

**CITY OF LAREDO  
SPECIAL CITY COUNCIL MEETING  
M2019-SC-03  
CITY COUNCIL CHAMBERS  
1110 HOUSTON STREET  
LAREDO, TEXAS 78040  
April 4, 2019  
5:00 P.M.**

**I. ALL TO ORDER**

Mayor Pete Saenz called the meeting to order.

**II. PLEDGE OF ALLEGIANCE**

Mayor Pete Saenz led in the pledge of allegiance.

**III. MOMENT OF SILENCE**

Mayor Pete Saenz led in a moment of silence.

**IV. ROLL CALL**

In attendance:

Pete Saenz	Mayor
Vidal Rodriguez	District II
Mercurio "Merc" Martinez, III	District III
Alberto Torres, Jr.	District IV
Dr. Marte Martinez	District VI
George Altgelt	District VII
Jose A. Valdez, Jr.	City Secretary
Rosario Cabello	Interim Co-City Manager
Robert Eads	Interim Co-City Manager
Kristina L. Hale	City Attorney

Cm. Torres joined at 5:15 p.m.

Motion to excuse the absences of Cm. Gonzalez, Cm. Vielma, and Cm. Balli.

Moved: Cm. Rodriguez

Second: Dr. Marte Martinez

For: 5

Against: 0

Abstain: 0

Cm. Torres was not present.

**Citizen comments**

Tricia Cortez of the Rio Grande International Study Center voiced her support of the proposed Resolution 2019-R-043 as the shutdown of the border would be detrimental for a city like Laredo. She asked Council to take an equally strong stand

against the declaration of a national emergency that was made on February 15, 2019, as that declaration is the root of this issue. She noted that not enough attention has been paid to the ecological impact of a border wall or bulkhead. Many treasured nature trails and natural locations would be negatively affected by a border wall or bulkhead. Ms. Cortez reminded Council that they voted unanimously to oppose a physical wall of any sort.

Juan Avila voiced his opposition to the proposed utilities rate increase and asked Council if they have a plan in place for the day that President Trump rashly decides to close the Laredo border. He reminded Council that the majority of the City's funds come from the border.

Melissa Cigarroa, Rio Grande International Study Center Board President, reported that RGISC stands in solidarity with the City in opposition of land port closures in Laredo to protect the economic interests of Laredo and the United States. She added that the resolution lends itself to also support opposition to the declaration of a national emergency made on February 15, 2019, which is the root of the most recent misrepresentation of border towns as lawless wastelands that are being invaded. She reiterated that Laredo is safe, and Laredoans must speak out against the narrative being perpetrated by the White House. She asked Council to consider amending the resolution to include being against the declaration of the national emergency.

Judd Gilpin noted that many developers, including himself, have invested a lot of money and resources in Laredo over a long period of time. The situation related to the utilities infrastructure is complicated because developers like himself have been given very short notice that there are problems. With the potential for high expectations of development in the northwest area of Laredo, the concern raised regarding sewer capacity has been very troubling for developers. He urged Council to consider the matter seriously and noted that the development industry would appreciate a solution that allows the school districts and developers to follow through with plans that have been developed for a long time to-date.

Eduardo Garza of Crane Engineering noted that professional engineers are bound by a code to protect the health, safety, and welfare of the public, which is taken very seriously in their industry. He noted that, as a Utilities customer, he supports the proposed rate increase as long as it is reinvested into the expansion of the City's wastewater infrastructure.

## **V. RESOLUTIONS**

1. 2019-R-43 A Resolution of the City Council of the City of Laredo, Texas opposing the closure of land ports along the U.S. / Mexico border that will: (1) restrict the continuation of trade and movement of consumer goods throughout the United States causing immeasurable financial concerns to U.S. Border States and Ports of Entry, affecting the cost of goods and wages of millions of Americans; (2) encourage illegal entry into the United States; and (3) create chaos at border ports as prompted by the surge of persons seeking asylum; supporting comprehensive immigration reform that grows the economy through commerce and trade,

balances workforce supply and demand, and expedites the processing of asylum seekers by increasing the number of immigration judges and providing the necessary procedures, resources, and infrastructure to quickly process asylum claims at the border and away from the border.

