

STATE OF TEXAS                    §  
 COUNTY OF WEBB                   §  
 CITY OF LAREDO                   §

On this the 25th day of September, 1982, the City Council of Laredo, Texas, convened in a Public Hearing at the Civic Center Rooms 1 & 2 at 9:30 A.M. This hearing was recessed from September 21, 1982, and the following members present thereof, to wit:

ALDO TATANGELO	:	MAYOR
SANTOS BENAVIDES	:	ALDERMEN
VIDAL CANTU	:	"
SAUL N. RAMIREZ, JR.	:	"
CARLOS A. ZUNIGA	:	"
ANDRES RAMOS, JR.	:	"
DAVID R. CORTEZ	:	"
JOSE A. VALDEZ	:	"
JOHN PETER MONTALVO	:	"
EUSTORGIO PEREZ	:	CITY ATTORNEY
MARVIN TOWNSEND	:	CITY MANAGER
HORTENCIA C. GONZALEZ	:	CITY SECRETARY

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With a quorum present, the Mayor called the meeting to order and the following proceedings were carried out:

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Mayor Tatangelo asked Mr. Townsend to proceed in the presentation of the emergency items on the Agenda.

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The first item dealt with a Resolution to consider denying Central Power & Light Company requested rate increase.

Mr. Townsend explained that if no action is taken at this time, higher rates will automatically go into effect in 150 days.

Therefore, by motion of Councilman Andres Ramos and the second by Councilman Montalvo, this measure was unanimously accepted by the affirmative votes of the following council members':

Councilmen Santos Benavides, Vidal Cantu, Saul N. Ramirez, Jr., David R. Cortez, Jose A. Valdez, and John Peter Montalvo.

Councilman Ramos as well as Councilman Valdez, expressed their views and concerns pertaining to utility increases during these hardship times, when the economic situation is downhill and the unemployment rate is at an all time high. Councilman Valdez also favored and recommended that the City Manager write a "very strong letter" explaining Laredo's situation.

#### A RESOLUTION

DENYING THE RATE INCREASE SOUGHT IN THE FILING OF MARCH 26, 1982 AND TENTATIVELY APPROVING RATE SCHEDULES TO BE CHARGED BY CENTRAL POWER AND LIGHT COMPANY IN THE CITY OF LAREDO, TEXAS; PROVIDING FOR SCHEDULES, CONDITIONS; PROVIDING SEVERABILITY; AND REPEAL OF CONFLICTING ORDINANCES.

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The next item requested approval of release of a U. S. Treasury Note pledged as securities by the Union National Bank in the amount of \$1,000,000 in support of the depository contract. After such a release, the Union National Bank will have \$11,550,000 pledged in support of approximately \$9,556,000 of City of Laredo and Laredo Waterworks and Sewer System deposits. The City Manager further explained that after October 1st the new depository contract would allow similar transactions to be part of the mechanism rather than to be brought before council for approval. The Manager and City Comptroller would handle this mechanism.

By motion of Councilman Montalvo and second by Councilman Valdez, the requested release received unanimous approval by the prevailing vote of all Council members present.

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The following item was the continuation of the discussion on the Annual Budget recessed from the previous regular City Council Meeting held on September 21, 1982.

The City Manager expressed that he had gone over a number of overall perspectives further indicating that there were four actions of short-range immediate nature which would ultimately conclude the resolving of a tax rate, and providing authority to continue operations for the new fiscal year. The Manager's recommendations were as follows:

00303

- 1). Approve continuing operations at 90% of 1981-82 Revised Budget with no capital outlay.
- 2). Hold all revenue sharing in Reserve for Capital outlay and as an overall Reserve.
- 3). Proceed with hearing for 40.6¢ tax levy of 8%
- 4). Call a hearing in 60 days regarding garbage rates
- 5). Recess budget hearing from Council Meeting to Council Meeting.

He further presented a worksheet representing a \$14 million budget which is the lowest range and which <sup>he</sup> believes is not realistic. This would represent an operation at an approximately two-thirds of what is presently carried on. The work force would go from 784 (actual) to 301. This also represents reduction of garbage collections plus stoppage of paving work. He further recommended that situation be observed over the next 60 day period and that no capital outlay be purchased and thus "tighten" operations rather than have a massive layoff of employees.

Mayor Tatangelo asked what a 600 -employee payroll would be. Mr. Townsend responded that it would be an approximate \$10 million. Then the Mayor asked as to 700 employees and the figure of \$11.5 was mentioned. He further feels that the same level of service now being provided can be maintained by 700 workers.

Councilman Ramos told the Council that in his opinion there had been three areas existing in the past that were responsible for the situation the City is now in and those are: 1) that more money than that available was being spent; 2) that certain fund balances available then were not true balances, as proven at a previous meeting; 3) poor or inadequate staffing at Comptroller's office and improper reporting of status reports.

He further asked in-put from employees and suggested to Mr. Townsend to meet with employees and/or department heads about requesting them to voluntarily accept a 10% decrease in salary.

