

**CITY OF LAREDO CITY COUNCIL
MEETING
M2018-S-10
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
August 6, 2018
5:30 P.M.**

SUPPLEMENTAL AGENDA

I. MOTIONS

1. Consideration for approval of change order no. 1 an increase of \$18,244.00 to the construction contract with Romo Contractor, LLC., Laredo, Texas, for the Century City Park Basketball Court Metal Shade – District I. This change order is for additional cost due to current federal administration tariffs on imported steel (U.S. steel raised the price for American Steel) and to add ninety (90) calendar days to the construction contract time. Current construction contract amount with this change order is \$264,744.00. Funding is available in the 2017 CO.

Motion to approve.

Moved: Cm. Balli

Second: Cm. Perez

For: 7

Against: 0

Abstain: 0

2. Consideration for approval of change order no. 2 an increase of \$5,000.00 to the construction contract with ALC Construction, Inc., Laredo, Texas, for the CDBG El Eden Park Basketball Court Metal Shade Structure – District I. This change order is for additional cost due to current federal administration tariffs on imported steel (U.S. steel raised the price for American Steel) and to add fifteen (15) calendar days to the construction contract time. Current construction contract amount with this change order is \$199,160.00. Funding is available in the 2016 CDBG Action Year Grant.

Motion to approve.

Moved: Cm. Balli

Second: Cm. Perez

For: 7

Against: 0

Abstain: 0

II. GENERAL COUNCIL DISCUSSIONS AND PRESENTATIONS

3. Request by Council Member Alejandro "Alex" Perez

1. Discussion with possible action on authorizing the City Manager to execute the final approved Collective Bargaining Agreement between the City of Laredo and the Laredo Fire Fighters Association, Local 872, reflecting the terms that were approved by motion on the meeting of July 16, 2018, and other terms that were

negotiated between and agreed to by both parties, and any other matters incident thereto. (Co-Sponsored by Mayor Pro-Tempore Charlie San Miguel)

Horacio De Leon, City Manager, explained that there has been some discrepancy in discussions regarding whether the agreement will cost the City \$6 million or \$15 million. Both numbers are accurate depending on the interpretation. The impact to the City's budget over four years is where the \$15 million total is accurate. When the Fire Fighters' Association determines that the impact is only \$6, they are correct in terms of each year, but the cumulative result is \$15 million. He stated that this contract will not bankrupt the City, especially if conditions continue to grow as they have for the last five to six years. He cautioned Council that the City needs to slow its spending on personnel expenses throughout all departments. For the last 10 years, the City has balanced its budget on bridge revenues, but the operations budget of the City continues to grow every year; currently 65% of the budget comes from bridge revenues.

Cm. San Miguel reiterated Mr. De Leon's statement that this contract will not bankrupt the City. He stated that if Council thought that entering into this agreement's terms would be detrimental to the City, then they would not have chosen to do so.

Martin Aleman, Executive Director of Finance & Technology, reported that the proposed total budget is about \$650 million. The General Fund overall budget is about \$197 million per year for a four-year budget of less than \$800 million.

Cm. San Miguel reminded Council and staff to consider the four-year budget when considering the four-year agreement impact to the budget of \$15 million. Considering \$15 million against only one year of the City's budget inflates the perceived impact. It is important to inform the public that the City is able to meet the financial demands of this agreement, and to equate this decision with bankruptcy is a false narrative.

Mr. Aleman noted staff's concern over how much additional money the City is taking from Bridge. If the City continues to depend on bridge revenues to supplement its shortfalls with increasingly growing budgetary demands, the Bridge Department will struggle to meet those demands. Bridge has an excess of \$6-8 million per year to-date, and the City is depending on some savings making up the difference. Previous funds serving as a source of revenue have since dried up.

Mr. De Leon reported that the City's General Fund currently has a AA rating.

