

**MINUTES OF REGULAR MEETING OF THE CITY COUNCIL OF THE
CITY OF LUFKIN, TEXAS, HELD ON THE
1ST DAY OF FEBRUARY, 1994 AT 5:00 P.M.**

On the 1st day of February, 1994 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:

Louis A. Bronaugh	Mayor
Don Boyd	Mayor pro tem
Percy Simond	Councilman, Ward No. 1
Larry Kegler	Councilman, Ward No. 3
Bob Bowman	Councilman, Ward No. 4
Jack Gorden, Jr.	Councilman, Ward No. 5
Tucker Weems	Councilman, Ward No. 6
C. G. Maclin	City Manager
Ron Wesch	Asst. City Manager/Public Works
Darryl Mayfield	Asst. City Manager/Finance
Bob Flournoy	City Attorney
Atha Stokes	City Secretary

being present when the following business was transacted.

1. Meeting was opened with prayer by Rev. James McPhail, Minister, First United Methodist Church.

2. Mayor Bronaugh welcomed visitors present, and recognized Jared Wiley, SFA student, and newly hired intern for the City's Administrative Department.

3. **APPROVAL OF MINUTES**

Minutes of Regular Meeting of January 18, 1994 were approved on a motion by Councilman Don Boyd and seconded by Councilman Tucker Weems. A unanimous affirmative vote was recorded.

4. **ORDINANCE - APPROVED - SECOND READING - TAX ABATEMENT - TEXAS FOUNDRIES**

Mayor Bronaugh stated that the first item for consideration is Second Reading of an Ordinance for a Tax Abatement as requested by Texas Foundries.

Motion was made by Councilman Percy Simond and seconded by Councilman Bob Bowman that Ordinance be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

5. **AMENDMENT- APPROVED - SECOND READING - FEE INCREASE - INSTALLATION OF 2" WATER METER**

Mayor Bronaugh stated that the next item for consideration is Second Reading of an Amendment of an Ordinance increasing installation fees for a 2" water meter.

Motion was made by Councilman Don Boyd and seconded by Councilman Percy Simond that Amendment to Ordinance increasing installation fees for a 2" water meter be approved on Second and Final Reading as presented. A unanimous affirmative vote was recorded.

6. **AMENDMENT - TABLED - SECOND READING - SUBDIVISION ORDINANCE-PAVING REQUIREMENTS - RESIDENTIAL STREETS**

Mayor Bronaugh stated that the next item for consideration is Second Reading of an

Amendment to the Subdivision Ordinance relating to paving requirements on certain residential streets.

City Attorney Flournoy stated that he had not finished making revisions to the Amendment to the Subdivision Ordinance, and requested that this item be tabled until next meeting of the Council.

Motion was made by Councilman Don Boyd and seconded by Councilman Bob Bowman that Second Reading of an Amendment to the Subdivision Ordinance relating to paving requirements on certain residential streets be tabled until next meeting. A unanimous affirmative vote was recorded.

7. FEE RENTAL SCHEDULE - APPROVED - LUFKIN/PITSER GARRISON CIVIC CENTER

Mayor Bronaugh stated that the next item for consideration is the fee rental schedule for the Lufkin/Pitser Garrison Civic Center.

Mayor Bronaugh stated that he had recently received a letter from a civic organization in the City which read in part: "It has come to our attention that it may be possible for a non-profit organization to receive a cost break from Civic Center rates. If this is indeed possible we would very much like to be considered as a candidate for a rate reduction." Mayor Bronaugh stated that in the current schedule there is a rate for non-profit organizations ranging from 40% to 20% less than commercial (profit) functions depending upon the situation. Mayor Bronaugh stated that he would like to see the City maintain the current rate schedule with no exceptions. Mayor Bronaugh stated that if Council could not be comfortable with that, an alternative would be to raise the commercial a little, and either reduce the non-commercial, or leave it as it is. Mayor Bronaugh stated that Council needs to give the Civic Center staff a workable rate schedule that treats everyone fairly within the community with no exceptions.

In response to question by Councilman Simond, City Manager Maclin stated that all the items waived on the list were City functions and the commodities distribution.

