

**MINUTES OF CALLED MEETING OF THE CITY COMMISSION**  
**OF THE CITY OF LUFKIN, TEXAS HELD ON THE**  
**27TH DAY OF MAY, 1993 AT 4:00 P.M.**

On the 27th day of May 1993 at 4:00 p.m., the City Commission of the City of Lufkin, Texas, convened in a Called Meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis Bronaugh	Mayor
Percy Simond, Jr.	Councilman, Ward No. 1
Don E. Boyd	Mayor pro tem
Larry Kegler	Councilman, Ward No. 3
Bob Bowman	Councilman, Ward No. 4
Jack Gorden	Councilman, Ward No. 5
Tucker Weems	Councilman, Ward No. 6

being present when the following business was transacted.

1. Meeting was opened by Mayor Louis A. Bronaugh.

2. **TAX COLLECTION CONTRACT - DISCUSSED**

Mayor Bronaugh stated that the meeting had been called today to discuss a Tax Collection Contract for the City. Mayor Bronaugh stated that there is enough difference in the cost for the collection of the City's taxes to consider possibly either going to Angelina County for the tax collection, or to stay with the Central Appraisal District.

City Manager Maclin stated that Councilmembers had before them a letter from the Tax Appraisal District that notes what the fees would be for the City for 1993-'94. The City's cost, based on cost per parcel, would be \$15,030. Included in the packet is a letter from Mr. Shanklin dated May 19, 1993 stating that he would provide the service at an annual fee of \$3,852, which is an approximate savings of \$11,000.

City Manager Maclin stated that there are several options available to the City and one of the reasons for the called meeting today is because the City has a deadline with the current contract with the Tax Appraisal District and will need to notify them by May 31st if the City is going to discontinue utilization of their services. City Manager Maclin stated that if the City does make a change, the Appraisal District needs adequate time to prepare from a budgetary standpoint, and if a change is made there needs to be adequate time to transfer the property information to the other entity. City Manager Maclin stated that the City's Contract with the Appraisal District states that if we take no action by May 31st it assumes we will continue in the same manner we have in the past.

City Manager Maclin stated also before the Council is a packet of information from Fran Sciola, LISD Superintendent, and Bob Morgan, President of the Board of Trustees, and in that packet is a copy of a letter addressed to Mr. Shanklin and a proposed draft Resolution by the Board of Trustees of LISD. City Manager Maclin stated that basically this is a letter requesting a proposal that has been considered in the past and that is a performance audit to be performed by an independent accounting agency of both entities (Angelina County Tax Appraisal District and the Angelina County Tax/Assessor-Collector) to help assist in determining the greatest efficiency and best location from a cost-effective standpoint in providing tax collection services. City Manger Maclin stated that it was his understanding that LISD will formally adopt this Resolution at their Board of Trustees meeting on June 17th. City Manager Maclin stated that in order to consider participation in the Resolution, the City can do this regardless of what decision is made today. The Council can request the City Attorney to draft a Resolution similar to the one before

the Council today. City Manager Maclin stated that the City would need to ask the Angelina County Appraisal District, if the performance audit is performed, after the results of the audit are completed, for an extension. City Manager Maclin stated that Marvin Hahn is present to address this. City Manager Maclin stated that it was his impression that the City could receive a 30-day extension by requesting the extension in writing. City Manager Maclin stated that the Appraisal District Board would have to officially approve the extension at their next Board meeting. City Manager Maclin stated that this would alleviate the current time consideration the City is under from a contractual obligation standpoint. City Manager Maclin stated that, in his opinion, the perception that has been created is that regardless of any other factors, that there is an \$11,000 difference in the two proposals.

Marvin Hahn stated that he could not speak for the Board of Directors in regard to the approval of the 30-day extension. Mr. Hahn stated that his personal opinion is that it should be no problem if the extension is contingent upon a performance audit taking place. Mr. Hahn stated that if a performance audit is performed it would be beneficial in helping the Council make an informed decision rather than making a decision on the dollars and cents involved.

Mayor Bronaugh stated that apparently the chances of getting the audit are very slim, since the audit has been requested for about two years. Mr. Hahn stated that the original proposal for the audit was made in 1990, and interest has been shown in the audit again recently to try and have the audit take place.