Mr. Aleman reported the total funding required in four years as follows (with each year cumulative):

Year 1	1.5%	\$767,000	
Year 2	2.5%	\$2,173,466 (plus Year 1)	= \$2,940,466
Year 3	3.0%	\$1,802,288 (plus Year 2)	= \$4,742,754
Year 4	3.0%	\$1,560,651 (plus Year 3)	= \$6,303,405
Total			\$14,753,625

Mr. De Leon clarified that these totals are all-inclusive, meaning that they include the add pays, pensions, and other costs.

Mr. Aleman noted that the Year 2 increase is more than the Year 3 increase because of the step increases with recent graduates.

Mr. De Leon confirmed that if Council does not approve the proposed agreement, the City would automatically revert back to the terms of the current contract, which would cost the budget an additional \$4 million in the next year.

Mr. Aleman informed Council that the Department's budget will increase by about \$2 million next year, despite the fact that the contract will only impact the budget by \$767,000. This is due to the new graduating class this year who will be getting pay, pensions, insurance, and other costs that weren't previously budgeted. Five positions were unfunded because of the expectation of a half-year grant, but the City will actually need to fund it for 12 months. He cautioned Council that unexpected costs or changes to a budget plan are always possible, which affect in the next years' budgets. He noted that the Fire Department tends to exceed the budget overtime amount each year, given the nature of the work and the fact that many employees are hourly.

Mr. De Leon clarified that the City always underbudgets overtime knowing that the Fire Department will exceed it. The Fire Department makes a case for overtime pay, but the City often funds it preemptively.

Mr. Aleman reported that personnel have grown every year during the last 10 years across Fire, Police, and other City departments. He noted that the add pays are on a percentage basis rather than a fixed amount, and they will cost about \$5.2 million next year. This is why staff attempted to slow the growth of add pays to control the costs. During the negotiations of the collective bargaining agreement, the City attempted to turn add pays into a fixed amount rather than a percentage. However, that negotiation was not accepted. Every time that the base pay increases, the add pay also increases because it is on a percentage and not a fixed amount.

Cm. Altgelt noted that it is logical that the City would grandfather in current fire fighters, but Council was advised by external counsel to reprogram the system for cadets by placing their add pay on a fixed amount rather than a percentage.

Mr. De Leon clarified that staff was asking to freeze the add pay to what it currently is for current fire fighters and cadets in the academy, then any new cadets would come in at a fixed rate. The savings could then be transferred to the base pay. However, that is not what is reflected in the proposed collective bargaining agreement. Cm. San Miguel noted that such a proposal as explained Mr. De Leon would have been very divisive among the fire fighters.

Mr. Aleman compared the salaries of Laredo's fire fighters with those of other cities, clarifying that salaries are determined by a variety of factors in each city.

The cadet and fire fighter salaries were reported as follows:

<u>City</u>	<u>Cadet Salary</u>	<u>Fire Fighter Salary</u>
Austin	\$34,212	\$52,331
Brownsville	\$27,922	\$43,692
Corpus Christi	\$39,852	\$50,928
El Paso	\$26,320	\$40,250
Harlingen	\$30,900	\$41,472
McAllen	\$30,000	\$41,104
San Antonio	\$40,700	\$52,164
Laredo	\$52,072	\$64,279

Cm. Altgelt referenced a newspaper article which showed that some Fire employees were among the highest-paid employees with the City and asked if that could be confirmed and if it is consistent with other cities. Mr. Aleman confirmed that some of the highest-paid City employees are Fire Department employees. He could not confirm if this information is consistent with other Texas cities.

Steve Landin, Laredo Fire Chief, explained that the Fire employees mentioned in that article made that list because of their payout of sick leave and annual leave accruals when they retired. This also occurs with regular employees when they sell back their sick leave and annual leave, thus making their salary for that year appear much higher. Cm. Altgelt countered that payouts from accruals is still cash paid out to the employee but conceded to Chief Landin's clarification.