In response to question by Mayor Bronaugh, City Manager Maclin stated that the fee rate schedule was originally passed in 1976, and it was not changed until 1991.

In response to question by Councilman Kegler, City Manager Maclin stated that if the food is prepared offsite there is no catering fee, but if an organization hires someone to bring in food the fee is 70 cents a plate. City Manager Maclin stated that the catering fee was put in place by recommendation of the Board of Development in an attempt to get the food establishments involved in helping to replace silverware, plates, etc.

Councilman Simond stated that he had suggested at a previous meeting that a non-profit organization using the Civic Center on a yearly basis could pay the regular fee for 5 years and get the 6th year free as an incentive. Councilman Simond stated that, in his opinion, it would be less of a hassle for the public if they could pay a flat fee instead of having every thing itemized.

In response to question by Councilman Bowman, City Manager Maclin stated that the Civic Center fees are predicated on what other cities our size are doing that have a facility similar to ours.

City Manager Maclin stated that 75% of the people who use the Civic Center fall under the non-commercial category. City Manager Maclin stated that Civic Centers are typically used by local people.

Councilman Boyd questioned DARE paying a fee to use the Civic Center for their graduation. City Manager Maclin stated that they had the funds in their budget. Councilman Boyd stated that the DARE Program is short on funds now, and they

could have used this money instead of paying it for Civic Center fees.

Councilman Boyd objected to charging a base fee for use of the Civic Center and paying additional charges for the stage, spotlight, PA system, etc.

City Manager Maclin suggested modifying the rate schedule so that the use of the stage and those types of equipment for non-commercial not be an additional charge and basically leave it the way it is. There would still be a kitchen fee and catering fee but no charge for the stage and other minor equipment.

In response to question by Councilman Boyd, City Manager Maclin stated that the only time security is required is when alcoholic beverages are served and when there are dances with over 500 people attending.

City Manager Maclin stated that whatever the City does not collect in fees that are charged in Hotel/Motel revenue, then the rest of it has to be subsidized by general fund tax revenue.

In response to question by Councilman Gorden, City Manager Maclin stated that the occupancy rate is in the 65% range.

In response to question by Councilman Gorden, City Manager Maclin stated that revenue from the Civic Center is down for three reasons: (1) Construction of the Diboll facility (their rates are lower); (2) More churches are building family life centers, and (3) the Museum of East Texas has obtained some of the public for meetings and social functions. City Manager Maclin stated that this past Christmas three of the larger industries who normally hold their Christmas party at the Civic Center did not use the facility. Councilman Bowman stated that the Chamber of Commerce does not charge for their meeting rooms.

In response to question by Councilman Gorden, City Manager Maclin stated that approximately \$60,000 of the fees that are collected are being used to support the Civic Center. City Manager Maclin stated that there were years when the Civic Center was new and the hotel/motel tax fund had built up and had a good fund balance, but over the past few years we have had to use funds from the hotel/motel fund balance in order to make ends meet for our budget. City Manager Maclin stated that approximately \$100,000 a year had been taken from the hotel/motel fund balance. City Manager Maclin stated that approximately \$110,000 of the \$300,000 Hotel/Motel budget goes to the Chamber for operation of the Tourist and Convention Bureau, approximately \$31,000 goes to the Museum of East Texas (\$20,000 of this is for utilities), and the Expo Center gets 1%, which is approximately \$40,000. City Manager Maclin stated that this year for the first time, the Board of Development approved \$1,500 for the Forestry Museum, which is earmarked specifically for advertising. City Manager Maclin stated that if it were not for the fund balance, the City would be spending general tax revenues to supplement the Civic Center operation. City Manager Maclin stated that there is currently \$118,760 left in the Hotel/Motel fund balance.

In response to question by Councilman Bowman, City Manager Maclin stated that the cost for operating the Civic Center is \$288,000 per year.

Councilman Gorden suggested that at some point in time there should be an evaluation of the money that goes to the Tourist and Convention Bureau. City Manager Maclin stated that the Board of Development had reduced the Chamber's budget from \$126,000 to \$106,000, however, last year they raised it by \$4,000 to \$110,000. The yearly trip to the Valley to solicit winter travelers for tourism in East Texas was cut back to every other year. City Manager Maclin stated that other programs were reviewed, including the trophies that were purchased for football play-off games at Abe Martin stadium at a cost of \$2,000-\$3,000 per year. This program was cut back because none of the participants were spending the night.

