

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY
OF LUFKIN, TEXAS HELD ON THE 19TH DAY OF JULY, 2011**

On the 19th day of July, 2011, 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.
Don Langston
Victor Travis
Robert Shankle
Sarah Murray
Paul L. Parker
Keith Wright
Bruce Green
Renee Thompson
Rodney Ivy
Scott Marcotte
Gerald Williamson
Ted Lovett
Belinda Southern
Steve Floyd
Mike Cleghorn
Mike Akridge
Barbara Thompson
Jim Wehmeier
Drew Squyres
Lance Moore
Debra Cassidy
Dale Allred
Rhonda McLendon
Sid Munlin
Chuck Walker
Ramon Johnson
Lorraine Simoneau
Gorden Henley
Lisa Ramos

Mayor
Mayor Pro-Tem
Councilmember, Ward No. 1
Councilmember, Ward No. 2
Councilmember, Ward No. 6
City Manager
Deputy City Manager
City Attorney
City Secretary
Human Resource Director
Police Chief
Asst. Police Chief
Interim Fire Chief
Finance Director
Public Works Director
Asst. Director Solid Waste & Recycling
Parks & Recreation Director
Main Street Director
Economic Development Director
Utility Collections Director
Civic Center Director
Water Distribution Director
Inspection Services Director
Animal Control Director
IT Director
Public Utilities Director
Water & Sewer Director
Library Director
Ellen Trout Zoo Director
Municipal Court Supervisor

being present, and

Lynn Torres
Rufus Duncan

Councilmember, Ward No. 3
Councilmember, Ward No. 5

being absent, when the following business was transacted:

1. The meeting was opened with prayer by Pastor Steven Pinkney, New Beginnings Baptist Church.
2. Mayor Jack Gorden welcomed visitors present.
3. **APPROVAL OF MINUTES**

Minutes of the Regular Meeting of July 5, 2011, were approved as corrected on a motion by Councilmember Robert Shankle, and seconded by Councilmember Victor Travis. A unanimous affirmative vote was recorded.

OLD BUSINESS:

4. **PUBLIC HEARING AND SECOND READING OF AN ORDINANCE PROVIDING FOR THE APPORTIONMENT OF MEMBERS OF THE CITY COUNCIL OF THE**

CITY OF LUFKIN, TEXAS, - APPROVED - ESTABLISHING BOUNDARY LINES OF THE ELECTION WARDS, NUMBERING EACH ELECTION WARD, SETTING REPRESENTATION FROM EACH ELECTION WARD, REPEALING INCONSISTENT ORDINANCES, PROVIDING A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was a Public Hearing and Second Reading of an Ordinance providing for the apportionment of members of the City Council of the City of Lufkin, Texas, establishing boundary lines of the Election Wards, numbering each Election Ward, setting representation from each Election Ward, repealing inconsistent Ordinances, providing a severability clause and an effective date. Mayor Gorden stated that the Council had named a Citizen's Committee to deal with the Redistricting and had numerous meetings for public input. Mayor Gorden added that this would be the Second Reading of the Ordinance and that the Council would hold another Public Hearing.

City Manager Paul Parker stated that the Mayor had paraphrased the agenda item well. City Manager Parker added that it would be the Second Reading for the Ordinance and the fourth Public Hearing concerning the proposal. City Manager Parker stated that to date there had been no one to formally oppose any of the recommended changes. City Manager Parker added that the Redistricting Map reflected the City Council's desire to try to ensure that the City of Lufkin had minority representation on the City Council as well as the "one person, one vote" principle. City Manager Parker stated that with those stipulations the Staff and Redistricting Committee had developed a good Redistricting Plan and recommended that the City Council approve it. City Manager Parker added that there were copies of the Redistricting Map available to the public.

Mayor Gorden stated that the Staff and Redistricting Committee were to be commended for the excellent job that they worked on the Redistricting Plan. Mayor Gorden added that it was the first time that the City of Lufkin had done the work "in house" and that it had gone really well.

Mayor Gorden opened the Public Hearing at 5:12 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 5:13 p.m.

Mayor Gorden asked for questions or comments from the Council. There was some discussion among the Council.

Councilmember Don Langston moved to approve the Second Reading of an Ordinance providing for the apportionment of members of the City Council of the City of Lufkin, Texas, establishing boundary lines of the Election Wards, numbering each Election Ward, setting representation from each Election Ward, repealing inconsistent Ordinances, providing a severability clause and an effective date. Councilmember Victor Travis seconded the motion. A unanimous affirmative vote was recorded.

NEW BUSINESS:

5. OATH OF OFFICE TO ROBERT BLAKE WITHERSPOON. (HONORABLE JACK GORDEN, MAYOR- CITY OF LUFKIN)

Mayor Jack Gorden stated that the next item for consideration was to administer the Oath of Office to Robert Blake Witherspoon for the City of Lufkin Police Department.

Honorable Mayor Jack Gorden then administered the Oath of Office to City of Lufkin Police Officer Robert Blake Witherspoon. Mayor Gorden then congratulated Officer Santana and thanked him for his service to the City of Lufkin.

6. AUTHORIZE THE CITY MANAGER AND FINANCE DIRECTOR TO EXECUTE THE VARIOUS AGREEMENTS NECESSARY TO IMPLEMENT THE CITY'S AUDIT SERVICES CONTRACT WITH AXLEY AND RODE, L. L. P. - APPROVED - FOR THREE (3) YEARS BEGINNING WITH THE SEPTEMBER 30, 2011, AUDIT,

AND SUBJECT TO THE REVIEW OF THE VARIOUS AGREEMENTS BY THE CITY ATTORNEY PRIOR TO THEIR EXECUTION

Mayor Jack Gorden stated that the next item for consideration was to authorize the City Manager and Finance Director to execute the various agreements necessary to implement the City's Audit Services Contract with Axley and Rode, L. L. P. for three (3) years beginning with the September 30, 2011, audit, and subject to the review of the various agreements by the City Attorney prior to their execution.