Chief Landin explained that the City of Austin is a fire-based city; Austin does not provide EMS services. Austin cadets graduate from the academy as fire fighters only and not with EMS qualifications. He recalled that when he joined the Fire Department in 2008, the Department had a shortfall of 30 fire fighters. This caused personnel overtime costs of \$4 million or more. He stated that Laredo fire fighters are the best in the state, as they graduate as fire fighters, hazmat technicians, paramedics, airport rescue technicians, and technical team certifications. Many other cities don't offer those services, which makes Laredo fire fighters unique. He voiced his opinion that the salary comparison of Laredo to other cities is not applicable as those cities do not offer the same services.

Cm. San Miguel requested that staff attempt to make a more applicable comparison in the future to ensure that the comparison is truly fair.

Cm. Perez asked Chief Landin to comment on any instances of cancer or anxiety among Laredo's fire fighters. Chief Landin recalled that at least five fire fighters have been diagnosed with cancer. The organization has implemented an aggressive program to keep its fire fighters cleaner to avoid exposure to dangerous materials and substances. Cancer rates for fire services are higher than for regular office workers.

Cm. Perez noted that caring for the anxiety of depression for Fire employees is very important because first responders see traumatizing things that the common office worker is not subjected to. He considered the lasting effects of trauma as a

special consideration for the fire fighters of Laredo.

Chief Landin informed Council that the Fire Fighters' Association has peer support groups within the organization utilizing trained individuals and in collaboration with Monica Flores, Executive Director of Personnel, Risk, and Civil Services. The City nurse will join six fire fighters for continued education training to help with the devastating results of the job or in cases of losing a colleague, which occurred recently.

Cm. Perez added that the activities of the Fire Department which generate money for the Department should be noted and considered as well. He reiterated that the City's finances are stable despite claims to the contrary. The number of building permits has increased from 3,000 in 2010 to about 6,000 in 2018. That equates to more property tax revenues. Neighborhood Empowerment Zones have generated more than \$13 million of revenue to the City. He voiced his opinion that the financial future of the City looks very bright.

Cm. Vielma asked for a projection of the annual property tax increase. Mr. Aleman explained that staff started with a projection of 5% and is currently at a rate of 7.6%. The City grew from \$13.3 billion to \$14.1 billion in the valuation. This is a combination of increasing values of property and new properties that were added to the tax roll. Cm. Vielma reported that in the next legislative session, Governor Greg Abbot is proposing a 2.5% cap for the increase of property tax valuation, and the City should be mindful and prepare for this possibility.

Mr. De Leon agreed that the governor's proposal is a great threat to the City of Laredo because of its rapid growth. Limiting the cap to 2.5% would be detrimental to the City.

Mr. Aleman summarized the revenues for FY2017-2018 and FY2018-2019, along with their variances, as follows:

<u>Revenues</u>	<u>FY2017-2018</u>	<u>FY2018-2019</u>	<u>Variance</u>
Current Taxes	\$62,864,654	\$65,634,688	\$2,720,034
Sales Taxes	\$32,439,602	\$33,509,490	\$1,069,888
Bridge Transfer	\$32,524,423	\$33,466,687	\$942,264
Amusement Devs.	\$5,648,702	\$4,234,650	(\$1,414,052)
Franchise Fees	\$7,739,806	\$7,755,621	\$16,515
Mun. Court Fees	\$3,346,236	\$4,180,050	\$842,814
Transfers In	\$15,001,335	\$160,818	(\$4,840,517)
All Other Revs.	\$34,867,117	\$35,076,871	\$214,754
Total	\$194,426,175	\$184,037,875	

General Fund Revenues Net Change FY2018-2019: (\$10,398,303)