In response to question by Councilman Gorden, City Manager Maclin stated that revenues were over \$300,000 in hotel/motel tax for the first time in the history of the City.

Motion was made by Councilman Jack Gorden, Jr. and seconded by Councilman Bob Bowman to maintain the current fee schedule with the exception of the stage, lights, and other small equipment the public may need in renting the Civic Center, and to revert back to the "no exception policy" on usage of the Civic Center. The following vote was recorded:

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

Motion carried by a vote of 6 to 1.

Councilman Bowman stated that the Council might want to take a look at how the hotel/motel tax is used.

8. ORDINANCE - APPROVED - FIRST READING - ZONE CHANGE - RESIDENTIAL LARGE TO RESIDENTIAL SMALL - LOTUS LANE AND HENDERSON STREET - JAMES & LOLA STOVER - BUSTER NUGENT - MRS. WILLIAM HENLEY

Mayor Bronaugh stated that the next item for consideration is a request of James and Lola Stover, Buster Nugent, and Mrs. William Henley to change the zoning from Residential Large to Residential Small on tracts 6, 7, 11, and 71 of the Joel Hill Survey (A-323) located at the Northeast corner of Lotus Lane and Henderson Street.

City Manager Maclin stated that this request involves some property near the skating rink on Lotus Lane, and was unanimously approved by the Planning & Zoning Commission.

There was no opposition present.

Motion was made by Councilman Don Boyd and seconded by Councilman Bob Bowman that Ordinance be approved on First Reading as presented. A unanimous affirmative vote was recorded.

9. REQUEST - APPROVED - MATTHEW BRADSHAW - SANITARY SEWER SERVICE - BRENTWOOD & WHITE HOUSE DRIVE OUTSIDE CITY LIMITS

Mayor Bronaugh stated that the next item for consideration is a request of Matthew Bradshaw for sanitary sewer service outside the City limits.

City Manager Maclin stated that included in the Councilmember's packet is a letter from Mr. Bradshaw requesting sanitary sewer service. City Manager Maclin stated that the request for the property located at the southeast corner of Brentwood Drive and White House Drive has prompted the Planning Department to consider a possible annexation of the area. Mr. Bradshaw has acknowledged in his letter that he would agree to annexation. City Manager Maclin stated that there is already sanitary sewer service in the immediate area, and it would only be a matter of tapping into the line to provide this service.

Mayor Bronaugh asked if there were any other residents in this area that would like to be included in the annexation. City Planner Abraham stated that the tracts proposed for annexation are tract 128, which is a day care center, tract 129-1-1 an ice cream shop, which was recently granted sewer service, and 129, the location of this request. City Planner Abraham stated that he is not proposing lots 129.2, 130 and 131 for annexation, as shown on the map, at this time. Mr. Abraham stated that the long range plan is to annex property further down on Brentwood Drive.

In response to question, City Planner Abraham stated that Mr. Bradshaw plans to locate an automotive retail store to include the sale of electronic parts on the property, which appears to be an appropriate zoning. City Planner Abraham stated that the property will be zoned Local Business once the annexation process has been completed.

In response to question, City Manager Maclin stated that Mr. Bradshaw will be charged one-and-one-half the rate for sewer service until the annexation is completed. City Planner Abraham stated that he will initiate the annexation process by bringing a request to Council at the February 15 meeting.

Mayor Bronaugh stated that he would like for City Planner Abraham to notify the surrounding residents of the proposed annexation.

Motion was made by Councilman Bob Bowman and seconded by Councilman Don Boyd that sanitary sewer service be extended to Matthew Bradshaw on property located at the corner of Brentwood Drive and White House Drive, and that the request for annexation be placed on the agenda for next meeting of the Council. A unanimous affirmative vote was recorded.

10. AUDIT REPORT - APPROVED - AXLEY & RODE

Mayor Bronaugh stated that the next item for consideration is the audit report.