City Manager Paul Parker stated that the City of Lufkin previously had a five (5) year audit services contract with Alexander, Lankford and Hiers, Inc. City Manager Parker added that at the conclusion of the contract the City Council asked Staff to go out for Requests for Proposals to find the most qualified auditors. City Manager Parker explained that it had also been the custom of the City Council to change auditors every three (3) to five (5) years to get new perspectives on the City of Lufkin's audit. City Manager Parker stated that the City had received five (5) responses for the Request for Proposals and the most cost effective and most qualified respondent was Axley and Rode, LLP in the amount of forty-one thousand five hundred dollars (\$41,500) for the base fee, and five thousand forty dollars (\$5,040) for the Lufkin Economic Development portion of the audit. City Manager Parker explained that because of an EDA Grant the Economic Development Department had to have a separate audit. City Manager Parker stated that the total cost was in the amount of forty-six thousand five hundred forty dollars (\$46,540). City Manager Parker stated that the Finance Committee met and looked at the proposals, along with the City Staff. City Manager Parker explained that Mayor Jack Gorden and Councilmember Don Langston helped review the proposals, along with City Staff and it was the unanimous recommendation that the Council enter into an agreement with Axley and Rode, LLP for a three (3) year contract with a two (2) potential one (1) year extensions beginning September 30, 2011 for a base fee in the amount of forty-one thousand five hundred dollars (\$41,500) and five thousand forty dollars (\$5,040) for the Lufkin Economic Development portion. City Manager Parker stated that the total cost was in the amount of forty-six thousand five hundred forty dollars (\$46,540).

Mayor Gorden asked for questions or comments from the Council. Mayor Gorden stated that the Finance Committee had reviewed all of the submitted bids and that Axley and Rode, LLP was a good choice for the auditor for the City of Lufkin.

Councilmember Don Langston moved to authorize the City Manager and Finance Director to execute the various agreements necessary to implement the City's Audit Services Contract with Axley and Rode, L. L. P. for three (3) years beginning with the September 30, 2011, audit, and subject to the review of the various agreements by the City Attorney prior to their execution. Councilmember Robert Shankle seconded the motion. A unanimous affirmative vote was recorded.

7. RESOLUTION AUTHORIZING AN AMENDMENT TO THE 2010/2011 OPERATING BUDGET (BUDGET AMENDMENT NO. 35), - APPROVED - PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE CONVENTION CENTER FUND AND THE SOLID WASTE AND RECYCLING FUND; AND PROVIDING AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was a Resolution authorizing an amendment to the 2010/2011 Operating Budget (Budget Amendment No. 35), providing for the supplemental appropriation of funds in the Convention Center Fund and the Solid Waste and Recycling Fund; and providing an effective date.

City Manager Paul Parker stated that Staff was requesting a transfer of funds that might not be needed. City Manager Parker explained that Angelina County had received a grant through the Ike Hurricane Sheltering Funds in the amount of six million seven hundred twelve thousand seventy dollars (\$6,712,070) for generators and shelter expansion. City Manager Parker added that the funds were being utilized for a joint City/County related project. City Manager Parker stated that the shelter expansion was used for the Lufkin Pitser Garrison Civic Center. City Manager Parker added that two hundred forty-nine thousand four hundred eight dollars (\$249,408) was spent on generators. City Manager Parker stated that the shelter parking lot expansion had a contract in the amount of six hundred two thousand thirty-two dollars (\$602,032) and Staff anticipated that one hundred thirty thousand

dollars (\$130,000) would be utilized for asphalt. City Manager Parker explained that the total amount of funding available for the construction project was five million seven hundred thirty thousand six hundred thirty dollars (\$5,730,630) at the present time. City Manager Parker stated that the County had recently received bids through the City's architect and engineering firm for the project and the apparent low bidder was J. E. Kingham Construction in the amount of five million nine hundred fifty-seven thousand four hundred dollars (\$5,957,400). City Manager Parker explained that this was two hundred twenty-six thousand seven hundred seventy dollars (\$226,770) above the Ike Hurricane Sheltering Funds. City Manager Parker added that the City of Lufkin had received two (2) grants in the amounts of two hundred ninety-seven thousand dollars (\$297,000) and ninety-eight thousand dollars (\$98,000) through the Department of Housing and Urban Development to assist in the same project. City Manager Parker stated that theoretically those two (2) grants would more than make up the needed two hundred twenty-six thousand seven hundred seventy dollars (\$226,770). City Manager Parker stated that the City had submitted the information to the federal government several months earlier, but would not receive the funding until the project received antiquity and environmental clearance. City Manager Parker explained that the agreement that the City had with Angelina County was that the City would be responsible for any funding above the Ike Grant. City Manager Parker added that a condition of the grant was that there had to be available funds present for them to go forth with the project. City Manager Parker stated that if the City waited on the money from the Department of Housing and Urban Development there was no assurance that the funds would be available in a timely manner. City Manager Parker stated that Staff was requesting that the City Council transfer three hundred twenty-five thousand dollars (\$325,000) from the Solid Waste Fund to the Convention Center Fund to be utilized in case the clearance from the Department of Housing and Urban Development did not come through. City Manager Parker explained that in a project of this nature there were traditionally some change orders and unforeseen items that came up during construction and was the reason that Staff was requesting three hundred twenty-five thousand dollars (\$325,000) instead of the shortfall of two hundred twenty-six thousand seven hundred seventy dollars (\$226,770). City Manager Parker added that none of these funds would be expended without authorization from the City Council. City Manager Parker reiterated that Staff was requesting to transfer the three hundred twenty-five thousand dollars (\$325,000) to be utilized if the Department of Housing and Urban Development funds cleared. City Manager Parker stated that this would allow Angelina County to go forth with the contract.

Mayor Gorden asked for questions or comments from the Council. There were some questions and discussion among the Mayor, Council and City Manager regarding the funding and the project.