Carlos E. Flores thanked Council for bringing this item forward as the idea of a border closure is preposterous given its impact on the local economy. He asked Council to include a statement that this City Council disagrees with the declaration of a national emergency as made by President Donald Trump; to oppose his declaration does not mean that Council does not support the US Border Patrol or immigration reform or smarter investments to keep the border safe. He reiterated that the safety of families is a priority for all political parties. The people who live and work in Laredo are choosing to raise their families here because the city is safe. If the city is safe enough to raise a family, then there is not a national emergency as declared by the President, and the City Council must speak out against his claims. Mr. Flores noted that his concern that history will show that when the City of Laredo had the opportunity to speak out against false claims, they were complacent.

Richard Morales congratulated Council on the resolution and reminded them that the Laredo Police Department found a crime reduction of 42% from 2009 to 2018. During that time, there has been an average of 10 homicides per year in a city of 300,000. This is unheard of in similar-sized cities. Some of the safest cities in the United States are along the border. He urged Council to add one more line of language to the resolution reiterating Laredo's safety with statistics from the Laredo Police Department. The FBI's Uniform Crime Report ranked Laredo #3 in the Top 20 US Comeback Cities.

Dr. Hector Gonzalez, Health Director, explained that staff uses surveillance to monitor, detect, and contain any spread of communicable diseases. From a humanitarian standpoint, staff has been screening Central Americans who have come to the border and are being released by CBP or ICE in partnership with community service organizations. Almost 2,800 people have been released in the last two months at the bus station. Staff has determined cases of flu and respiratory issues and been able to contain and treat them. He reported that Laredo is ready to open up the stadium to house any overflow. Based on the intel given to staff, he reported that most caravans bypass Laredo and go to Eagle Pass, TX; Baja, CA; or elsewhere. Caravan members are brought to Laredo either as having presented themselves for asylum or by being apprehended in an illegal attempt to cross the border. He agreed that the situation in Laredo is not a national emergency but more of a humanitarian issue.

Steve Landin, Laredo Fire Chief, clarified that the situation must be

declared a Disaster situation, not just a state of emergency, in order to receive FEMA funding. He recalled receiving directive for City staff to take a step back from this issue and let the local charities manage the situation. The Health Department has assisted with health screenings, and the Police Department has added more police presence. The City has not assisted with transporting or sheltering, and he advised against doing so as it would deprive Laredo residents of facilities and resources.

Mayor Saenz noted that many factors are affecting and binding border communities. He voiced his frustration of Laredo being in the crosshairs of a false narrative in order to push personal and political agendas. Real lives are being impacted with those false claims, and he spoke for Council and the public by saying Laredo does not want to go through it anymore.

Chief Landin noted that some people who immigrated into the community years ago have been told that the government can no longer separate families and are returning to Mexico, picking up their families and presenting themselves back at the border for a court date and a promise to appear. Some will appear, but some do not.

Mayor Saenz voiced his concern that if President Trump receives any more money, he will likely push a physical wall in Laredo and along the border. If there are going to be structures or limitations imposed on Laredo, then the City should have some say so.

Dr. Marte Martinez stated that Laredo is a safe place because of the hard work and dedication of local law enforcement. The City cannot dictate national or state policy; local officials can only enact local policy. Therefore, if the City of Laredo is to declare a state of disaster or emergency, it has to be in the best interests of the community. If the City declares a state of disaster, there are potential funding resources to provide assistance; Dr. Martinez noted that because of this, border security forces will always be in favor of making such a declaration as they are the ones doing the job to protect the border. However, declaring the City of Laredo as a state of disaster does hurt the community's identity and ability to attract commerce when people believe that Laredo is in akin to a warzone. He cautioned Council against speaking for other communities along the border or making national declarations over which the City has no control.

Chief Landin reported that ICE has been reporting their drop-offs so as not to catch the City off-guard. ICE has experienced a slower period of drop-offs in the past few weeks, but the situation could quickly revert back to 200 drop-offs a day. When the City received over 200 people per day, resources that belong to the community first were instead diverted to cover caravan issues.