Lynn Montes, CPA with Axley & Rode, stated that his firm had completed the audit of the City's general purpose financial statements for the year ended September 30, 1993. Mr. Montes stated that the independent auditors report along with the City's financial statements and related information has been provided for the Council's review and consideration. Mr. Montes stated that the independent auditor's report on general purpose financial statements is listed on page 7. The last paragraph of this letter states: In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lufkin, Texas as of September 30, 1993, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Mr. Montes stated that this is what accountants call a "clean opinion". Mr. Montes stated that pages 8, 9, 10 and 11, are the combined balance sheet for all fund types and account groups. Mr. Montes stated that this financial statement presents the assets, liabilities and fund equity of the various funds of the City. Mr. Montes stated that this financial statement reflects that the City continued to maintain its good financial condition as of September 30, 1993. On pages 12 and 13 are the combined statement of revenues, expenditures and changes in fund balances for all governmental fund types. This financial statement reflects that the City provided revenue sufficient to meet departmental expenditures and maintain fund balances for future needs and contingencies. On pages 14-17, there is a comparison of budgeted revenue and expenditures to actual amounts for the general and special revenue funds. Mr. Montes stated that this report reflects that general fund actual operations were somewhat better than anticipated, primarily because of favorable increases in sales tax revenues. On pages 18, 19, 20 and 21 are the statement of revenues, expenses and changes in fund equity for all proprietary funds that appear on these pages, and reflect the result of operations and cash flows of the enterprise fund, which consist of the water and sewer fund, the solid waste disposal fund and the City's internal service fund, which is better known as the City's health insurance fund. Mr. Montes stated that these statements reflect that the revenue earned or provided by these funds were adequate to pay current years operating expenses, current year debt service requirements and provide funds for future needs and contingencies. Mr. Montes stated that the balance of the report consists of footnotes and detailed financial statements that support and provide additional information related to the financial statements that he had just covered.

Mr. Montes stated that during the year the City was able to issue new debt to

advance refunds for some of its old debt at more favorable interest rates, because it had established and maintained good fund equity balances in its general and enterprise funds. Mr. Montes stated that City management is to be commended for this. Mr. Montes stated that in addition to the general purpose financial statements, he also performed procedures to test the City's financial compliance with the laws and regulations related to the expenditures of its federal funds. The results of the testing is shown on the City's federal financial assistance reports, which basically is required by the federal government and addresses all funds that were received from the federal government and the City's expenditure of those funds. Mr. Montes stated that the results of Axley & Rode's testing disclosed no areas that they considered to be adverse to the City.

Mr. Montes stated that he would like to thank Mr. Mayfield and Mrs. Hicks and their staff for the courtesy and cooperation extended to his firm during the audit. Mr. Montes stated that the financial records of the City continue to improve. Mr. Montes stated that he also would like to thank the City Council for the opportunity to perform this audit.

In response to question by Councilman Weems, Mr. Montes stated that page 9 reflects that the total assets of the City in various funds, in the general fixed assets, and the general long-term debt account groups, is \$63,901,811. The liabilities reflected on page 11 are \$22,809,232. Mr. Montes stated that when the liabilities are subtracted from the assets, there is a fund equity in all fund account groups of the City of \$41,000,000. Mr. Montes stated that this does not represent dollars, but represents equity in the various funds and account groups. Mr. Montes stated that \$13,786,046 of this amount reflects fixed assets (buildings, equipment, etc.) that was purchased by general government funds. Mr. Montes stated that during the last three years that his firm has audited the City, they have noted a continued increase in the City's fund equity - it has a healthy financial condition.

In response to question by Councilman Weems, Mr. Montes stated that the footnote on page 33 discloses to the reader that the City is a member of a statewide retirement plan for all individuals other than firemen. Mr. Montes stated that there is a breakdown of the plan listed as Pension Benefit Obligation on this page.

In response to question by Councilman Weems, Mr. Montes stated that the Firemen's Relief and Retirement Fund Pension is audited by Axley & Rode and is a separate report. Mr. Montes stated that the change from 1990 (119.10%) down to 1992 (83.36%) indicates that this fund has improved its status even though it still has an unfunded pension benefit obligation of \$1.4 million. Mr. Montes stated that this is something that will be worked out over the next few years so that there will be funds available to pay the firemen as they retire. Mr. Montes stated that as of now the fund is sound.