Councilmember Victor Travis moved to approve the Resolution authorizing an amendment to the 2010/2011 Operating Budget (Budget Amendment No. 35), providing for the supplemental appropriation of funds in the Convention Center Fund and the Solid Waste and Recycling Fund; and providing an effective date. Councilmember Robert Shankle seconded the motion. A unanimous affirmative vote was recorded.

8. RESOLUTION OF THE CITY OF LUFKIN, TEXAS, INCREASING THE FEE SCHEDULE FOR EMERGENCY MEDICAL SERVICES BASE RATES AND MILEAGE – APPROVED - AND AUTHORIZING THE CITY MANAGER OR HIS/HER DESIGNEE TO ADJUST AND SET CHARGES FOR MEDICAL SUPPLIES USED IN EMERGENCY MEDICAL TRANSPORT BILLING

Mayor Jack Gorden stated that the next item for consideration was a Resolution of the City of Lufkin, Texas, increasing the fee schedule for emergency medical services base rates and mileage and authorizing the City Manager or his/her designee to adjust and set charges for medical supplies used in emergency medical transport billing.

City Manager Paul Parker stated that in 2007 the City raised the ambulance rates for the first time in over ten (10) years. City Manager Parker added that at that time the City Council did a survey and did not raise the rates to the State average because it would have been such a large increase due to the fact that rates had not been raised for so long. City Manager Parker stated that now four (4) years later the City was again looking at rates with the potential of going to the next contract matter of Emergidata. City Manager Parker added that Staff did a review of many cities that Emergidata currently provided billing for and found that the City's

rates were well below the State average. City Manager Parker stated that Staff was looking at recommending a rate increase from the EMS Base Rate of six hundred twenty-five dollars (\$625) to eight hundred dollars (\$800). City Manager Parker added that this was still below the State average but was very close. City Manager Parker stated that Staff was recommending a rate increase for the ALS (Advanced Life Support) emergency 2 rate from eight hundred dollars (\$800) to one thousand twenty-five dollars (\$1,025). City Manager Parker added that Staff was recommending a rate increase for ALS (Advanced Life Support) Special care from nine hundred dollars (\$900) to one thousand one hundred fifty dollars (\$1,150). City Manager Parker stated that in the past the City had two (2) mileage rates with one (1) being eleven dollars twenty-five cents (\$11.25) for eighteen (18) miles or less from the City and eight dollars (\$8) for over eighteen (18) miles from the City. City Manager Parker stated that the new proposal was for fifteen dollars (\$15) per mile regardless of the travel distance. City Manager Parker stated that there was a list of drugs and supplies that were used by the ambulance and the cost for these changed with the market almost daily. City Manager Parker explained that in the past the Fire Chief, with the discretion of Staff, adjusted those rates to compare with the market. City Manager Parker added that the City was paying almost four (4) times what was being charged for some of these items and that Staff wanted to also adjust those rates. City Manager Parker stated that if Council decided to go with Emergidata (in the following item) all of the rates would be automatically programmed in and could be kept up to date. City Manager Parker stated that Staff recommended the rate schedule that was outlined and that the changes would not affect the Medicare or Medicaid rates.

Mayor Gorden stated that Lufkin had one (1) of the more premier Emergency Medical Service in the State and that the personnel and equipment was first class. Mayor Gorden added that the revenue generated fell short of covering the cost of operations and that even with the increases would still be below the State average. Mayor Gorden asked for questions or comments from the Council. There were some questions and discussion among the Council and City Manager regarding the rate changes.

Councilmember Victor Travis moved to approve the Resolution of the City of Lufkin, Texas, increasing the fee schedule for emergency medical services base rates and mileage and authorizing the City Manager or his/her designee to adjust and set charges for medical supplies used in emergency medical transport billing. Councilmember Don Langston seconded the motion. A unanimous affirmative vote was recorded.

9. **AWARD A REQUEST FOR PROPOSAL FOR EMS BILLING FOR THE CITY OF LUFKIN FIRE DEPARTMENT – APPROVED - TO EMERGIDATA OF RICHARDSON, TEXAS.**

Mayor Jack Gorden stated that the next item for consideration was to award a Request for Proposal for EMS Billing for the City of Lufkin Fire Department to Emergidata of Richardson, Texas.

City Manager Paul Parker stated that a little less than two (2) years ago when the City was interviewing for the Fire Chief's position one (1) thing that came out was that the City of Lufkin did its own ambulance collection. City Manager Parker added that whenever Chief Kistner came aboard Staff started looking at the possible cost of the revenue collection ratio of City Staff. City Manager Parker stated that the City of Lufkin had two (2) individuals that did the ambulance billing process. City Manager Parker stated that the City collected at a rate of approximately forty-seven percent (47%) of what was billed. City Manager Parker added that Medicare and Medicaid would only pay a certain set amount. City Manager Parker explained that the other agencies were collecting between sixty percent (60%) to sixty-three percent (63%).

City Manager Parker stated that Chief Ted Lovett had picked up the matter after Chief Kistner resigned and had worked with Captain Ragsdale to try to determine if it was feasible for the City to enter into an arrangement with a billing agency in lieu of City Staff. City Manager added that after redoing the contract and meeting over several months Staff believed that it would be advantageous to consider going to an outside collection agency. City Manager Parker stated that one (1) of the problems was that whenever the EMS personnel delivered a patient to the hospital the present software was not user friendly. City Manager Parker added that the current system was very complicated for personnel and they

had to wait on fact sheets from the hospital to bring back for billing purposes. City Manager Parker explained that there were many times the EMS units would be called to make another run before receiving the fact sheets because of the long wait. City Manager Parker stated that the new software would minimize time for the personnel and that they would be able to take care of more calls. City Manager Parker added that EMS personnel would reduce time spent from approximately thirty (30) minutes to approximately seven (7) to ten (10) minutes with the new system.

City Manager Parker stated that Emergidata provided service for many cities in the State of Texas and would do a guaranteed rate collection for the City of Lufkin and if they didn't meet the guaranteed rate Emergidata would pay a penalty of ten percent (10%) of all collection fees received for the next fiscal year. City Manager Parker explained that Emergidata's guaranteed a collection rate of two million seven hundred fifty thousand dollars (\$2,750,000). City Manager Parker added that the City anticipated collecting two million one hundred thousand dollars (\$2,100,000) this year.

