

MINUTES OF REGULAR MEETING OF THE CITY COMMISSION OF THE CITY OF LUFKIN, TEXAS, HELD ON THE 21ST DAY OF MAY, 1991 AT 5:00 P.M.

On the 21st day of May, 1991, the City Commission of the City of Lufkin, Texas, convened in regular meeting in the Council Chambers of City Hall with the following members thereof, to wit:

Louis A. Bronaugh
Don Boyd
Danny Roper
Jack Gorden
Paul Mayberry
C. G. Maclin
Ron Wesch

Mayor
Commissioner, Ward No. 2
Commissioner, Ward No. 3
Commissioner, Ward No. 5
Commissioner, Ward No. 6
City Manager
Public Works Director/
Assistant to City Manager
City Attorney
City Secretary
Purchasing Agent

Bob Flournoy
Atha Stokes
David Cochran

being present, and

Percy Simond
Bob Bowman

Commissioner, Ward No. 1
Commissioner, Ward No. 4

being absent when the following business was transacted.

1. Meeting was opened with prayer by Rev. Dewey Bowen, Minister, First Presbyterian Church, Lufkin.

2. Mayor Bronaugh welcomed visitors present.

3. APPROVAL OF MINUTES

Minutes of regular meeting of May 7th and special meeting of May 8, 1991 were approved on a motion by Commissioner Don Boyd and seconded by Commissioner Danny Roper. A unanimous affirmative vote was recorded.

4. ORDINANCE - APPROVED - FIRST READING - TELEPHONE SALES TAX

Mayor Bronaugh stated that the first item for consideration was an Ordinance relating to telephone sales tax.

City Manager Maclin stated that approximately three years ago the legislature passed legislation that enabled cities to collect local sales tax the same as the State collects State sales tax on communications services. City Manager Maclin stated that this includes the basic telephone service bill and long distance charges for calls made inside the State of Texas. City Manager Maclin stated that calls made outside the State of Texas will not be applicable for sales tax collections. City Manager Maclin stated that since this legislation was passed basically what is required for a City to take advantage of the option is to remove the exemption of the telecommunication service--they start out with an automatic exemption but cities have the option of removing the automatic exemption. City Manager Maclin stated that within the last three or four years since this option was made available, approximately 340 cities in Texas have exercised their option to remove the exemption. City Manager Maclin stated that East Texas area cities that have removed their option include Nacogdoches, Marshall, Longview, Tyler, Athens, Center, Kilgore, Huntsville, Jacksonville, Corrigan, and Palestine. City Manager Maclin stated that based on an estimate made by the financial department at LCTX to enact this sales tax over a 12-month period would probably bring in an additional \$100,000-\$110,000 in sales tax revenue on a 1 1/2 cent basis. Mr. Maclin stated that in order for the exemption to go into

effect, the State Comptroller's office must be notified a full quarter prior to the time you desire for it to go into effect. Mr. Maclin stated that if the City wants it to be part of revenues for the 1991-92 fiscal year, that means that the Ordinance must be passed and that information forwarded on by certified mail to the Comptroller's office by the middle of June.

Mr. Maclin stated that documentation from the Comptroller's office had been included in the Commissioner's packets regarding the telecommunications services and a proposed Ordinance as provided by the State for this purpose.

City Manager Maclin stated that there are a lot of financial needs that were talked about at the Retreat, and he had received a new one today. City Manager Maclin stated that it would appear that the City's Workers Compensation premium will increase about \$110,000 a year based on preliminary estimates from the City's Fund. City Manager Maclin stated that the increase is primarily due to the City's claims experience. City Manager Maclin stated that the amount of \$110,000 was based on two things--one, the premium quote last year was based on the salaries in June, 1990, and the increase will be in the salaries of June, 1991, which includes a 3% cost-of-living raise, and the balance of the increase is the modifier. City Manager Maclin stated that the City is paying approximately \$600,000 a year, or \$50,000 a month. City Manager Maclin stated that based on information he received from the Deep East Texas Self Insurance Fund today, that would go to \$710,000 or \$59,000 per month.

Motion was made by Commissioner Danny Roper and seconded by Commissioner Jack Gorden that Ordinance relating to telephone sales tax be approved on First Reading as presented. A unanimous affirmative vote was recorded.