In response to question by Councilman Weems, Mr. Montes stated that he had obtained a Management Letter from the City Manager. Mr. Montes stated that he could get a letter from the Council but had always gotten the letter from the City Manager since Council designates the responsibility of the financial statements to the City Manager. Councilman Weems stated that, in his opinion, it would be a good idea to get a letter from Council also.

In response to question by Councilman Simond, Mr. Mayfield stated that there are approximately 10 petty cash funds in the City departments. Mr. Mayfield stated that he and Mrs. Hicks do a personal audit of the petty cash funds once every six months.

Councilman Simond complimented Asst. City Manager Mayfield and Mrs. Hicks, Director of Accounting, on an excellent job of the City's accounting functions.

Mr. Montes stated that in December of last year, Mrs. Hicks and one of her staff members attended an internal auditors CP course in San Antonio, in anticipation of putting some of the procedures in place in the Accounting Department.

Councilman Bowman complimented Mr. Montes on his professional presentation of the audit and on the one sheet summary of comparison of revenues, expenditures and changes in fund balance - budget and actual - general fund adjusted for the effects of transfers from water and sewer fund and equipment purchased under terms of capital lease agreements for the year ended September 30, 1993.

Mayor Bronaugh stated that he feels good about the City's financial situation, which is due to a concentrated effort by the Council and the staff.

Motion was made by Councilman Bob Bowman and seconded by Councilman Tucker Weems to accept the audit report as presented by Lynn Montes of Axley and Rode. A unanimous affirmative vote was recorded.

11. CASH MANAGEMENT STUDY REPORT - APPROVED - BEN ARVIZU

Mayor Bronaugh stated that the next item for consideration is a report presented by Ben Arvizu on the Cash Management Study.

City Manager Maclin stated that in the budget process last year, through the Decision Package format, Council authorized staff to include in the 1993-94 budget allocated funds for a service to come in and do a cash management study of the City's investment and banking procedures and policies. City Manager Maclin stated that staff had been in contact with Mr. Arvizu for several months and felt like he could provide the type of study the City needed.

Mr. Arvizu stated that he would like to thank the City for giving him the opportunity to be of service to them. Mr. Arvizu stated that his firm, which is based in Dallas, specializes in working with cities in the area of their depository agreements, investment policies and cash management procedures. Mr. Arvizu stated that following the audit report, his report will validate a lot of proper things and correct procedures the staff is doing. This report will provide documentation that any citizen can be assured that the City is doing an excellent job of managing the City funds.

Mr. Arvizu stated that his firm had conducted a review of the City's procedures in January and identified approximately \$60,000 of reoccurring opportunities of additional earnings and cost reductions that the City could obtain by enhancing the tools they did not have at the time - additional bank services, bank restructure, and many areas that are defined in the report. Mr. Arvizu stated that what his staff found was that the City, with the tools they had to work with, were doing an outstanding job. Mr. Arvizu stated that the net result from the time his staff came in in January until the time the study was finished shows a net additional reoccurring annualized opportunities of \$75,000. Mr. Arvizu stated that he would like to point out that from January until the study was completed, approximately \$57,000 plus of those gains are already in place, primarily as a result of City staff taking immediate action in some areas they saw needed improvement. Mr. Arvizu stated that even though some of these areas have been implemented, primarily in the new investment policy and some of the account structure changes, there is additional implementation. Mr. Arvizu stated that members of his firm will be available to help the City staff.

Mr. Arvizu stated that Mr. Mayfield, Mrs. Hicks and the accounting staff were to be complimented for their conscientious efforts in implementing the Cash Management Program.

Mr. Arvizu stated that this is not just a one-time report, but that he will be coming back to report to the Council and management, identifying efficiency, accountability, and any additional improvements.

In response to question by Mayor Bronaugh, Mr. Arvizu stated that he was

recommending an annual report, but that was up to the Council and staff. Mr. Arvizu stated that the \$15,000 fee was for the Cash Management Study, and any payment in the future would be maintenance fee.