City Manager Parker then brought the Council's attention to the comparison sheet that was in the City Council packet. City Manager Parker stated that if the Council looked at the revenue under Emergidata, which was two million seven hundred fifty thousand dollars (\$2,750,000) and the present revenue estimate, which was two million one hundred thousand dollars (\$2,100,000) and add in the one hundred forty thousand dollars (\$140,000) for the ambulance fee adjustments that had just passed, the adjusted revenue would be two million six hundred ten thousand dollars (\$2,610,000) for Emergidata and two million two hundred forty thousand dollars (\$2,240,000) for the City of Lufkin. City Manager Parker stated that there was also eighty-four thousand three hundred fifty-six dollars (\$84,356) in Staff expenses that would be relocated out of the budget and twenty-eight thousand one hundred seventy-five dollars (\$28,175) in postage, software and training expenses. City Manager Parker explained that the net result was that the proposed minimum savings would be two hundred sixty-six thousand six hundred fifty-six dollars (\$266,656). City Manager Parker added that Emergidata would collect all of the funds and do all of the billings and the City of Lufkin would still accept people who walk in and want to pay for their bills, but the payments will be paid to the City's Finance Department instead of the Fire Department. City Manager Parker stated that most of the payments came in through checks, credit cards, private pay insurance, Medicare or Medicaid. City Manager Parker explained that Emergidata had more staff, got 7.85% in fees for the total amount collected. City Manager Parker explained that Emergidata had an incentive, because the more funds that they recover for the City of Lufkin the more money they made. City Manager Parker also stated that because Emergidata had more staff they could afford to send them to training more easily to keep the staff up on Medicaid, Medicare, and private insurance. City Manager Parker stated that the City of Lufkin had excellent Staff, but that they did not have the training and expertise that Emergidata had. City Manager Parker stated that if the Council chose not to go with the billing agency then Staff would have to come back and possibly add more manpower to enable City Staff to do the job more efficiently. City Manager Parker stated that the subject of revenue billing had been weighed by Staff through many meetings and was the City Staff's consensus that going with Emergidata would be the best option for the City of Lufkin and that the minimum saved would be a minimum of two hundred sixty-six thousand six hundred fifty-six dollars (\$266,656). City Manager Parker added that the two (2) individuals that would be displaced could be transferred, due to vacancies, without any loss of salary or benefits. City Manager Parker stated that even though he said there would be positions eliminated, he was talking about positions, not people. City Manager Parker added that he wanted to make it clear that this personnel would be offered jobs with their same benefits and that they would not be penalized from an economic standpoint.

City Manager Parker stated that Staff recommended that the City of Lufkin enter into a contract with Emergidata for the ambulance fees collection and that this would be effective September 1, 2011, if approved.

Mayor Gorden stated that this sounded like a great move and asked if the City Attorney had gone over the contract carefully. City Manager Parker stated that City Attorney Bruce Green had thoroughly looked over the information and the contract. City Manager Parker added that the Fire Chief, IT Director, Deputy City Manager Keith Wright and the City Attorney Bruce Green had all had the opportunity to go over the information. City Attorney Bruce Green stated that the contract was very sound and that there was even a sixty (60) "opt out"

and that the City was not locked in long term. Mayor Gorden asked for questions or comments from the Council. There was additional questions and discussion among the City Council, City Manager and Mayor concerning the contract.

Councilmember Victor Travis moved to award a Request for Proposal for EMS Billing for the City of Lufkin Fire Department to Emergidata of Richardson, Texas. Councilmember Sarah Murray seconded the motion. A unanimous affirmative vote was recorded.

10. RESOLUTION SUPPORTING THE FORMATION OF ANGELINA COUNTY EMERGENCY SERVICES DISTRICT NO. 1; - APPROVED - AND ESTABLISHING AN EFFECTIVE DATE

Mayor Jack Gorden stated that the next item for consideration was a Resolution supporting the formation of Angelina County Emergency Services District No. 1; and establishing an effective date.

City Manager Paul Parker stated that there was a map provided in the City Council packet regarding the Hudson proposal for Emergency Services District (ESD). City Manager Parker added that the Council would notice that the proposal mimicked the Hudson School District with the exception of the portion of the school district that was inside the City of Lufkin city limits. City Manager Parker stated that Staff had overlaid the Woodlawn and Hudson Water District, the Woodlawn WSC and the Hudson WSC on the map to show how much of the area in the proposed Emergency Services District was in those two (2) water districts. City Manager Parker stated that it was not a requirement, but had been the City's policy not to annex or bring property in unless the City could provide the full services (water and sewer). City Manager Parker added that one (1) of the requirements was that if the City did annex and they had bonded indebtedness the City would have to make them whole on the pro rata cost of the area that was annexed. City Manager Parker stated that in Fuller Springs, that had caused the Council a lot of concern a couple of years ago, because it was in the area that the Council had just done some pretty aggressive annexations.

City Manager Parker stated that the area next to Hudson was not seen as severe because the two (2) water districts limited the City of Lufkin's ability to expand if the City wanted to provide full service. City Manager Parker stated that this was not a requirement for annexation, but that many cities had multiple water districts in their city limits, but it had been the practice of the City of Lufkin to not extend unless full service could be provided. City Manager Parker stated that there was a similar situation in Fuller Springs that the Council had tabled a couple of times, but in the Hudson request there were not the same circumstances. City Manager Parker added that Staff did not see this as affecting the City's ability to annex in the future because the two (2) water districts had imposed the same stipulation. City Manager Parker stated that Staff recommended that the Council approve the Resolution so that Hudson could go forth with their election. Mayor Gorden stated that just for clarification that Hudson would have to have an election to get the Angelina Emergency Services District No. 1 approved. Mayor Gorden stated that the City was simply supporting the Resolution.