The General Fund Expenditures Net Change for FY2018-2019 was reported as an increase of \$4,385,898. Mr. Aleman noted that the property tax revenues will not be enough to cover the personnel expenditure increase in the budget. He reminded Council that staff estimated the deficit for 2018-2019 to be -\$14,758,199

before the budget was submitted. To help balance that, staff brought in \$12.6 million from Bridge and General Savings. All Departments were asked to cut 5% of their budgets, excluding personnel; it was determined that departments would not be able to support a 15% cut as originally proposed. Mr. Aleman noted that health insurance claims have appeared to decrease this year, which generated some savings. Premium cost increases will apply to both the city and the employee in the forthcoming years. He reminded Council that last year, the City took \$12 million from the Bridge revenues and savings to meet the deficit. The annual average Bridge excess is only \$6-7 million annually.

Mr. De Leon noted that the City placed a hiring freeze on new positions and treated any posting on a case-by-case basis to support the City's savings.

Mayor Saenz asked what the City can save further that has been saved or cut in the past to meet the deficit without compromising the City's financial stability. Mr. De Leon agreed that in the past, the City transferred from other Enterprise Funds. However, those funds have been exhausted; the Bridge Department is the only remaining source of transfer. By utilizing more of the Bridge revenues, Council would only be limited the number of capital improvement projects to help with the flow of traffic. Mayor Saenz stated that the City needs those projects because the City and Mexico are both clamoring for better throughput traffic at the bridge. Since the Bridge produces money for the entire City, it should be protected from exhaustion.

Mr. De Leon explained that an agenda item to be considered is to hire a consultant for a port master plan. Part of that master plan scope is to review the needs of the port over the next 25 years that also match with the need of the tolls to pay for capital improvements over that timeline.

Mayor Saenz voiced his opinion that despite Council's desire to satisfy all City employees, there is only so much money to distribute to increasing demands.

Cm. Balli stated his opinion that the most important investment an individual can make is in oneself. The most important investment an organization can make is in its staff and personnel. He voiced his concern over a comment made at the last Council meeting that fire fighters, despite the amount they are paid, took an oath to protect the City and perform their job duties. That is not necessarily true to everyone, as employees often leave the City for other jobs that pay more. This could occur with a fire fighter as well. The City must train and invest in its personnel to retain fire fighters. He noted that he supported the motion made by Cm. Perez at the last Council meeting as a way to invest in the community and safety.

David Gonzalez, Laredo Fire Captain and Laredo Fire Fighters Association President, stated that while the numbers presented by Mr. Aleman are correct, they are still misleading because they are viewed as a lump sum paid in one year instead of four. He voiced his displeasure at the way that politics is playing out on this issue. The initial negotiation on the collective bargaining agreement was a pay cut from fire fighters of almost \$1 million. Through research, the Fire Fighters'

Association learned that the City was not in a state of financial crisis as stated by some Council Members. Outside counsel, which will probably cost the City about \$100,000, agreed that the offer was very aggressive and was not likely to be accepted by the association. Mr. Gonzalez voiced his agreement with some of the sentiments of Mayor Saenz and citizens who have spoken on the issue; the City does need to slow the rate of rising costs in Laredo. However, he noted that the steps taken to do so much be distributed fairly among all factors, not just the employees. Employees should be treated fairly. The terms of the collective bargaining agreement treat all fire fighter employees equally to reduce in-fighting, which will be detrimental to the Department's operation. The fire fighters joined the political process to represent the labor industry.

Mayor Saenz noted that Mr. Gonzalez demonstrated a willingness to help slow the rate of increased expenses to the City. He asked why then Mr. Gonzalez would not be amenable to wait until after the entire budget process hearings for the City to have a clear picture of all of its financial obligations and sources of income.

Mr. Gonzalez explained that the City Manager told the Association's past president that he had a certain amount of money available for raises, and the past president accepted it. Mayor Saenz suggested adding terms to the agreement that if certain conditions or not met during the fiscal year, the Association would be willing to compromise on their terms to help offset those shortfalls. Mr. Gonzalez deferred to the attorneys present as to the legality of adding such a clause to the proposed agreement. Mayor Saenz asked for more time to thoroughly evaluate the financial standing of the City and its responsibilities.