In response to question by Councilman Simond, Mr. Mayfield stated that much of the testing that is done by the auditor is for GAP procedures, and Mr. Arvizu is not auditing the City's books but is looking at the procedures. Mr. Arvizu stated that the City is doing an outstanding job of managing the General Ledger cash and that is what the auditors audit. Mr. Arvizu stated that with what his firm is implementing, the City will now be in a position to be assured that they are getting the availability of their cash as quickly as possible, that they have the appropriate CAP structure, and now they will have the new tools in place (control disbursement account, balance reporting and some other services), so they will be managing the actual bank cash, not the checkbook cash. Mr. Arvizu stated that instead of earning passbook interest on the short term cash, they will be able to earn another 200 basis points in TEXPOOL or some other investment.

Councilman Simond suggested that before this contract is renewed, it come back to Council for discussion.

In response to question by Councilman Simond, Mr. Montes stated that cash management is not a function of the external audit. Mr. Montes stated that basically his function is to come in and examine the financial statements and determine whether or not they can express an opinion on them. Mr. Montes stated that if there are significant problems he will report them to management. Mr. Montes stated that the management of the City is to assure that the City's funds are being managed, and the auditors merely report on financial statements. Mr. Arvizu stated that he had met with the partners of Axley & Rode prior to starting the cash management study primarily because they are part of a Southwest Practice Management Group, and he works with other CPA firms within that group. Mr. Arvizu stated that this is not a duplication of effort.

In response to statement by Councilman Simond, Mr. Montes stated that it is not the auditors responsibility to tell the City how to invest its funds. Mr. Montes stated it is their responsibility to report fraud if someone is taking money. Mr. Montes stated that included in the information that was handed out to Councilmembers, there is a letter containing seven points that hopefully will clarify some of the concerns Councilman Simond might have.

Motion was made by Councilman Jack Gorden, Jr. and seconded by Councilman Bob Bowman to accept the Cash Management Study report as presented by Ben Arvizu of the Arvizu Financial Group. A unanimous affirmative vote was recorded.

12. ALLOCATION OF SEIZED ASSETS - APPROVED - POLICE DEPARTMENT

Mayor Bronaugh stated that the next item for consideration is allocation of seized assets by the Police Department.

City Manager Maclin stated that this is an annual process that Chief Collins commits to Council as a proposal of items that would be purchased through the forfeited funds that the City gets through narcotics activity.

Chief Collins stated that to comply with State law on forfeited assets he has to provide a budget to the governing body, as well as a copy of the audit report to the Governor's office and the Attorney General. Chief Collins stated that attached to his letter is a list based on the best estimate he could provide at the time that he made the list of what would be available in this fiscal year. Chief Collins stated that at this time, there is only approximately one-third of the amount that is in the City's coffers that are available for expenditures. Chief Collins stated that this list is without priority, but if he had to prioritize the list tonight he would put those items

that would put the neighborhood policing operation into effect at the top of the list.

In response to question by Councilman Bowman, Chief Collins stated that Community Policing is based on the concept that the officers go into the community and learn that area well enough to identify the problems, and part of that process is to survey the residents of the community and find out what their top priorities are (crime, traffic, abandoned homes, etc.). Chief Collins stated that he has been in touch with SFA and will probably contract with them to do the major part of the survey.

In response to question by Councilman Kegler, Chief Collins stated that the items listed are in excess of \$25,000, but this is what he anticipates will become available this year. Chief Collins stated that he is actually dealing with three "stacks of money" - that which is already forfeited to the City and is in the bank right now, State forfeiture proceeds that the District Attorney is processing for the City locally, and there are some Federal cases where the U. S. Attorney is processing through Federal Court. City Manager Maclin stated that no funds will be spent until the City actually has the money.

Councilman Boyd stated that possibly some of this money could go into education, such as the DARE Program. Chief Collins stated that approximately a year ago Council approved a process where the District Attorney takes a share off the top that goes into a City drug education/drug prevention fund. Chief Collins stated that the money for education is coming from the top of the seized funds rather than the forfeited funds. In response to question by Councilman Boyd, Chief Collins stated that the amount going to education is 10% of the total as opposed to the City's cut from the District Attorney. Councilman Boyd stated that the DARE Program is in need of funds and perhaps we could get a larger percent of the funds.