Mayor Gorden asked for questions or comments from the Council. There was further discussion among the City Council, City Manager and Mayor regarding the Emergency Services District.

Councilmember Victor Travis moved to approve the Resolution supporting the formation of Angelina County Emergency Services District No. 1; and establishing an effective date. Councilmember Robert Shankle seconded the motion. A unanimous affirmative vote was recorded.

11. CITY MANAGER'S REPORT

Mayor Jack Gorden stated that the next item for consideration was a report from City Manager Paul Parker.

City Manager Paul Parker stated that there would be a thorough study session on the budget and therefore he would forgo the Financial Status, CIP Status and Project Status Reports. City Manager Parker stated that the Council had the written reports before them and that he would answer any questions that the Council had regarding the reports. There were none.

City Manager Parker stated that there was one (1) item that Staff needed direction on from the City Council. City Manager Parker added that the item was a little unique from what was the norm. City Manager Parker stated that the City had received a request for a street name change. City Manager Parker stated that the individual involved (Mrs. Trina Valdez) had gone up and down Garvan Street to get a petition signed by property owners to change the name of the street. City Manager Parker added that City Staff had also contacted the property owners to make them understand that whenever a street name was changed it involved changing your driver's license, checks, mail, etc. City Manager Parker explained that the process was extensive, but the City had received a petition that showed the name change. City Manager Parker added that Mrs. Valdez mother was actually shot by her father and then a Lufkin Police Officer later killed the father. City Manager Parker stated that her daughter was proposing to rename the street in her honor and that most of the residents knew her and was fond of her. City Manager Parker stated that the only questions before the City went forth was the precedent that was being set by renaming the street. City Manager Parker asked if the City wanted to begin renaming streets. City Manager Parker stated that for instance when the crosses that were placed on the side of the road began it was TxDOT acknowledging drunk drivers and the accidents caused by drunk drivers. City Manager Parker added that now there was a memorial placed anytime there was fatality. City Manager Parker explained that this tradition had grown and the question was if the City wanted to set a precedent for it. City Manager Parker stated that Mrs. Valdez had done everything that the City had asked her to do. City Manager Parker added that Staff wanted to know if the neighbors were opposed to it before it was ever discussed with the Council. City Manager Parker stated that Staff would bring the item back to the Council in a more formal manner if the Council was interested in considering changing the name of the street. City Manager Parker added that Staff was looking for direction from the Council before they went forward. City Manager Parker stated that if the Council did not want to decide that night, they could let him know their thoughts about putting the item on the agenda for a formal vote. City Manager Parker stated that this was not related to the particular individual making the request, but wanted to know the Council's wishes. City Manager Parker added that he did not know why the street was originally named Garvan and that there could possibly be some history that led to naming the street Garvan. City Manager Parker stated that this was not a major street and did not affect that many people, but that Staff needed direction from the Council.

Mayor Gorden asked the City Council to get with City Manager Parker between this meeting and the next meeting to give some direction to City Manager Parker.

12. Mayor Jack Gorden recessed the Regular Session at 5:52 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, demolition of buildings, or appointments to boards and personnel may be discussed.

Mayor Jack Gorden reconvened the Regular Session at 6:47 p.m.

13. **BUDGET WORKSHOP**

City Manager Paul Parker stated that City Secretary Renee Thompson was passing out copies of the history of the last eleven (11) years of the tax rate of the City of Lufkin. City Manager Parker added that in 2002 the City of Lufkin's overall tax rate was \$0.516500. City Manager Parker stated that included in the budget was the proposed tax rate that was the same as last year. City Manager Parker added that this rate was \$0.513800. City Manager Parker explained that the City of Lufkin had a lower tax rate in 2012 than the City had in 2002. City Manager Parker stated that this was a remarkable situation and that the Council and Staff had been instrumental in making this happen.

City Manager Parker stated that the next sheet in the overview was a list of items that reduced revenue or increased expenditures. City Manager Parker added that the City had an increase in the City's Sales Tax of 3.61%, but was still looking at a deficit budget. City Manager Parker stated that the City of Lufkin lost one hundred seventy-two thousand six hundred fifteen dollars (\$172,615) in the "lieu of" agreement with Abitibi. City Manager

Parker that a couple of years ago whenever Citation closed the City knew that there would be an impact in the property tax. City Manager Parker added that Staff didn't realize however, that the electrical franchise fee dropped three hundred eighty-seven thousand two hundred sixty-one dollars (\$387,261). City Manager Parker stated that also this year the City received information that the cost street lights had increased by one hundred twenty-nine thousand two hundred seventy-six dollars (\$129,276), due to a rate increase by Oncor. City Manager Parker stated that the fourth item that had impacted the City this year was an increase in fuel cost. City Manager Parker added that this year's budget had increase by fifty-six thousand one hundred forty-five dollars (\$56,145) and the projection for next year was that it would increase by another one hundred four thousand three hundred sixty-five dollars (\$104,365). City Manager Parker stated that the total increased was one hundred sixty thousand five hundred ten dollars (\$160,510). City Manager Parker explained that Staff budgeted three dollars and fifty cents (\$3.50) per gallon next year and that the City did not pay the twenty cent (\$0.20) federal tax and also bought gas in bulk. City Manager Parker added that Staff hoped that some leeway was built with that, but that he noticed that gas went up by seven cents (\$0.07) overnight. City Manager Parker stated that last year the City Council gave a 1.35% cost of living raise that was not included in the base budget because the condition was the raise would be held until January 2011 and if Sales Tax continued to increase the raise would be implemented. City Manager Parker stated that the Sales Tax did increase and it was implemented in the amount of one hundred eighty-seven thousand one hundred twenty-two dollars (\$187,122) for the nine (9) months that were not in the original budget. City Manager Parker stated that last year's calculation of property taxes was done prior to getting the final results from the Appraisal Review Board. City Manager Parker explained that the Appraisal Review Board drastically reduced the original appraised value costing a decrease of one hundred ninety-four thousand two hundred ten dollars (\$194,210). City Manager Parker stated that the final item was that the ambulance collection rates were down by approximately one hundred thousand dollars (\$100,000) last year. City Manager Parker stated that the City had an increase in revenue of Sales Tax at approximately four hundred ninety-five thousand dollars (\$495,000) and approximately one million one hundred thousand dollars (\$1,100,000) in other expenses. City Manager Parker stated that even though the City's Sales Tax was up, the revenue had not overcome the Sales Tax shortfall. City Manager Parker added that this gave a perspective of how this year was starting.

