

MINUTES OF CALLED BUDGET WORKSHOP MEETING
OF THE CITY COUNCIL OF THE CITY OF LUFKIN
ON THE 29TH DAY OF JULY, 1993 AT 9:00 A.M.

On the 29th day of July, 1993, the City Council of the City of Lufkin, Texas, convened in a Called Budget Workshop Meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis A. Bronaugh
Don Boyd
Percy Simond
Larry Kegler
Bob Bowman
Jack Gorden, Jr.
Tucker Weems
C. G. Maclin
Darryl Mayfield
Ron Wesch
Molly Hicks
Atha Stokes

Mayor
Mayor pro tem
Councilman, Ward No. 1
Councilman, Ward No. 3
Councilman, Ward No. 4
Councilman, Ward No. 5
Councilman, Ward No. 6
City Manager
Asst. City Mgr./Finance
Asst. City Mgr./Public Works
Director of Accounting
City Secretary

being present when the following business was transacted.

1. Meeting was opened by Mayor Louis Bronaugh.

2. BUDGET PREPARATION DISCUSSION - COST-OF-LIVING SALARY INCREASE

City Manager Maclin stated that he had requested this called meeting so that staff could garner a consensus of the City Council primarily in the area of employee raises for this coming year. City Manager Maclin stated that the tabulation on the Council table was for employee raises for all three funds, and the funds available in terms of revenue without a tax increase is where the proposed 5% cost-of-living increase is shown on the tabulation sheet. However, funds run out before the 5% is fully funded, and there are only funds enough for a 3 1/2% increase. City Manager Maclin stated that one of the reasons he felt that a meeting was needed today was to garner consensus of Council because there were some comments written by three Councilmembers relating specifically to the cost-of-living increase. City Manager Maclin stated that he was seeking a consensus today so that when the budget draft is presented to the Council it would reflect that consensus of opinion relating to this particular item. City Manager Maclin stated that all items down to the 5% cost-of-living increase could be funded without a tax increase by changing the 5% increase to 3 1/2%.

City Manager Maclin stated that under the Utility Fund there are some recommendations that he would like to discuss. City Manager Maclin stated that on this particular page, staff is recommending a delay on the 16" water line until next year; rehab of the lift station that is the worst condition, which is Kit McConnico lowering this amount to \$64,000 from the original \$137,800 for three lift stations; and, delaying the 6" sewer line to the Red Barn, which is actually tied in with the 12" sewer line on FM 819. City Manager Maclin stated that he would anticipate that the Chamber could go another year being on a septic system for the Red Barn, and perhaps this could be accomplished next year.

City Manager Maclin stated that when the meeting is adjourned today he would like to have consensus of opinion from the Council that the salary increase has been decided.

In response to question by City Manager Maclin, Asst. City Manager Mayfield stated that the cost-of-living increase for General Fund is \$251,723; Utility Fund is \$51,333;

and, Solid Waste Fund is \$17,865.

City Manager Maclin stated that Mr. Wesch had brought to his attention that there are some items that did not rank high enough on the priority ranking sheets that could be brought back to Council for consideration at the six-month point in the budget year. CMM stated that if revenues are running substantially ahead of projections, staff could bring back some mini-decision packages to try and get further down the list for some of the equipment items and smaller items that would be beneficial in helping the departments get the job done.

In response to question by Mayor Bronaugh, City Manager Maclin stated that the Cash Management Study is where the City pays a professional consultant for financial matters for cities and counties who come in and analyze and review the accounting methods, deposit methods, investment procedures, and they attempt to find ways the City can better utilize the funds on hand and perhaps do a more efficient job in the accounting process. City Manager Maclin stated that it is the opinion of staff that this item will pay for itself based on this companies experience with other cities.

Mayor Bronaugh stated that the other item that was close to the cut off line was the Main Street full time employee, which was to be the Economic Development person as well as working with the Main Street Program.