5. ORDINANCE - APPROVED - LIABILITY CLAIMS PROCEDURE

Mayor Bronaugh stated that the next item for consideration was an Ordinance designating the City's procedure for filing liability claims.

City Manager Maclin stated that a copy of a sample Ordinance from TML had been included in the Commissioner's packets. (City Manager Maclin stated that as of May 1st TML became the City's liability insurance carrier.) City Manager Maclin stated that TML has requested that the City consider this Ordinance to establish a documented procedure should someone desire to file a claim against the City. City Manager Maclin stated that the Ordinance establishes several different criteria and in some sense hopes to serve as a deterrent to frivolous claims being filed, but does establish a very specific procedure for notification, and requirements relating to notification. City Manager Maclin stated that this is the first element of a Risk Management Program under the TML liability insurance coverage.

City Attorney Flournoy stated that the City has had a form of filing liability claims through the State law but it was sidetracked--basically this would be reinstituting a requirement that notice be given to the City of a claim within 60 days from the time the incident occurs, or there could be some circumstances where it could be up to six months if there was good cause for giving the notice. Mr. Flournoy stated that in that notice the City must be advised of the type of injury or claim, the parties involved, and also an offer of settlement so that the City would have an opportunity to try and resolve the claim short of litigation.

In response to statement by Mayor Bronaugh that Section VII calls for an emergency that the Ordinance become effective at once,

Mr. Flournoy stated that, in his opinion, the Ordinance can be passed on two readings.

Motion was made by Commissioner Paul Mayberry and seconded by Commissioner Don Boyd that Ordinance designating the City's procedure for filing liability claims, deleting Section VII, be approved on First Reading as presented. A unanimous affirmative vote was recorded.

6. ORDINANCE - APPROVED - CLASSIFICATION PLAN - POLICE DEPARTMENT

Mayor Bronaugh stated that the next item for consideration was an Ordinance adopting a Classification for the Police Department.

Chief Sherman Collins stated that a letter he had sent to the City Manager outlining this change had been included in the Commissioner's packets. Chief Collins stated that at the time Chief Leonard Latham was demoted, a Captain's position had to be created to accommodate the Civil Service law which requires that he be reinstated in the Classification system at his previous highest rank, which was Captain. Chief Collins stated that Mr. Latham has retired from the Police Department and the position of Lieutenant is far more amenable to the present organizational structure of the Department. Chief Collins stated that he met with the Civil Service Commission on April 22nd and they approved the request to eliminate the position of Captain and to increase the Lieutenants positions in the Department.

In response to question by Commissioner Boyd, Chief Collins stated that at the present time the Department has five permanent Lieutenants and one acting Lieutenant.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Jack Gorden that Ordinance adopting Classification Plan for the Police Department be approved on First Reading as presented. A unanimous affirmative vote was recorded.

7. BID - APPROVED - BANK DEPOSITORY - NCNB

Mayor Bronaugh stated that the next item for consideration was further consideration of the bid for the bank depository.

City Manager Maclin stated that at last meeting the Commission had requested that staff visit with both banks who had submitted depository bids to receive clarification of information relating to their bids. City Manager Maclin stated that the meeting with the banks was held shortly after the City Commission meeting and First City Bank submitted a letter providing some clarification of their bid. City Manager Maclin stated that the City Attorney was asked to give his opinion as to whether or not that information could legally be accepted as clarification or it would be defined as additional information to the bid. A copy of the letter from the City Attorney stating that he felt like this was merely a clarification and did not constitute a new or additional condition was included in the packet. City Manager Maclin stated that with that understanding, three basic elements of the depository bid were then discussed in order to make a decision for the award of the bid. City Manager Maclin stated that the first was fees that were charged, and this was an even situation. City Manager Maclin stated that the second area that was considered for comparison was collateralization--the ability and willingness of the bank to provide adequate securities pledged for the City's deposits to insure the safety of the City's investments/funds. City Manager Maclin stated that with the clarification letter from First City and the City Attorney's opinion allowing the clarification letter, at that point both banks had collateralization that was of an equitable nature in that they were both pledging to meet all of the needs that the City may have in regards to pledging of securities for the City's