Chief Collins stated that recently at a meeting with the Chamber of Commerce, he was informed that he was to plan on having the program, the Chamber would find a way to fund it. Chief Collins stated that in speaking with Mrs. Fran Sciola-Cardwell, she did not give much hope that the school district would come up with their share of the funds.

In response to question by Councilman Kegler, Chief Collins stated that the DARE Program costs approximately \$45,000 a year, and the City has committed to \$10,000 of that amount. Chief Collins stated that previously the school had committed to \$10,000 but at this time he is not sure what their commitment will be. Chief Collins stated that personally, in his opinion, the school needs to contribute, and it does not need to be just a City program.

Councilman Simond stated that he saw in the newspaper that the Chief had made a statement that he had talked with the Council about the expenditure of the forfeited money. Chief Collins stated that he did not remember making that statement to the media.

In response to question by Councilman Simond, Chief Collins stated that basically the Supreme Court reference to seized assets is for real estate.

In response to question by Mayor Bronaugh, Chief Collins stated that the Legislature passed a State statute that parallels the Federal statute, that is still in effect, regarding weapons on the school ground.

Chief Collins stated that listed in the budget is playground equipment for the purpose of providing the equipment to the City parks that have no playground equipment. Chief Collins stated that in order to qualify under the local law, as well as Federal law, there has to be three pieces of playground equipment in the parks to bring them under the protection of the "gun-free/drug-free zone". Chief Collins stated that he anticipated helping the Parks Department by providing some playground equipment so that the parks will qualify for this protection.

In response to question by Councilman Boyd regarding the "boiler plate rules - Civil Service" on the itemized budget list, Chief Collins stated that the most preeminent attorney for Civil Service in Texas is writing a set of model rules concerning Civil Service, and in his opinion, it would be beneficial to secure a set of the rules with modifications for the City's particular needs. Chief Collins stated that he anticipates the set of rules will cost \$3- 4,000, and will include a subscription service to keep the rules current.

Motion was made by Councilman Tucker Weems and seconded by Councilman Don Boyd to accept the seized assets budget as presented by Chief Sherman Collins. A unanimous affirmative vote was recorded.

13. NON-EMERGENCY & ROUTINE AMBULANCE TRANSFER SERVICE - APPROVED - FIRE DEPARTMENT

Mayor Bronaugh stated that the next item for consideration is non-emergency and routine ambulance transfer service for the Fire Department.

City Manager Maclin stated that several months ago the Fire Chief came to him with a proposal for consideration that the City return to the transfer service. City Manager Maclin stated that in 1988 the Council made a decision to get out of the transfer service due to heavy losses due to the fact that transfers had become broad in its scope and nature in terms of the areas the service was being provided to. City Manager Maclin stated that it was a detriment to the service protection of the City of Lufkin by having its personnel and equipment out of the City and County on long trips. City Manager Maclin stated that it was a detriment financially primarily because of the Medicare rates and the low rates the City was charging for EMS service at that time. City Manager Maclin stated that since that time the City's rates have been increased to reflect a little closer to norm for provision of this from a municipal service standpoint. Due to an increase in rates mainly from private services in the East Texas area, the Medicare payment for EMS transfer service has also increased substantially from what it was in 1988. City Manager Maclin stated that in order to consider this, Chief Prewitt has come up with a plan, which has been analyzed and reviewed by himself, the Asst. City Manager of Finance and both directors of the hospitals.

Chief Prewitt stated he was proposing that the service be implemented as of May 1, 1994. Chief Prewitt stated that this will be a routine, non-emergency medical transfer service that will entail the re-opening and renovation of Station No. 2 as a medical station, the hiring of eight (8) non-Civil Service personnel, all of whom will be paramedics, and one clerical person. Chief Prewitt stated that his goal is to provide a quality service at low cost to the citizens of our community to provide the City with a modest source of revenue. Chief Prewitt stated that it is his opinion that the revenue will cover entirely the cost of the operation.