Cm. Altgelt confirmed that the City can add Mayor Saenz's suggested clause into the contract and revisit it. Mr. Gonzalez agreed that the Association would be willing to discuss that proposition in the future. Cm. Altgelt noted that the clause only becomes meaningful if it is built into this contract before Council before it is executed.

Mr. Gonzalez countered that Council already voted at the last meeting regarding the terms of the agreement. He spoke on behalf of the fire fighters' beliefs that this discussion is politically-motivated.

Mr. De Leon clarified statements regarding his comments to the previous Association president. He explained that that at an informal meeting on July 12, Mr. De Leon and Mayor Pro-Tempore San Miguel met with the secretary and former president of the Laredo Fire Fighters' Association. It was a positive discussion, and Mr. De Leon explained the implications of the property tax increases and that, of the \$3.5 million generated, \$1.2 million was committed to pay for terms of the Police contract with another \$500,000 for over hires. The point made regarding the \$1.8 million was that this amount was available to pay for everything under the General Fund, not including increases. Nowhere in the proposed budget was increases for employees proposed, especially after a 5% cut was made across the board. If that explanation was misinterpreted by the Association representatives, Mr. De Leon offered his apologies. He confirmed that the current proposed budget does not propose a raise for civilian employees.

Cm. Altgelt asked Mr. Gonzalez how he can reconcile his statement that all City employees be treated fairly if civilian employees are not being recommended for raises but Fire employees are. Mr. Gonzalez countered that it is within Council's discretion to implement a raise even if it is not recommended by the City Manager during the budget workshop. The budget is not finalized, and Cm. Altgelt can bring up that question then.

Cm. Altgelt asked if it would be fair to bring up the Fire collective bargaining agreement in the budget process as well. Mr. Gonzalez answered that he would not know without consulting his attorney. He stated that Council should give all City employees a raise.

Mayor Saenz reminded all parties to remain respectful after personal comments were made.

Mr. Gonzalez agreed that the Association would be willing to further discuss this agreement during the budget workshop.

Kristina L. Hale, City Attorney, clarified that the City does not have a final collective bargaining agreement to execute; there are a few more articles that are still under review. She reminded Mr. Gonzalez that Article 29 and 41 are still pending language. Mr. Gonzalez voiced his understanding that the contract was largely agreed upon tentatively. The substance of the agreement, in his opinion, is already complete and the pending articles are not related to the substance of the agreement.

Mrs. Hale explained that the motion passed at the last Council meeting only dealt with certain financial portions of the agreement and ad ministerial changes, but certain articles that are still pending are considered substantive to the City Attorney's Office. Therefore, the City Attorney's Office still needs clarifications since those articles were not discussed at the last Council meeting.

Mr. Gonzalez countered that the motion made at the last Council meeting was to accept the terms, which he interpreted to mean acceptance of the contract in its entirety.

Mayor Saenz asked the City Attorney if Council is prepared to approve the final contract at this time.

Cynthia Collazo, Deputy City Manager, reported that staff received the drafted contract from the attorney and reviewed the terms and articles. Article 29 in particular, as drafted by the attorneys, left out certain sections that benefited both the union and the City, which is substantive and not merely ad ministerial. She added that she spoke with Mr. Gonzalez about this article and that parties agreed that if Council approves this agreement, it would be contingent on the parties agreeing to include those sections as they were before. She requested Council authority for staff to amend those sections as intended.

Mr. Gonzalez countered that the outside counsel repeatedly sent by tentatively agreed upon articles with changes, and he voiced his opposition to the firm changes articles that were agreed upon by both the Association and the City. He had asked Mrs. Collazo to commit to the agreed-upon language rather than the new language as inserted by the law firm. He stated that Mrs. Collazo had agreed at the time. If the motion addressed the language, then the wording should stay in place. If the motion did not address the new language or changes as requested by staff, then the agreement should be executed as originally worded. Mrs. Collazo confirmed that staff agrees on this point with Mr. Gonzalez.