funds in their bank. City Manager Maclin stated that the third area of comparison was in return on investments; how much interest were the banks going to pay the City for investment periods. City Manager Maclin stated that in an attempt to compare "apples with apples" it was difficult to do in that First City Bank had quoted their commercial CD rate and basically said whatever their best commercial CD rate was as posted in the lobby would be what the City received in investments in terms of interest. City Manager Maclin stated that the NCNB bank bid gave the City an option of some guaranteed rates or some variable rates, and the variable rates then were tied in with treasury bill notes; investments less than \$100,000 would be basically equal to a treasury bill as published in the Wall Street Journal. City Manager Maclin stated that for jumbo CD's or \$100,000 or more deposits they would give the City so many points based on the length of the maturity above T-Bill (ranging from a 30-day CD at .16 above T-Bill to a one year CD at .31 above T-Bill). City Manager Maclin stated that in an attempt to provide the City Commission with the best the City could do when comparing "apples to apples" with one bid based on a variable rate compared to a bid based on a commercial posted rate, he researched a 24-month history of First City's commercial CD rate and compared that with a 24-month history of T-Bill 90 day asked and 180 day asked rates. City Manager Maclin stated that the City received the information on a weekly basis from both First City's commercial CD on 90 day and 180 day and the T-Bill as posted in the Wall Street Journal. City Manager Maclin stated that he took these entries that come on a weekly basis, and for purposes of simplification, he consolidated that into a monthly average both for the 90 day CD and the 180 day CD as compared to the 90 day T-Bill and the 180 day T-Bill, with the understanding that he was trying to establish the last 24 months history of commercial CD's at First City to compare with the T-Bill asked rates. City Manager Maclin stated that this information has been prepared in a spread sheet format showing what the monthly average was, what the T-Bill average was, and then quotes the difference in the rates.

City Manager Maclin stated that when the rates are compared--T-Bill versus First City's 90 day and 180 day rate--First City's 90 day CD was 700 points higher on the average for 24 months than was the T-Bill for that same 24 month period, and their 180 day rate was .21 higher than a T-Bill. City Manager Maclin stated that comparing this information with NCNB's bid--the NCNB bid where they listed the variable rates based on T-Bill, the 90 day was plus 0.20 above T-Bill (the 90 day difference for 24 months between T-Bill and First City's 90 day CD commercial rate was .70--.13 of a percentage point difference). City Manager Maclin stated that the 180 day rate quoted by NCNB was 0.27 above T-Bill. City Manager Maclin stated that the history of the commercial CD at First City was .21--.06 of a percentage point better for NCNB than what the 24 month average history was for First City.

City Manager Maclin stated that he tried to interpret, out of last years audit, how much the City made in interest. City Manager Maclin stated that by going backwards and saying that the City made \$180,000 in interest total (both funds) last year, equivocate to about \$3 million a year at 6% interest. Then, using 6% as a reference point, and taking 6.07 (First City's average for a 90 day CD) and multiplying that by \$3 million and you would make \$182,100 in interest; 6.20 (NCNB's bid) and you would make \$186,000, and based on those figures the City would actually make \$3,900 a year more in interest. City Manager Maclin stated that from an average reference point standpoint, all factors considered, the interest rates for NCNB would be \$2,000-2,500 more than First City's rates.

City Manager Maclin stated that the money that would be gained in interest the City probably would lose in changing over checks the first year.

In response to question by Mayor Bronaugh, City Manager Maclin stated that NCNB has said that they will give the City .20 above whatever the Wall Street Journal Southwest edition posts for that week. City Manager Maclin stated that NCNB has given quotes for 30 days to one year.

Commissioner Gorden stated that NCNB has given the City the option to use guaranteed rates if the T-Bill rate dropped. City Manager Maclin stated that Mrs. Jenkins would monitor the rates to ensure that the City makes the best investment possible.

Mayor Bronaugh offered each of the banks the opportunity to comment on the figures they submitted, and both banks declined to do so.

City Manager Maclin stated that Commissioner Gorden had sat in on the meetings with the banks at his request because he could represent the financial interests of the City because of his position in the banking community and the fact that his bank did not have a bid involved.