In response to question by Councilman Gorden in regard to collection of City taxes, Mr. Wesch stated that when the City closed its Tax Office, the Tax Appraisal District took over collection of City taxes. Mr. Wesch stated that the City's budget to operate the Tax Collection Department was approximately \$150,000 a year and the City saved a substantial amount by going with the Appraisal District.

Councilman Simond stated that in the past the City had a fairly good relationship with the School and he would like to see it remain on a good standing. Councilman Simond stated that it was his understanding that if the City changed from the Appraisal District to the County, the School would have no choice but to change too, and vice versa. Councilman Simond stated that he had some deep concerns as to the method people are going about to make this change. Councilman Simond stated that he was told that some people sitting around the Council table had received threats and blackmail if the City did not go along with letting the County collect the taxes the Bond Election would be defeated. Councilman Simond stated that, in his opinion, the bond issue would help everyone in the City and he would like to see it pass, but that is not the most important thing to him--the most important thing is principal. Councilman Simond stated that if you let a certain group of people rule on this issue, they will take over City Hall. Councilman Simond stated that the bond issue is very important to everyone but his principal is more important to him than the bond issue.

Councilman Bowman stated that he concurs with Councilman Simond's comments about the relationship with the school district. Councilman Bowman stated that the City has always had a good relationship with the School and he did not want to see anything upset that relationship, however, he views this as a simple bid matter--we have one bid for \$15,000 and another bid for \$3,000. Councilman Bowman stated that he did not think that the City Council could in good conscience take a high bid. Councilman Bowman stated that he compared this with a bid on equipment or service, and there is a high bid and a low bid, and he is for the low bid.

Councilman Boyd stated that he would like to delay this for 30-days and request an audit before the City makes a commitment.

Councilman Bowman stated that he would like to address the audit because he was the one on behalf of the Pineywoods Foundation who had written the letter to Mr. Hahn regarding the audit. Councilman Bowman stated that several people have

recently asked if the offer made in 1990 is still germane, and in his letter to Mr. Hahn he stated that the offer was still there. Councilman Bowman stated that that is how the audit resurfaced, but it is his opinion that the audit will never take place.

Councilman Boyd stated that he did not trust anyone who was afraid to have their business audited. Councilman Boyd stated that it might be cheaper today, but in the long run could end up costing more.

In response to question by Councilman Kegler, City Manager Maclin stated that the way the Appraisal District comes up with their cost provision is based on the total tax collections. City Manager Maclin stated that on page 2 of Mr. Hanh's letter it shows what each of the entities currently with the Tax Appraisal District (the City, LISD, Angelina College, Central ISD, Huntington ISD, Hudson ISD, and Zavalla ISD) are paying. City Manager Maclin stated that the Tax Appraisal District has an overhead cost and a software cost to provide tax collection services, which is basically a fixed cost. The more entities they have participating, the smaller the cost for each entity to participate. City Manager Maclin stated that the rate is based on the number of parcels as a method of equitable distribution in terms of the cost levy. City Manager Maclin stated that the Tax Appraisal District has a \$101,000 budget for tax collections, and they take and equitably distribute it based on the levy of the number of parcels, which is voted on by the Tax Appraisal District Board.

City Manager Maclin stated that in his discussion with Mr. Shanklin he placed a cost per parcel of 22 cents for a total cost of \$3,852. City Manager Maclin stated that Mr. Shanklin told him that since he is already sending out the County's tax statements, it is a simple matter to add the City's tax statement into the envelope. His actual cost, the way he audited it, was \$586 additional expense. City Manager Maclin stated that Mr. Shanklin did not say in his letter how he specifically arrived at the \$3,852 amount.

In response to question by Councilman Kegler, City Manager Maclin stated that the letter from Mr. Shanklin is a one-year offer and does not give the City any assurance as to what the price would be next year.

City Manager Maclin stated that the City's options are:

(1) Per the Contract with the Tax Appraisal District - Deciding today to notify the Tax Appraisal District that the City will not be employing their services for next year based on the low bid theory.