Councilman Bowman stated that he was happy with the 3 1/2% cost-of-living increase; Councilman Gorden concurred. Councilman Gorden stated that in the past it was necessary to increase taxes in order to fund cost-of-living increase and health insurance costs, and he would like to commend the staff for doing what is apparently a much better job managing the City's funds.

City Manager Maclin stated that included in this year's proposed budget is a substantial increase in insurance costs - \$45 more than what was budgeted last year. City Manager Maclin stated that the insurance costs were not a Decision Package, but had already been paid for in the top half of the budget. City Manager Maclin stated that in last year's budget \$162 had been budgeted per employee for health insurance coverage. City Manager Maclin stated that renewal quotes came in with a 51% increase in November and staff went out to bid and TML gave a quote of only a 25% increase. City Manager Maclin stated that there was still a difference to make up even though TML was the low bid and was half what the renewal quote was with the current carrier. CMM stated that the cost went from \$162 a month to \$192 per month, and funds had to be taken from the Property Loss Fund to make up for the shortfall for the balance of the fiscal year - January thru September. CMM stated that the cost for insurance is increasing this year from \$162 to \$222 to cover the 15% increase that is anticipated this year. CMM stated that the increase from \$162 to \$222 represents the 45% increase for health care coverage. CMM stated that this amount was already included in the budget.

In response to question by Councilman Weems, CMM stated that the total amount for health insurance coverage is \$932,000 at \$222 per employee. This is an increase of \$281,000 from the cost of \$162 per employee. CMM stated that these are fixed costs and because of increases like this it was not possible to fund items further down the list.

Councilman Bowman stated that out of all the items that are funded, in his opinion, the street overlays were the most important, since most of the telephone calls he received were related to streets. Mayor Bronaugh stated that, in his opinion, a \$300,000 increase in street improvements was a large amount, and perhaps some of the other projects could have been funded if this number had not been so large. Councilman Gorden stated that he was in favor of keeping the streets in good repair.

In response to question by Councilman Weems, CMM stated that as far as the

progress on last year's budget for street repairs, there are a few streets like Lubbock Street, which are on the list to be paved but also on the list for a new water line, and we will obviously wait until the water line is installed. Mr. Wesch stated that by the end of September, he would anticipate that 90% of the streets in last year's budget would be complete. Mr. Wesch stated that there was \$477,000 in last year's budget for streets, and \$300,000 of that amount was for street overlays. Mayor Bronaugh stated that the Council has voted on increasing the amount for street overlays to \$600,000 this year. Mr. Wesch stated that this should take care of 40-45 streets depending upon the length of the streets. Mr. Wesch stated that currently he is concentrating on collector streets. CMM stated that the City has been behind in street repair since the 1980's, and in five years we should be able to get caught up. Mr. Wesch stated that he anticipates a more definable, better patching system with the new equipment, which should improve the patching process. (This item ranked #3 on the priority ranking sheets.)

Councilman Bowman stated that he would like to add to the comments Councilman Gorden made regarding the improved management style of the City, in that he notices a lot of the managers are becoming more concerned in meeting the taxpayers needs, getting the best for the taxpayers money.

Mayor Bronaugh stated that he would like to give credit to the City Council for their message to staff to save more.

In response to question by Councilman Simond, CMM stated that there were three notes on the Councilmember's priority ranking sheets - one from Councilman Weems, which was an inversion of ranking relating to the cost-of-living increase; Councilmen Boyd and Kegler made notes to differentiate between rank-and-file employees and department heads, basically saying, not to give Department Heads any increase.

Councilman Boyd stated that last year the Department Heads received a substantial increase and the rank-and-file employees who do all the work received a minimum increase. CMM stated that the increase last year did not have anything to do with what an employee's position was, but with what the survey showed. CMM stated that the increase were not limited to Department Heads, and that there were some Department Heads that did not receive an increase. CMM stated that based on the salary survey, the City was compensating the rank-and-file employees at or above the average of the 12 cities surveyed.