In response to question by Commissioner Mayberry, Mrs. Jenkins stated that the City of Lufkin has always used First City Bank as the depository.

In response to question by Commissioner Mayberry, City Manager Maclin stated that the City has utilized a variety of government securities and there are other options available to the City through the State. City Manager Maclin stated that basically Mrs. Jenkins tries to "shop" what will give the City the best interest rate and yield combined with the fact that it meets the City's security requirements.

Motion was made by Commissioner Jack Gorden and seconded by Commissioner Danny Roper to award the bank depository bid to NCNB as submitted. A unanimous affirmative vote was recorded.

8. BUDGET AMENDMENT - APPROVED - FIREWORKS DISPLAY - JULY 4TH

Mayor Bronaugh stated that the next item for consideration was a budget amendment to reflect acceptance of a grant and corresponding expense relating to 4th of July fireworks display celebration.

Mayor Bronaugh stated that up until last year the City had been spending approximately \$5-6,000 on the fireworks display for the 4th of July. Mayor Bronaugh stated that about three years ago the City cut this expense from the budget and the money for the display was raised by the Lufkin Jaycees for two years. Mayor Bronaugh stated that the Jaycees could not raise this amount of money last year and the City cut the budget for the fireworks to \$3,000. Mayor Bronaugh stated that now Ray Polk of Polk Oil Company has raised the money for the display through a matching contribution with Mobil Oil Company for a total of \$6,000. Mayor Bronaugh stated that they are recommending that the money be brought through the City of Lufkin rather than going through the fireworks contractor. Mayor Bronaugh stated that the budget would have to be amended to reflect the amount of the contribution and the expense to the fireworks contractor in that same amount.

Commissioner Mayberry suggested using a "Special Recreation Fund" and eliminating an amendment to the budget. Don Hannabas, Parks & Recreation Director, stated that a "Park Improvement Fund" account has been set up under the "Special Recreation Fund",

which is usually vacant and doesn't have any revenues or expenses.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Jack Gorden to accept the donation by Ray Polk/Mobil Oil Company in the amount of \$6,000, and amend the budget accordingly. A unanimous affirmative vote was recorded.

9a. BID - APPROVED - FURNITURE - FIRE DEPARTMENT - PEARSON'S

Mayor Bronaugh stated that the next item for consideration was bids for furniture to be used by the Fire Department.

City Manager Maclin stated that the low bid in the amount of \$3,949 had been received from Pearson Furniture for 21 recliners to be used at the various fire stations.

In response to question by Commissioner Gorden, Chief Snyder stated that the difference in the two bids from Pearsons was the price of the fabric on the recliners.

In response to question by Commissioner Gorden, Chief Snyder stated that the recliners will be replacing furniture at the fire stations, the majority of which has been brought from the firemen's homes. Chief Snyder stated that the firemen have worked hard on making improvements to the stations on their own time and he would like to continue the process of upgrading the individual stations. Chief Snyder stated that there is \$6,000 in the budget for replacement furniture and he will be purchasing dinette tables and chairs and some stackable chairs for the training area in the near future.

In response to question by Commissioner Boyd, Chief Snyder stated that the fabric on the recliners is Scotchgard stain resistant fabric.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Danny Roper that the bid of Pearson Furniture in the amount of \$3,949 be accepted as the low bid. A unanimous affirmative bid was recorded.

9b. BID - APPROVED - CONTAINERS - S & S WELDING

Mayor Bronaugh stated that the next item for consideration was bids for containers for the Sanitation Department.

City Manager Maclin stated that the bid was for 4, 6 and 8 yard containers.

In response to question by Mayor Bronaugh, Mr. Wesch stated that this is the City's annual supply of containers which are sold to businesses. Containers for recycling are not sold.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Danny Roper that bid of S & S Welding in the amount of \$8,295 be accepted as the low bid. A unanimous affirmative vote was recorded.

9c. BID - APPROVED - SHELTERS - PARKS DEPARTMENT - HUNTER-KNEPSHIELD

Mayor Bronaugh stated that the next item for consideration was bids for shelters for the Parks Department.