City Manager Parker stated that every year over the past several years the City had a planned fund balance where the expenditures were more than the revenue. City Manager Parker stated that in the proposal before the Council there were the same fund balance scenario expenditures that exceeded revenue by a little over five hundred thousand dollars (\$500,000). City Manager Parker stated that this was very near the fund balance because all of the Department Heads could testify that the funds for vacant positions could not be transferred into another account and transfers were not made out of the electrical account or the fuel accounts. City Manager Parker explained that those type items plus the fact that Departments did not spend all of the money that was allocated for the year.

City Manager Parker stated that this was one (1) of the easiest budgets to do in one (1) aspect, even though it was a difficult year because the departments realized that. City Manager Parker added that this year that overall the best budgets were submitted because the Department Heads understood the predicament that the City was in. City Manager Parker explained that the budgets were really bare bones. City Manager Parker stated that Staff had "bare boned" for two (2) or three (3) years so the amount of money to carry over was less every year because Department Heads were really cutting back. City Manager Parker added that there were very few requests for many supplements. City Manager Parker explained that many of the requests that were received were very good, but just couldn't be funded this year. City Manager Parker stated that the Departments did an excellent job making it easier to bring the proposed budget to the Council.

City Manager Parker then went through the significant proposed changes for the 2011/2012 City of Lufkin Annual Budget. City Manager Parker stated that the Council would recall that the City bought the Abitibi water rights, did the study and the study called for a twenty-five percent (25%) increase in rates. City Manager Parker added that the Council did not want to put that stringent of a rate increase on the citizens at one (1) time. City Manager Parker explained that three (3) years ago the City Council voted to increase rates six percent (6%) a year for four (4) years. City Manager Parker stated that this covered the Abitibi purchase and the ten million dollars (\$10,000,000) in bonds that had to be approved for Texas Commission

on Environmental Quality (TCEQ). City Manager Parker stated that the Council had approved five million dollars (\$5,000,000) of that and had another five million dollars (\$5,000,000) to issue next year. City Manager Parker added that the retirement of those bonds were already in the rate structure, as well as maintenance increases. City Manager Parker stated that this was the third of the anticipated four (4) years of rate increases.

City Manager Parker stated that there were no changes in Solid Waste Service due to Staff making some really significant cost savings and had just done a better job of doing business.

City Manager Parker stated that he would go through the significant changes. City Manager Parker stated that Belinda Southern's position in Finance, which was finance manager, was eliminated when she took over the position of Director of Finance.

City Manager Parker stated that Staff was recommending going from a part-time to a full-time judge. City Manager Parker stated that the cost was neutral due to the possible increase in revenue.

City Manager Parker stated that in the Police Department, Chief Marcotte had one (1) parking attendant position for the downtown area and one (1) position in Records that was being proposed to eliminate and create funds for two (2) new dispatchers. City Manager Parker added that dispatcher's salaries were a little more but the number of positions would stay the same and the need would be really improved in that area. City Manager Parker stated that the third position that Chief Marcotte was requesting was for a properties position in the amount of forty-eight thousand three hundred fifteen dollars (\$48,315). City Manager Parker added that Staff was concerned about adding any position this year that wasn't more cost neutral. City Manager Parker explained that Chief Marcotte recommended that this be funded from forfeiture funds out of the Forfeiture Budget. City Manager Parker stated that Council would recall that only the Police Chief, with the approval of the City Council, could allocate money in the forfeiture fund. City Manager Parker stated that Chief Marcotte had the funds to fully fund the position for one (1) year. City Manager Parker stated that Ralph Bean was retiring from the Police Department. City Manager Parker explained that Mr. Bean was assuming the same position as part of the Lufkin School District's Police Force. City Manager Parker stated that the City of Lufkin paid one half of Mr. Bean's salary and the other half was paid by LISD. City Manager Parker added that the position was left in the budget, but it was frozen. City Manager Parker stated that next year an evaluation would be made.

City Manager Parker stated that the next item was that one (1) Office Assistant Supervisor position and one (1) Office Assistant III position in the Administration Division of the Fire Department was eliminated by action taken by the Council earlier in the meeting. City Manager Parker added that from a budget standpoint the personnel would relocate. City Manager Parker stated that this was a savings of eighty-four thousand three hundred fifty-six dollars (\$84,356). City Manager Parker explained that the Fire Department billing that was outsourced earlier in the meeting would generate two hundred sixty-six thousand six hundred forty-six dollars (\$266,646).

City Manager Parker stated that the City took over a softball league last year that was in deplorable condition. City Manager Parker stated that Parks and Recreation Staff took it over and did an outstanding job and that attendance was soaring. City Manager Parker explained that the City had a Special Recreation Fund and that the more teams that entered the leagues the more funds were generated by the fees. City Manager Parker stated that Staff wanted to use part of those fees from the Special Recreation Fund to hire a part-time summer softball supervisor to oversee that field. City Manager Parker explained that the position could possibly grow that league even larger than it already is. City Manager Parker stated that softball was getting really big in the Lufkin area.

City Manager Parker stated that Staff was considering adding one (1) one thousand (1,000) hour position for the Ellen Trout Zoo. City Manager Parker explained that the funds would come out of the Zoo Building Fund and would be cost neutral to the General Fund.

City Manager Parker stated that one (1) office manager position was eliminated at the Kurth Memorial Library and two (2) positions were filled. City Manager Parker added that one (1) of the added positions was a library assistant and the other was a part-time library aid. City

Manager Parker explained that this actually saved approximately seven thousand dollars (\$7,000) and gave additional manpower.