Cm. Altgelt stated that the statistics regarding the number of drop-offs being brought to Laredo and the load that the City bears because of it must be part of the discussion. By not acknowledging the humanitarian crisis and the cost to Laredo's taxpayers, he voiced his opinion that the City is burying its head in the sand. He noted that the Mexican government is gathering caravans at the Mexico-Guatemala border and shepherding them to Laredo's doorstep with an escort; the City must address the Mexican government passing the buck to Laredo and, by extension, the United States. He noted that the resolution should include language that tells Mexico clearly to stop delivering this problem to Laredo's port. Laredo is the expert on border security and stands to be impacted the most by a lack thereof, so the community's story must be told. Cm. Altgelt also stated that the resolution should include language that encourages the US Congress to support Border Patrol through additional manpower, better pay, additional technology, and, where needed, strategic infrastructure such as the fence at Laredo College. Immigration reform and guest worker visa increases should also be included in the resolution as well. **He made a motion to this effect.**

Dr. Martinez noted his confusion with the resolution as written regarding the creation of chaos at border points as prompted by the person seeking asylum and expediting the process of asylum by increasing the number of immigration judges. He voiced concern with this language as it contradicts the City's intention to actually decrease the number of asylum seekers that come to Laredo. This language seems to say that the City is attempting to make the asylum process faster for asylum seekers to come and get processed in Laredo. He asked for clarification of the language in a way that makes the City's intentions for fewer asylum seekers in Laredo clear. There must be some sort of pressure to keep people from coming to this border point.

Mayor Saenz voiced his opinion that the magic word for asylum seekers is, "I fear for my life in my country of origin," which entitles them to asylum; these individuals may not be truly vetted, as the process for them can take as little as 5-10 minutes. He is often asked why these individuals cannot apply for asylum at the US Embassy in their country of origin and then get a plane ticket to the United States once they are pre-cleared. He questioned whether Council should incorporate so much language as suggested by Cm. Altgelt or instead keep it simple as it is written. Dr. Martinez agreed to keep it simple.

Cm. Mercurio Martinez agreed to keeping the resolution language simple. He suggested instead changing the language to include after the City of Laredo, Texas, "declaring that our city is safe and that trade is the solution and not the problem." and then continuing with the language opposing closure of the land port.

Motion to adopt Resolution 2019-R-043 and include language that declares that Laredo, Texas, is a safe city, that trade is the solution and not the problem, directing Mexico stop shepherding caravans of illegal immigrants to Laredo's port, urging the federal government to provide better pay, better technology, more personnel for border security, and, where needed, strategic infrastructure, urging the federal government to provide a better worker visa programs, and include local crime statistics as presented, as amended.

Moved: Cm. Altgelt

Second: Dr. Marte Martinez

For: 5

Against: 0

Abstain: 0

## **VI. STAFF REPORTS**

2. Presentation by consultant Dan Jackson from Willdan Financial Services on the proposed utilities rate increase to fund the Utilities Capital Improvement Plan (CIP), with possible action.

Riazul Mia, Utilities Director, reported that Council directed staff to perform a Utilities rate study in 2017; staff brought back study results for wastewater and were directed to perform a study on water rates, as well. Staff brought those results to Council last year, and no action was taken. As Utilities Director, he stated that he cannot sign off on a plat knowing that the City does not have the capacity. There are water pressure issues in the water and sewer systems currently. He encouraged Council to consider Mr. Jackson's presentation and take action tonight so that the City may proceed with its moratorium according to state law.

Dan Jackson of Willdan Financial Services reported that the average utility has been increasing rates 5-6% per year; this trend is expected to continue. 70% of the world does not have running water; the American Water Works Association expects water and wastewater rates across the United States to triple in the next 15 years. Rate adjustments are primarily due to reasons beyond a utility's control: inflation, system replacement, regulatory mandates, and more; 30-40% of utilities currently charge rates that do not cover their costs. The City's policy of annual nominal rate adjustments has been beneficial and has resulted in a financially healthy utility until the current year. However, increasing costs and the need to finance \$150-180 million in new debt for capital improvements will require future rate adjustments that will be higher than 2.0%. Mr. Jackson stated that his recommendations are being updated to account for revisions in the City's budget, Capital Improvement Plan, and debt, but the final recommendations are unlikely to be materially different from 2018 estimates.