City Manager Maclin stated that the next several items are in relation to improvements at Jones Park which are contributable to the grant that the City received from the TLL Temple Foundation.

City Manager Maclin stated that the first item is actually two shelters--one is a shelter/restroom combination and the other is

a picnic shelter. City Manager Maclin stated that the low bid is from Hunter-Knepshild in the amount of \$19,819 for the shelter combination and \$4,788 for the picnic shelter.

In response to question by Commissioner Boyd, City Manager Maclin stated the reason the bid was so low was because the bidder had made an error in his bid but had agreed to honor his error.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Jack Gorden that bid of Hunter-Knepshild for a total of \$24,607 be accepted as submitted. A unanimous affirmative vote was recorded.

9d. BID - APPROVED - PICNIC TABLES - PARKS DEPARTMENT - PERSENAIRE

Mayor Bronaugh stated that the next item for consideration was bids for picnic tables for the Parks Department.

Motion was made by Commissioner Danny Roper and seconded by Commissioner Jack Gorden that bid of Persenaire Park & Playground Products, Inc. in the amount of \$4,575 be accepted as the low bid. A unanimous affirmative bid was recorded.

9e. BID - APPROVED - PLAYGROUND EQUIPMENT - PARKS DEPARTMENT - B. J.'S PARK AND RECREATION PRODUCTS

Mayor Bronaugh stated that the next item for consideration was bids for playground equipment for the Parks Department.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Danny Roper that bid of B. J.'s Park and Recreation Products in the amount of \$6,095 be accepted as the low bid. A unanimous affirmative vote was recorded.

9f. BID - APPROVED - BLEACHERS - PARKS DEPARTMENT - SOUTHERN BLEACHER COMPANY, INC.

Mayor Bronaugh stated that the next item for consideration was bids for bleachers for the Parks Department.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Danny Roper that bid of Southern Bleacher Company, Inc. in the amount of \$5,305.20 be accepted as the low bid. A unanimous affirmative vote was recorded.

10. EXECUTIVE SESSION

Regular session adjourned at 6:04 p.m. to enter into Executive Session. Mayor Bronaugh reconvened regular session at 6:27 p.m. and announced that appointments to various Boards and the Lake Eastex Project had been discussed.

11. APPOINTMENTS - APPROVED - STANDARD BUILDING CODE BOARD OF ADJUSTMENT & APPEALS - ZONING BOARD OF ADJUSTMENT & APPEALS - LAKE EASTEX PROJECT

Mayor Bronaugh stated that there is presently a vacancy on the Standard Building Code Board of Adjustments & Appeal. Mayor Bronaugh stated that Terry Dwire, whose term expires on June 10, 1993, has moved out of town and the Commission needs to appoint a replacement.

Motion was made by Commissioner Paul Mayberry and seconded by Commissioner Jack Gorden to appoint Tom Gann to the Standard Building Code Board of Adjustment & Appeals for the unexpired term ending June 10, 1993. A unanimous affirmative vote was recorded.

Motion was made by Commissioner Don Boyd and seconded by Commissioner Danny Roper to reappoint Jerry Benson, Al Meyer and Lacy Chimney to the Zoning Board of Adjustments & Appeal. A unanimous affirmative vote was recorded.

Motion was made by Commissioner Danny Roper and seconded by Commissioner Don Boyd to appoint Commissioner Paul Mayberry as the City's official representative to the Lake Eastex Project and Commissioner Jack Gorden as alternate. A unanimous affirmative vote was recorded.

12. COMMENTS

City Manager Maclin stated the next phase in the budget process was to schedule budget workshop meetings with Department Heads to itemize needs and desires of each department.

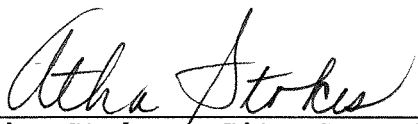
Meeting times were tentatively set for 3-5 p.m. on June 13th and 11:00 a.m.-1:00 p.m. on June 14th.

Mayor Bronaugh reminded Commissioners of the TML meeting in Galveston in June.

13. There being no further business for discussion, meeting adjourned at 6:45 p.m.


Louis A. Bronaugh, Mayor

ATTEST:


Atha Stokes, City Secretary