City Manager Parker stated that numerous department were combined into two (2) departments with the net result being was when they were added together the Water and Sewer Budgets went down thirty-five thousand five hundred fifteen dollars (\$35,515).

City Manager Parker stated that one (1) major change was in the TMRS Retirement System. City Manager Parker added that one (1) changes recommended that would only affect those when they retire was the cost of living went from seventy percent (70%) of the consumer price index to fifty percent (50%). City Manager Parker explained that this would drop the City's overall rate to 16.89%, which was less than was in the existing budget. City Manager Parker stated that this would actually reduce the TMRS benefits and the effect would come sooner for those about to retire and for those who were young it would not affect them for several years. City Manager Parker stated that the only negative effect was for those employees who had been retired for several years. City Manager Parker explained that this went back and treated the employees entire career as if it should have been fifty percent (50%). City Manager Parker added that some individuals who had been retired for numeral years might not see a cost of living for several years. City Manager Parker stated that this would decrease the City's funding liability and should help take the benefits off of the table for awhile. City Manager Parker stated that the City matched the Firemen's Retirement with whatever was paid for TMRS and Social Security. City Manager Parker explained that because the TMRS was going down the Firemen's percentage would drop also.

City Manager Parker stated that to offset the effect on the COLA, the City Council had authorized a 1.5% cost of living raise that would be included in the proposed budget for all employees. City Manager Parker added that the City of Lufkin had fared well during the questionable economic times as employees pay raises compared well to numerous other cities. City Manager Parker stated that the Council had been very aware of the ability the City had with working with fewer people and that over the last eight (8) years the Council had never failed to give a COLA. City Manager Parker stated that there were not many cities that could make that claim.

City Manager Parker stated that at the last Council Meeting the City entered into a Bunker Agreement that saved the City seventeen thousand four hundred forty-four dollars (\$17,444) annually.

City Manager Parker stated that one half of the warrant officer's salary and a Municipal Court Clerk to the Red Light Budget and would add sixty-four thousand four hundred seventy-five dollars to the General Fund.

City Manager Parker stated that the Housing Incentive Program that the City Council instituted about three (3) years ago was proposed to be discontinued in the 2012 Budget. City Manager Parker stated that Staff was not recommending continuation of the Housing Incentive Program.

City Manager Parker stated that the operation of street lights had increase by one hundred twenty-nine thousand two hundred seventy-six dollars (\$129,276). City Manager Parker added that fuel cost had already been mentioned and that he would not go through it again.

City Manager Parker stated that the Water and Sewer Fund was paying for a position that had been in the Fire Department for the Fire Hydrant Maintenance Program.

City Manager Parker stated that the one hundred thousand dollars (\$100,000) in contingency was continued in the General Fund and one hundred fifty thousand dollars (\$150,000) in contingency was continued in the Water/Wastewater Fund with an additional one hundred thousand dollars (\$100,000) in contingency being continued in the Lufkin Convention and Visitors Bureau Budget.

City Manager Parker stated that in the Hotel/Motel Tax Fund the Museum of East Texas had reached their cap that the Council put on in the amount of fifty-two thousand five hundred dollars (\$52,500) or seven percent (7%) of the contributions. City Manager Parker added that the Exposition Center's amount went up slightly because they got one seventh (1/7) or

one cent (\$0.01) out of every seven cents (\$0.07). City Manager Parker stated that the Texas Forestry Museum was capped at the amount of thirty-seven thousand five hundred dollars (\$37,500), which was five percent (5%) of the total budget. City Manager Parker added that the Lufkin Convention and Visitors Bureau increased because of they had no cap on their forty-two percent (42%). City Manager Parker explained that the balance of those funds went to the Lufkin Pitser Garrison Civic Center operations, which was 31.7%.

City Manager Parker stated that most of the other accounts were showing the money in. City Manager Parker added that the City was also transferring thirty-four thousand nine hundred ninety-five dollars (\$34,995) for a part-time warrant officer that was approved by the Council.

City Manager Parker stated that the City had a very good year from the Kurth Grant. City Manager Parker added that Staff never knew what the formula would be because it depended on their investments. City Manager Parker stated that the City was anticipating transferring two hundred thousand dollars (\$200,000) from the Kurth Grant to the operations of Animal Control.

City Manager Parker stated that in the Enterprise Funds the Council usually saw a long list of projects. City Manager Parker added that the one million three hundred seventy-seven thousand four hundred sixty-five dollars (\$1,377,465) was set up for the Highway 59 Utility Relocations. City Manager Parker explained that there would only be one (1) project, but that this amount should get the City very close to funding the entire Highway 59 Project.

City Manager Parker stated that the City had 2000 and 2003 Revenue Bonds that were reissued. City Manager Parker added that these Revenue Bonds were callable in 2013. City Manager Parker stated that this called for the City to transfer one million sixty-five thousand nine hundred eight dollars (\$1,065,908) into that to retire those bonds. City Manager Parker explained that there was actually enough money in the account to fully pay for the bonds right now. City Manager Parker added that Staff had to have the Council agree to call them in 2013 and the money would not legally be transferred. City Manager Parker stated that in other words the City had enough money in the GO Debt Fund to totally retire those budgets, but if the Council did not say that they would recall them in 2013, because of the arbitrage and the federal requirements the City would have to transfer another million dollars (\$1,000,000) into that account even though it was not needed. Finance Director Belinda Southern stated that whenever the City Council approved the issuance of those bonds they set up a reserve that was approximately one million two hundred thousand dollars (\$1,200,000) and now it was approximately one million four hundred thousand dollars (\$1,400,000). Ms. Southerland added that this money was now sitting there and was the money available to pay off those bonds. City Manager Parker stated that this was a good move. City Manager Parker stated that the City could minimize the transfer at this time.