Councilman Kegler stated he had heard that in the future cities and counties would not have any money, and his concern is that the money that is available will be spread around. Councilman Kegler stated that with the employees receiving car allowances and an increase with the salary survey last year, there were a lot of people in the lower brackets that did not receive any increases. Councilman Kegler stated that there were employees who had expressed to him that the big raises went to Department Heads and they did not get anything. Councilman Kegler stated that being a State employee he understood their concerns. Councilman Kegler stated that with Department Heads being given car allowances he felt that they had received an increase. Councilman Kegler stated that he had received a call from a lady in Municipal Court who is a Department Head, and she stated that she was not getting a car allowance. Councilman Kegler stated that his concern was that the money be spread around, because in the future there would be less of it. Councilman Kegler stated that there is a push now for the people's concerns, with the employees taking second place until things get better. Councilman Kegler stated that he was concerned about the employees who did not get a raise last year. City Manager Maclin stated that when staff looked at the laborers on the salary survey, they were making \$6.20 an hour, which was already over the average of what other cities were paying. City Manager Maclin stated that he did not feel he could come to the Council and ask for a raise for laborers when the City is already paying above average wages for laborers. Councilman Kegler stated that in the two years he has been on the Council, people have gotten increases, but his concern is

that the money be spread around. Councilman Kegler stated that his concern was with the inequity of across the board raises, when the Department Head was given a larger raise than the employees who were doing the work.

In response to comment by Councilman Simond, City Manager Maclin stated that the public's perception is that laborers working for the City of Lufkin are being paid minimum wage, and this is not true. Councilman Simond stated that, in his opinion, those people making \$5 and \$6 should be given some special consideration. Councilman Simond stated that these people have to pay the same amount for utilities, etc. as the people receiving higher salaries. Councilman Simond stated that morale would be better if these people were better paid. Councilman Simond stated that as far as car allowance, the City had an employee who received a car allowance, yet walked to the Bank on City business. Councilman Simond stated that, in his opinion, the people making \$5 and \$6 should be given a raise and then if there is any money left, management should be given a raise. City Manager Maclin stated that his salary is not included in this, but he is reviewed annually by the Council. City Manager Maclin stated that in terms of philosophy and based on 21 years in municipal government, the purpose of last year's reclassification, is to get the City of Lufkin where we can legitimately say we are paying a commensurate wage in comparison to other cities our size. City Manager Maclin stated that this will help the City to be competitive for recruitment purposes, and retaining quality employees because we are paying at least the average or better of what other cities our size are paying. City Manager Maclin stated that a salary survey and reclassification is only done every five years to try and correct any inequities that have come through the system. CMM stated that what creates inequities in the system is giving different levels of raises to different levels of employees, which makes an adverse impact on morale and is perceived as a negative. Councilman Simond stated that he (the City Manager) did not hear complaints about the salaries because he was isolated. Councilman Simond stated that low morale in City Hall was a result of people in City Hall who knew that some people were making big money and getting raises and they were not. Councilman Simond stated that these people did not complain to the City Manager or to their Department Head because they are afraid of what might happen to them. CMM stated that typically there are only across the board raises, and the salary reclassification has only been once.

Mayor Bronaugh stated that a statement has been made that the people on the bottom of the pay scale do all the work, and that's not so. Mayor Bronaugh stated that if the Department Heads or Supervisors did not do their work there wouldn't be any work on the bottom either. Councilman Kegler stated that there is a communication problem; they were talking about the people who carry the load and do the menial work. Councilman Simond stated that he mentioned menial work versus meaningful work the other day and the City Manager stated that he would not call Mary Watts' salary menial, but he (Mr. Simond) would. Councilman Simond stated that Ms. Watts is making \$9.70 an hour and he called that menial. CMM stated that Ms. Watts is making \$20,000, but if it had not been for the salary reclassification last year, she would still be making \$17,000.

In response to statement by Councilman Kegler, CMM stated that the way to bring a person's salary up is through merit pay increases based on an annual performance standard. Councilman Boyd stated that he did not like merit pay.