Mr. Jackson reminded Council that residential and irrigation customers pay a minimum charge based on the size of their water line and then a volume rate per 1,000 gallons of water used per month; the more you use, the more you pay. The benefits of this rate structure is two-fold: it encourages conservation, and lower-income households typically use less water, so they typically pay the lowest rates for water. Commercial customers pay slightly higher rates

than residential customers. The same applies for the City's wastewater rate structure. Mr. Jackson reported that City of Laredo residents' rates are phenomenally low compared to the state average. The average customer using 10,000 gallons of water and wastewater pays about \$63.65 per month compared to the state average of \$90.55 monthly and is also lower than almost every similar city in Texas. The fact that Laredo's rates are some of the lowest in the state is not a reason in and of itself to raise the rates; however, he reminded Council that the rates charged by the City are not disproportionate to what other cities charge for a similar service. Other cities who charge rates that are lower than their costs subsidize their rates from their General Fund. Laredo does not do this; they perform a reimbursement.

Rosario Cabello, Interim Co-City Manager, clarified that the City uses 5% of revenues for administrative fees; most other cities use about 6-10%.

Mr. Jackson continued that the City's Capital Improvement Plan in 2018 totalled \$179,164,540 between Water (\$72,024,500) and Wastewater (\$107,140,040). Mr. Mia reminded Council that staff presented last year about a secondary water source from Dimmitt County, and Council took no action. Cm. Altgelt countered that no action was taken because staff's presentation did not account for the recapture and desalinization of effluent water.

Dr. Marte Martinez reminded Council to consider the potential pitfalls with the Rio Grande as it has gone dry before; while Council should think in the long-term, there is also a short-term issue that must be addressed in which the City does not have the capacity to add new development. Tying in the desalinization of brackish water with the City's water capacity is not going to be helpful at this stage. Mayor Saenz added that there will be additional costs.

Robert Eads, Interim Co-City Manager, noted that staff will bring the information to Council as two separate issues and combined for Council's consideration. Mr. Jackson reported a forecasted bond total of \$179,000,000 through 2024. The City's policy of 2.0% annual rate adjustments has been effective in prior years in funding water and wastewater costs. However, a combination of increasing operating costs and need to fund capital projects will require a nominal adjustment in the City's rate plan beginning October 2019. The robust expected growth and higher adjustments to commercial water/wastewater rate is forecasted to minimize the impact on residential customers.

Mr. Jackson noted that in October 2018, the City incorporated its latest rate adjustment, essentially a \$0.20 increase. He recommended that Council amend its plan and bring the minimum charge for residential accounts from \$10.22 to \$10.52. this year and increase it again to \$11.05 in 2020, implementing an annual 3.0% rate increase beginning October 2023. He recommended increasing the commercial account minimum charge to \$39.61 in October 2019 with similar volumetric rate increases as the residential accounts. Similar increases are recommended for the wastewater rate plan. What this means for a residential household would see their water bill increase about \$0.80-\$1.32 per month (depending on the amount of water usage) and similar every year for the next several years. Commercial accounts would see

an increase of about \$12.28-\$13.31 per month and then \$5-\$12 every year for the next several years. Regarding wastewater, residential customers would see their bills increase by \$1.20-2.23 per month and then with similar increases yearly for the next several years; commercial accounts will have an initial increase of \$9.03-\$22.38 per month and then increases of about \$5-\$11 for the next several years. In the simplest terms, residential customers can expect their bills to increase by about \$2-\$3 per month; commercial customers can expect a slightly higher monthly increase.

Cm. Altgelt noted a common complaint from the development industry in which they have been annexed, have their plat, and then the process is halted because the City must resize a utility line and expect the development community to pay for it. Mr. Mia clarified that the City pays the additional cost to upgrade the water line. Cm. Altgelt conceded.