Mr. Townsend told Council that by reducing the work force, the buying power will be reduced thus aggravating the economic situation.

Councilman Valdez expressed that Laredo seemed to live in a "Mythical World" and further believes that the tax rate should be raised so that the method of financing the City can be changed.

00302

Councilman Zuniga also expressed his viewpoints on the present crisis stating that the credit control imposed by Mexico is what is hurting the economy. Furthermore, he was in concurrence with other Council members as to either going for a 10% reduction in pay, raise taxes, curtail services or reduce employees, but that a measure must be taken soon. He made reference to a report made available by Mayor Tatangelo which shows that the City had a \$500,000 deficit in August. He asked that some action be taken promptly lest the City fall further into a \$1,000,000 deficit in September, for a total of \$1.5.

Councilman Ramirez also concurred with Mr. Townsend in looking into decreasing expenditures and increasing revenues, perhaps looking into possibility of raising garbage fees.

Mayor Tatangelo also indicated that to try to solve the ills of a City through ad-valorem and personal inventory taxes spelled disaster. He further expanded by expressing his feelings as to this City's critical situation and feels that the worst is yet to come. Decisions must be made and these lie in City Council's hands.

Councilman Ramos concurred with the Mayor and further added another recommendation to his previously mentioned alternatives, and, that is, financial accountability of available funds. He had recommended such a measure while on the previous Council but, unfortunately, it was not gone along with. At present, expenditures reflect a \$20.6 figure while revenues are \$18.6 which means more is being spent than is being received. He further explained that he had proposed at last year's budget hearing that the Council establish a policy to prohibit increases in the General Fund over 6% from one fiscal year to the next, excluding Capital Outlay Expenditures, commitments of matching funds for grants, and debt service. He feels that if this is gone along with, the budget will be tightened to where expenditures will not surpass what is available.

Councilman Ramos further stated that the \$9,000,000 in revenues reflected is a superficial figure. Mr. Townsend then explained that what was put together here by staff was part of the accounting process and that when this budget gets adopted, it will be what the Council wants in level of service delivered and income generated.

Councilman Ramirez asked Mr. Townsend whether the receivables could be minimized and thus realize a more current type of budget so that the actual General Fund operating cash on hand would be known. Mr. Townsend explained that this year will not see such a high level of receivables where the cash on hand next year would be substantial. So, the present \$500,000 deficit will be turned into cash since it is an accrual.

Councilman Zuniga expressed concern as to what is really affordable versus what is wanted.

Mr. Bermudes, citizen, 3220 Stewart, asked Council as to why citizens are never informed of City's expenses. He further commented as to why the Manager wants an assistant when the situation is tight. He also spoke against curtailing employees.

An unidentified housewife spoke against raising taxes and curtailment of employees.

Councilman Montalvo also alluded of burdens to everyone's budget should taxes increase and employees curtailed,

Councilman Cortez asked Mr. Townsend if his recommendations were in line with the \$14.1 budget proposed. Mr. Townsend answered in the negative and further recommends freezing of the 'status quo'. He also recommended that hearings on budget be recessed from Council Meeting to Council Meeting, so that progress can be followed. Action is needed before October 1st so that some level of tax vote, increase in service fees or decrease in employment can be addressed. There is a total of 67 vacancies at present, 56 of which are in General Fund.

Mayor Tatangelo fears that going month to month is a piecemeal approach and further predicts that the City will receive no more than \$200,000 in the next month. He does not believe that to have to borrow monies to meet obligations is not in City's best interest.

Councilman Valdez believes Mr. Townsend's recommendations are sound and moved for the adoption of Recommendation No. 1 which is to approve continuing operations at 90% of 1981-82 revised budget with no capital outlay. Councilman Montalvo seconded this motion. Councilman Ramos stated that Recommendation No. 1 cannot be adopted alone as it is interrelated with other recommendations. This operation would be at \$17.0.

00300

Mayor Tatangelo further cautioned the Council by stating that the City Sales Tax in 1977-78 was \$3.2. He stated that Laredo had the misconception that it was getting more this coming year. Councilman Valdez requested a comparison between Laredo and San Angelo which is approximately the same size. Mr. Frank Etheredge was asked to retrieve statistics from City Hall, pursuant thereto. There was a motion by Councilman Valdez to table this motion until Mr. Etheredge returned. Councilman Cortez seconded. All were in favor. Discussion was resumed.

Councilman Valdez made a motion to accept recommendation No. 2 which is to hold all revenue sharing in reserve for capital outlay, and as an overall reserve. Councilman Ramirez seconded. Councilman Ramos asked Councilman Valdez to reconsider his motion to read 'capital outlay only', as he feels that the overall reserve can go to salaries and community needs services in the way of buying equipment to provide same. Manager Townsend explained that this item means that no revenue sharing monies are to be spent until further notice. Mayor Tatangelo debated and sustained his views on the fact that 59 blocks of paving would not be completed. Councilman Valdez asked what difference 59 blocks made when 3,600 others need to be paved. Those in favor were Councilman Ramirez, Valdez and Montalvo. Those against Councilman Ramos, Zuniga, Benavides, Cantu and Cortez. Therefore, affirmative action was defeated. Councilman Ramirez then asked to amend motion to read "Hold all revenue sharing in reserve for Capital Outlay." Second was Councilman Cortez. All were in favor except Councilman Ramos.