(2) Requesting the 30-day delay and seeking the audit by participation in the Resolution; or

(3) To notify the County that the City wishes to terminate the Contract and still participate in the audit, and if the audit is completed and comes back and says one is lower than the other, the City still has the potential of going back to the Tax Appraisal District to have our taxes collected by them. (This would be in the Tax Appraisal District's best interest since the City is one of the largest entities on the roll and it would be financially advantageous for them to accommodate the City if they could).

City Manager Maclin stated that the other option is to continue with the Tax Appraisal District. City Manager Maclin stated the fact that there is a strong public perception as Mr. Bowman accurately stated of the "low bid concept", that public perception is very definitive from the standpoint that people will want to know why we are not going with the low bid. City Manager Maclin stated that the audit may or may not accurately and definitively answer that either because we don't actually have a performance audit completed, or because the net results of the audit may not be as conclusive as we would like them to be. City Manager Maclin stated that from a dollars and cents standpoint, it's an \$11,000 savings.

Councilman Kegler stated that he noticed that Diboll ISD had sent a letter of recommendation to the City. City Manager Maclin stated that he has talked with

Vernon Cupit and the City of Diboll has been utilizing the County for the last two years, and he indicated that they had received satisfactory service.

In response to question by Mayor Bronaugh, City Manager Maclin stated that Council has before them a sample contract modelled after the contract with the City of Diboll. City Manager Maclin stated that the City Attorney will work with the Tax Assessor/Collector to establish a new contract, accurately dated. City Manager Maclin stated that he specifically asked Mr. Shanklin about the "very timely manner" in which the tax money is deposited and Mr. Shanklin responded that the money would be deposited daily. City Manager Maclin stated that it would be appropriate for the City Attorney to make sure that the Contract address some type of timing so that the City has some type of contractual protection for the timeliness of the transfer to the City's depository.

In response to question by Councilman Kegler, City Manager Maclin stated that the Contract states the term being a one-year contract with a 30-day notice prior to the renewal date similar to the contract with the Tax Appraisal District.

City Manager Maclin stated that basically what is required today is to make a decision whether to notify the Tax Appraisal District of termination of the City's contract, and then to direct staff to proceed with the drafting of a contract with the County to provide the services.

Councilman Simond stated that he would not fight this decision but he wanted it known that this goes against the grain with him to vote for something like this.

Motion was made by Councilman Tucker Weems and seconded by Councilman Bowman to notify the Tax Appraisal District of termination of the City's Contract, and to direct the City Attorney to proceed with the drafting of a Contract with the County to provide tax collection services.

The following vote was recorded:

Aye: Councilmen Simond, Kegler, Bowman, Gorden, Weems, Mayor Bronaugh  
Nay: Councilman Boyd

Motion carried by a vote of 6 to 1.


Motion was made by Councilman Don Boyd and seconded by Councilman Tucker Weems that the City participate in the Resolution regarding the audit. A unanimous affirmative vote was recorded.

Jack Darnell that he was a little surprised that the Council would make a decision today as important as this without having an official contract in their hands. Mr. Darnell asked if the members of the Council had read the Contract from the Assessor/Collector's office. Mayor Bronaugh stated that the City did not accept the County's contract but chose not to go with the Appraisal District at this time, and the City could go with the Appraisal District next week if the County's contract does not meet with their approval. City Manager Maclin stated that the City has asked the City Attorney to draft a Contract with the County. Mr. Darnell stated that the City might want to direct the City Attorney to address these statements: Neither the County nor the Tax Collector shall be liable to the District (City) because of any failure to collect taxes. Mr. Darnell asked who the City would hold responsible if the County is not responsible? Mr. Darnell stated that another thing the City might want to look at is: Should the District (City) require the County Tax Assessor to give bond conditioned on his faithful performance the District (City) must approve and pay for said bond. Mr. Darnell stated, that in other words, Mr. Shanklin does not see the need to be bonded, and the School could not accept that in their contract.


Mayor Bronaugh stated that these were good points. Mr. Darnell stated that the City's vote today will probably force the School District to make the same decision.

Mr. Darnell stated that it would have been nice early on if the School and City could have gone together with a Resolution to ask for a performance audit to have something to really base a decision on.

3. There being no further business for consideration, meeting adjourned at 4:57p.m.

  
Louis A. Bronaugh - Mayor

ATTEST:

  
Atha Stokes - City Secretary