Dr. Martinez reminded Council that Laredo is the only city where the commercial water and wastewater rates are lower than residential, for a reason. However, the Comprehensive Plan is changing the City to look for more mixed use and high density residential areas, so Council may soon see the need to make residential rates lower than commercial rates for water and wastewater.

Mr. Jackson explained that despite the varied usage in commercial accounts given the business type (i.e. flower shop versus warehouse), commercial accounts typically use more water than residential accounts. He clarified that even with this proposed rate increase, Laredo's rates will still be among the lowest in the state, which is a very valuable selling point in attracting business and residents to come to Laredo. He noted that while ratepayers are never happy about increases to their rates, it is necessary for the future of this community. Enacting this rate plan will enable the City's utility to operate on a stand-alone basis independent of General Fund assistance and will result in a financially-healthy utility that has the ability to fund operations and capital needs. It will ensure that ratepayers are paying only what it costs to provide water and wastewater services while allowing for capital investment of \$150-\$180 million to improve quality of service and provide a well-functioning system for future generations.

Orlando Navarro noted that City Departments have met with the Laredo Builders Association regarding improved efficiency in the development community. He asked if this rate increase would remove the extra \$1,200 fee per lot for improvements along Highway 359, which was implemented via ordinance last year. Mr. Mia explained that this rate increase will not do away with the ordinance, as the ordinance was passed in regards to the Eastern Chacon Creek interceptor. He noted that if Council wants to repeal or amend the ordinance because they are paying for improvements via the rate increase, staff will bring it back to a future Council meeting. There is another ordinance regarding the Alexander Subdivision. Mr. Eads confirmed that staff would evaluate the impact and bring a recommendation to Council.

Dr. Martinez reiterated that proper strategic planning of the community safeguards the City from having to go through other channels and



relationships like the aforementioned ordinances.

Mr. Navarro recalled a short-term solution of running a line through the Shiloh wastewater treatment plant and asked if that is still in consideration. Mr. Mia explained that a suction pump was added to increase the flow and prevent leaks. Mr. Navarro noted that he mostly works in South Laredos, and developers paid collectively for a new line there on a reimbursement agreement. An issue that has come up is that this line protects the interest of several developers but not every landowner unless they pay into the system to reimburse the developers; this line does not service the east side of South Laredo. He also asked about the status of the Sombreretillo plant on Mines Road.

Mr. Mia explained that staff is looking to put together a package plan on Sombreretillo. The plant was designed before he came to the Department, and it was for 1.65 million gallons per day of wastewater. The first bid received was for \$40 million, which he did not understand. The second bid came in at \$35 million, so staff decided to build a lift station rather than this plants due to the expensive price tag. The City has some property on which to build the Sombreretillo plant, and staff can go out on a bid for design and build. The sewer plant is included in the City's Master Plan, which was completed in 2015.

Kurt Krause of Pinnacle Industry Center noted that his project is currently \$45 million of tax paid to the City of Laredo, which is expected to triple or quadruple over the next two years; the moratorium on the sanitary sewer lines in place puts the organization's project in jeopardy. Given the prospects and the money invested into the project so far, Mr. Krause noted that a solution is the produce industry. Laredo is picking up a lot of business that would otherwise go to the valley, and to be competitive, he asked Council to vote in favor of the rate increase so that development and capital improvements can continue.

Richard Morales, on behalf of Robert Mueller, who has projects pending at this time, urged Council to take action on this issue with a global perspective. The Muellers' new developments will add a lot of revenue to the City. He asked Council to approve this item.

Mayor Saenz asked the public if anyone in the development community wishes to express opposition to the proposed rate increases. Nobody in Council Chambers approached to voice such an opinion.

Rosario Cabello, Interim Co-City Manager, asked for more time to evaluate of the factors at play before presenting the impact to Council on the City's ability to fund its utility capital improvements. Parts of this evaluation would be the added costs of police and fire services to those newly-developed areas, among other factors.

Noe Hinojosa of Estrada-Hinojosa & Company reported that if rates remain where they are, the City will have more capacity to service its \$179 million in bonds over time. Increasing the rates will result in that much more capacity. He estimated that an increase of 5% for utility rates for the next five years will give