In response to question by Councilman Boyd, Chief Prewitt stated that the Fire Department has a mutual aid agreement with East Texas Ambulance Service in the event all three of the City's ambulances are in service when a call is received.

Jack Bailey of Memorial Medical Center of East Texas, and Don McBride of Woodland Heights Hospital, spoke in support of the non-emergency transfer service and stated they were highly pleased when this service was delivered by the City previously.

In response to question by Councilman Bowman, Chief Prewitt stated that the total cost for the three ambulances is \$120,000, which may fluctuate slightly.

In response to question by Councilman Weems to explain the heavy losses prior to 1988, City Manager Maclin stated that they were attributed mainly to Medicare only paying \$35 per transfer trip.

Motion was made by Councilman Percy Simond and seconded by Councilman Bob Bowman authorizing Chief Prewitt to initiate the plans for routine and non-emergency medical transfers as presented, effective May 1, 1994. A unanimous affirmative vote was recorded.

14. WARRANT COLLECTION CONTRACT - APPROVED - MUNICIPAL SERVICES BUREAU

Mayor Bronaugh stated that the next item for consideration is a warrant collection contract.

City Manager Maclin stated that Council had discussed the collection of delinquent warrants last summer during the budget process, and one of the suggestions was to hire a warrant officer. City Manager Maclin stated that proposals were requested from agencies that do this type of collection service, and staff recommendation is to award the contract to the Municipal Services Bureau. They would be awarded a 30% flat fee on all amounts collected. City Manager Maclin stated that Chief Collins has added to this process an in-house effort using the Police Academy Alumni Association volunteers, who will make phone calls and assist the Municipal Court and the Police Department in contacting individuals who have outstanding warrants prior to turning them over to the collection agency.

In response to question by Councilman Boyd, City Manager Maclin stated that there would not be any "up front" money to the collection agency. City Manager Maclin stated that the City broke-even with the other collection agency. City Manager Maclin stated that there is no risk on this contract.

Motion was made by Councilman Bob Bowman and seconded by Councilman Tucker Weems to award the contract for warrant collection to Municipal Services Bureau. A unanimous affirmative vote was recorded.

15. BID - APPROVED - ACCOUNTING SOFTWARE - AD VALOREM RECORDS, INC.

Mayor Bronaugh stated that the next item for consideration is a bid for computer software for the Accounting Department.

City Manager Maclin stated that this item was approved in a Decision Package during the budget process for fiscal year 1993-94. City Manager Maclin stated that the accounting software the City has been utilizing has been the same for the last 13 years and it is now time to update and take advantages of new technology.

Asst. City Manager Mayfield stated that there are a number of accounting software packages to choose from. Mr. Mayfield stated that the software modules staff requested in the bid are all fully integrated, and are specifically structured for non-profit, governmental accounting systems. Mr. Mayfield stated that four bids were received - Noll Systems, Inc., Therefore Systems, Inc., FMS Fundware and AVR Fundware. Mr. Mayfield stated that during the summer Mrs. Hicks, Mrs. Mott and he had travelled to Livingston to check out the fundware system the City of Livingston has been using for the past two years. Mr. Mayfield stated that recently Mrs. Hicks, Mrs. Vance and he had gone to Huntington, to look at the fundware systems they were using.

Mr. Mayfield stated that staff had budgeted \$25,000 for the software system. Mr. Mayfield stated that staff has included a contingency amount to be sure that they do not run into any unforeseen problems in conversion of the data. Mr. Mayfield stated that this continues the City's plan to utilize the LAN system, which was purchased almost three years ago.

Motion was made by Councilman Don Boyd and seconded by Councilman Jack

Gorden, Jr. that the bid of Ad Valorem Records, Inc. in an amount up to \$250,000 be approved as submitted. A unanimous affirmative vote was recorded.

16. COMMENTS

Councilman Percy Simond stated that a report he received reflecting the black-and-white ratio of City employees is alarming to him. Councilman Simond stated that it appears that the percentage of black employees has gone down, and he would like to see this matter addressed.

17. There being no further business for consideration, meeting adjourned at 7:30 p.m.



Louis A. Bronaugh - Mayor

ATTEST:



Atha Stokes - City Secretary