City Manager Parker drew attention to the vehicles under the amortization schedule on item twenty-eight (28). City Manager Parker stated that the Council knew from past years that just because it was on the list didn't mean that the departments would get to purchase them. City Manager Parker stated that the units were all looked at by the Fleet Maintenance Department. City Manager Parker added that last year the Crown Vics were to be retired and were pushed back approximately nine (9) months because they didn't have as high of mileage as Staff thought they had to have. City Manager Parker stated that these units were on the list to be replaced subject to the need.

City Manager Parker stated that these were the significant changes.

City Manager Parker stated that next year's Sales Tax was based on year to date actuals plus what the City received last year for the remainder of the year and a one percent (1%) increase for next year. City Manager Parker added that Staff was talking about the same Property Tax Rate as last year. City Manager Parker stated that unfortunately Staff received news earlier that day that the City lost value, if that was correct. City Manager Parker explained that the new budget was showing a two percent (2%) increase, but the City received the Certified Roll and tentatively it appeared that the City lost Property Tax Value this year. Finance Director Belinda Southern stated that the percentage was approximately .83% over last year and from the preliminary total it was 1.55% down. City Manager Parker stated that this was skewed because there was thirty-three million twenty six thousand six hundred fifty dollars

(\$33,026,650) still under protest. City Manager Parker stated that this was what cost the City of Lufkin last year. City Manager Parker added that there was so much under protest and then ended up approving most of the protests last year. City Manager stated that there were some areas that would change slightly. City Manager Parker added that as was discussed earlier, Staff thought the ambulance rates would go well above what was approved today.

City Manager Parker asked the Council to go to the General Government detail. City Manager Parker stated that each year the Council wanted to know what was in the budget. City Manager Parker added that under Contributions and Gratuities the programs were the same programs and same amounts as the Council had for the last several years. City Manager Parker stated that listed under Contributions and Gratuities was the Angelina County/Cities Health District were allocated thirty-two thousand seven hundred sixty dollars (\$32,760) and the remainder of the contributions that were made each year. City Manager Parker added that there were no changes in any of the allocations.

City Manager Parker stated the City Manager's Budget actually had a decrease.

City Manager Parker stated that nearly all of the budgets showed a decrease. City Manager Parker stated that the Tax Budget was one hundred eighty-five thousand three hundred sixty-nine dollars and that amount would be based on the Appraisal District. City Manager Parker stated that Staff had just received the amount of one hundred sixty-four thousand four hundred fourteen dollars (\$164,414) and included one hundred fifty-five thousand seven hundred seventy-seven dollars from the Appraisal District and eight thousand six hundred thirty-seven dollars (\$8,637) for the County for the collection of the taxes.

City Manager Parker stated that the Civic Center Budget was anticipated to be down quite a bit due to the construction.

City Manager Parker stated that most of the remainder of the Departments had flat budgets. City Manager Parker then went through the individual budgets noting the small changes.

City Manager Parker stated that this was a quick synopsis of the overall budget. City Manager Parker added that the budget was very flat from expenditures and revenue. City Manager Parker stated that the expenditures appeared to slightly exceed the revenue by slightly less than six hundred thousand dollars (\$600,000). City Manager Parker added that based on traditional trends the City should end the year actually positive. City Manager Parker stated that the information that was provided on the front sheet showed that the all of the funds had projected revenue above the reserve requirements. City Manager Parker explained that this helped the City shield for any more downturns and also allowed the Council flexibility for projects or one (1) time expenses if things came up during the middle of the year. City Manager Parker stated that it was the reoccurring expenses that the City was more limited on because the City had an amount above the twenty-five percent (25%) reserve. City Manager Parker stated that this was the quick synopsis and that he would answer any questions that the Council had or go into more detail if the Council wanted him to.

Mayor Gorden stated that City Manager Parker conveyed to the Council how all of the Department Heads went above and beyond in trying to put the budget together this year and that the Council appreciated the Staff's attention in trying to conserve and make the dollars of the citizens of Lufkin go further.

The City Council concurred that there didn't need to be any more workshops.

City Manager Parker stated that for Finance Director Belinda Southern's first year that she did a wonderful job. City Manager Parker added that Robbin Crawford had also done a great job and that those two (2) ladies answered all of the questions that he and Deputy City Manager Keith Wright could ask.

14. DISCUSSION OF ITEMS OF COMMUNITY INTEREST, INCLUDING EXPRESSIONS OF THANKS, CONGRATULATIONS OR CONDOLENCE; INFORMATION REGARDING HOLIDAY SCHEDULES; HONORARY RECOGNITIONS OF CITY OFFICIALS, EMPLOYEES OR OTHER CITIZENS; REMINDERS ABOUT UPCOMING EVENTS SPONSORED BY THE CITY OR

OTHER ENTITY THAT IS SCHEDULED TO BE ATTENDED BY CITY OFFICIALS OR EMPLOYEES; AND ANNOUNCEMENTS INVOLVING IMMINENT THREATS TO THE PUBLIC HEALTH AND SAFETY OF THE CITY

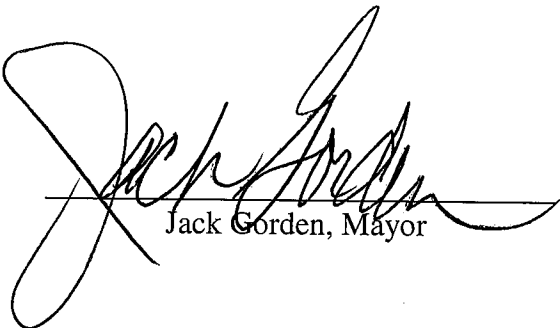
Mayor Gorden stated that the next item for consideration was the discussion of items of community interest, including expressions of thanks, congratulations or condolence; information regarding holiday schedules; honorary recognitions of City officials, employees or other citizens; reminders about upcoming events sponsored by the City or other entity that is scheduled to be attended by City officials or employees; and announcements involving imminent threats to the public health and safety of the City.

City Manager Parker stated that the standard meetings were listed on the City Council Calendar.

15. There being no further business for consideration, the meeting adjourned at 7:37 p.m.



Renee Thompson – City Secretary



Jack Gorden, Mayor