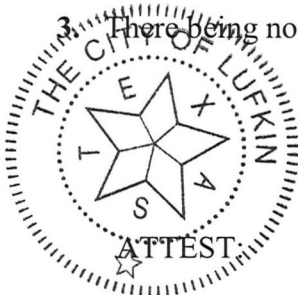
City Manager Wright reviewed the proposed amortization schedule regarding the planned equipment purchases for the upcoming year. City Manager Wright stated that there were several additional pieces of equipment that could be replaced as well should revenue increase.

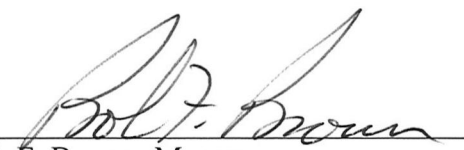
City Manager Wright asked for any questions or comments on any part of the budget as presented. There were none.

2. EXECUTIVE SESSION

Mayor Pro Tem Hicks convened Executive Session at 10:31 a.m. under Section 551.074 of the Texas Government Code providing for the discussion of personnel matters. Mayor Pro Tem Hicks adjourned Executive Session at 11:19 a.m. No action followed in Regular Session.

3. There being no further business, the meeting adjourned at 11:20 a.m.




Bob F. Brown, Mayor


Kara Andrepont, City Secretary