Mr. Etheredge arrived with the requested statistics and after some discussion, Mayor Tatangelo disagreed and requested additional figures and stated that he would veto recommendations if adopted. Councilman Valdez brought his motion back on the table re: Recommendation No. 1. Second was by Councilman Montalvo. Councilman Ramirez asked whether Councilman Valdez would amend his motion to bring down operation level to 75% on \$14.1 projected. Councilman Valdez didn't believe such drastic action need to be taken between now and November. Mr. Townsend further proceeded with

giving a run down of several departments.

POLICE DEPARTMENT - There are presently 10 vacancies and 14 more are expected. It is assumed that 5 of these will be by attrition.

FIRE DEPARTMENT - There will be a shift in the Crash Crew at the Airport as an expense of the Airport. This would probably terminate two companies and both stations.

BUILDING - Will be dropping three or four inspectors.

STREET LIGHTS - It will be at least 40% off.

PUBLIC WORKS - There will be no construction program and street cleaning will be cut in half. Total active force will be 119 compared to 182, to which plan Mayor disagreed.

PARKS & RECREATION - Close operations down, and leave a crew of 11.

LIBRARY - From 17 to 9. And the overall cut will be from 897 to 601.

Councilman Ramirez asked what average drop in Sales Tax has been. It was approximately 15% to 20%.

Councilman Cantu made it clear that the present economy problem lies not in the peso devaluation but the control of credit and currency. Councilman Ramirez has asked for an amendment to the motion - 'say yea or nay'. Councilman Valdez stated that while Councilman Ramirez has the right to amend such motion, a vote should be taken first on the amendment and upon passage, the whole motion is voted on. Councilman Ramirez feels that a 75% cut seems to be too drastic, therefore, he favors an 80%. Councilman Valdez pointed out the fact that the proposed curtailment of personnel is to be effective on October 1st. He asks that there be a 30-day period and furthers supports the 90% of operations. Councilman Ramirez amends his motion to go for the 80%. Second was by Councilman Cantu. Councilman Ramirez asked whether the Revenue Sharing for Capital Outlay was considered in the 90% figures or was it being "put away". The Manager answered in affirmative. Those voting in favor were Councilman Ramirez, Cantu, Benavides. Voting against were Councilmen Montalvo, Valdez, Cortez, Ramos and Zuniga. Therefore, action was defeated.

Councilman Valdez' original motion then stands. Those voting for were Councilmen Benavides, Cortez, Montalvo, Zuniga and Valdez. Those against were Councilmen Ramirez, Cantu and Ramos.

At this point, Councilman Ramos cautioned Council that they are going back to previous mistakes as previous Council - that of "playing with figures", which actually represents people, and will have a drastic effect. He further suggests that a 10% Reduction in salary beginning with City officials down through the last employee would be more realistic.

The next recommendation was to proceed with hearing for 40.6¢ tax levy of 8%. Mr. Townsend stated that he left adoption of Tax Rate to Council's discretion and that perhaps the City Sales Tax base should be revised due to state of economy. There are only two practical levels:

- 1). Requires Council Action
- 2). Publication of Notice of Public Hearing

If Council chooses not to have a public hearing, then Manager's recommendation is that tax be set at 38.7¢ which is maximum tax rate without having a public hearing. Councilman Cantu made a motion to have tax rate remain the same @ \$ .37. Second was by Councilman Cortez. At this point, Councilman Valdez expressed his feelings in favor of having the tax rate increased to 38.8% which he indicated would be an approximate increase of \$8.50 yearly on a \$50,000 residence as an example. Councilman Montalvo reminded Council of surmounting unemployment at this time and to raise taxes was a bad move. Those Councilmembers voting for were Councilmen Cantu, Ramirez, Zuniga, Ramos, Cortez and Montalvo. Those opposed were Councilmen Valdez and Benavides.

Item #4, recommendation to call a hearing in 60 days regarding garbage rates. Mr. Townsend recommends hearing be held on December 7. Councilmen Montalvo asked what procedure was for re-hiring layed-offs. Manager stated none at this time, but that a reasonable policy could be to consider them first when re-hiring. Councilman Cantu then requested that this be called a public hearing for consideration of garbage rate increase. Seconded was by Councilman Cortez. All were in favor.

00297



Councilman Ramos made the motion to recess budget hearing until such time when there is another Regular Council Meeting or sooner. Seconded was by Councilman Ramirez. All were in favor.

Meeting recessed at 1:00 P.M.

*Hortencia Gonzalez*  
HORTENCIA C. GONZALEZ  
City Secretary

APPROVED BY CITY COUNCIL ON 10/5/82  
*[Signature]*