Councilman Boyd stated that the Police Department's Decision Package for the override signal light system had made the cut off on the priority ranking sheet, but the Fire Department's request for this item did not make the cut. Councilman Boyd stated that, in his opinion, both requests were equally important. Councilman Gorden stated that, if it is not out of order to do so, funds for this item could be taken from the Contingency Fund. Mr. Mayfield stated that currently there is \$80,000 in the Contingency Fund. CMM stated that the budget draft for next year will include \$150,000 in the Contingency Fund. Councilman Gorden stated that between now and the end of this budget year perhaps some of the \$80,000 left in this year's contingency could be used to fund some of the items that had not ranked high

on the priority ranking sheet.

Councilman Weems stated that he would like to comment on the cost-of-living increase since he had an exception on his priority ranking sheet. Councilman Weems stated that employees jobs have certain valuation as to what it is worth to the City and to the public. Councilman Weems stated that irregardless of what the job is in the City, that job has a certain value. Councilman Weems stated that, in his opinion, Council should adopt a policy that jobs have a certain value for the citizens, and then that responsibility is placed back with the City Manager to implement. Councilman Weems stated that as Councilmen Boyd and Kegler said, in regard to the increase in the car allowance, his personal opinion is that it is excessive and the increase in the cost-of-living raises might be a little excessive, but if this is an evaluation of the performance of these people, that's another thing. Councilman Weems stated that he could go along with the 3 1/2% increase without a tax increase, but in the future we need to look at the jobs within the City as to what it is really giving back to the citizens and placing a valuation on that job, then that allows for raises to bring people up to their performance as their longevity and performance within that category. Councilman Weems stated that the City is loosing their policemen because when they reach their limits, there's no place for them to go. CMM stated that the City has a pay classification plan that is currently in place. Councilman Weems stated that he would like for salary increases to continue as Decision Packages for the Council's consideration.

Councilman Simond stated that he did not have a problem with the Department Heads and Supervisors who have gone and gotten their education and special training for their jobs to get a good hourly wage, but he felt like the street sweepers, and maintenance people should be paid more than \$6 per hour.

Councilman Kegler asked for clarification on the structure of the Municipal Court. CMM stated that this department is different from the other City departments because by Charter it is the only department that reports directly to the City Council. CMM stated that the Municipal Court Judge does not report to the City Manager, because it is the judicial part of municipal government. In response to question by Councilman Boyd, CMM stated that Mary Watts is classified as the Department Head for Municipal Court because Judge Sloan is a part time employee. In response to question by Councilman Kegler, CMM stated that if Ms. Watts were to use a City vehicle in her job, she would get a car allowance, but she has no reason to go out in the field on City business. CMM stated that the purpose of the car allowance is two-fold - (1) to get away from providing vehicles to Department Heads, and (2) to provide a uniform policy.

CMM stated that unless he hears to the contrary, he would assume that Council is more or less accepting staff's recommendation on the Utility Fund.

In response to question by Councilman Simond, CMM stated that he would like to set a Called Meeting to present the budget draft next Thursday or Friday depending upon the availability of the Council. (The meeting was set for Thursday, August 5, at 5:30 p.m.)

Motion was made by Councilman Jack Gorden, Jr. and seconded by Councilman Tucker Weems to approve the 3 1/2% cost-of-living increase across the board for City employees. The following vote was recorded:

Aye: Councilmen Gorden, Weems, Bowman, Simond, and Mayor Bronaugh

Nay: Councilmen Boyd and Kegler

Motion carried by a vote of 5 to 2.

3. COMMENTS

Mayor Bronaugh stated that tickets to the Dixie Major League banquet had been

placed at the Councilmembers places, and encouraged their attendance if possible.

4. There being no further business for discussion, meeting adjourned at 10:10 a.m.


Louis A. Bronaugh - Mayor

ATTEST:


Atha Stokes - City Secretary