Mr. Gonzalez cited an example of a section that addressed drug testing. Originally, hair follicle testing was not included in the language, but the outside counsel included it in subsequent drafts, which the union did not agree to. This change would result in additional costs to the Fire Department.

Mrs. Hale confirmed that the City Attorney's Office agrees to the explanation provided by Mrs. Collazo and Mr. Gonzalez as long as the City Attorney's Office has the opportunity to review the final draft before execution.

Mr. Gonzalez stated that if an article was previously tentatively agreed upon by both parties, it should not be changed at this point.

Cm. Perez addressed Cm. Altgelt's concerns about treating civilian employees unfairly by not giving them a raise this year. He noted that every year, Council finds a way to provide a raise to City employees and will very likely do so again this year, so the issue raised is moot.

David Cardwell noted that he is happy to see transparency on this matter, even if it comes at the eleventh hour. The recent discussion regarding including the new language to pending articles cast a light on the fact that the motion to approve the contract should include an amendment to address this.

Cm. San Miguel countered that he has the authority to add an amendment to his motion to approve the contract, but he stated that he does find it necessary to do so.

Mr. Cardwell read an excerpt from the NWI Times: "One of the greatest gifts that we receive is the one that comes largely from those we do not even know: the opportunity to live safely in a free society. It's a gift we are graced with every day in all we do and that we indulge in every time we set foot outside the door. Our way of life comes from sacrifices and hard work of those who have served in the military as well as our fire and police departments." Mr. Cardwell stated that he stands by this comment in agreement and compliments the veterans and Fire and Police Departments of the City. However, after reading the news coverage and listening to Council dialogue on this issue, he noted that Council must give more serious consideration to the proposed agreement to ensure it does not have a negative impact on the City's financial wellbeing. He reminded Council that the FY2018-2019 budget has not been approved yet. He asked whether the City would be required to eliminate some services if the agreement is approved before

the budget is finalized and results in a shortfall. He asked about the City's ability to maintain streets, sidewalks, parks, recreational centers, speed humps, lazy rivers, and other services that the taxpayers want. He encouraged Fire employees to get more involved with their City government, not simply when the collective bargaining agreement is due for renegotiation. Mr. Cardwell noted that he was taken aback at the way that Mr. Gonzalez addressed Mayor Saenz and Cm. Altgelt in an unprofessional manner. He apologized to Mayor Saenz and anyone else with whom he singled out. Mr. Cardwell requested that before the vote, Council Members recuse themselves from voting if they have any relatives working for the Fire Department. It may be legal that these Council Members can vote, but it is not ethical. He also requested that Council Members who have received financial or in-kind campaign donations from the Fire Fighters' union PAC recuse themselves from the vote, again citing the fact that to vote would be unethical. He read from Mayor Saenz's open letter to the community regarding the Fire collective bargaining agreement: "In as much as we care and value our fire fighters and their families, my concern is with the overall impact to our budget and whether the City can continue to spend at the level it is now. I foresee in the near future major adjustments and impacts to the City's services and staffing levels. I encourage you, my community of good, hardworking people-that includes the Fire Department-please pay close attention to such disclosures in light of our high poverty rates, the overall economic uncertainty of our current state of affairs, and so many other operational pressing needs of our community. We all need to hear from you, the citizens. We work for you; please make your voices heard." Mr. Cardwell reiterated his invitation to Fire and Police employees to participate in the local government system. He voiced his understanding that the union PACs give money to elected officials during their campaigns, which is legal, but he asked them to come and participate in Council activities in the open.

Jesus Justo Guerra, Sr., informed Council that when he was 18 months old, his father (a fire fighter) was killed in a fire in the line of duty. His family lived on his father's Fire pension. Mr. Guerra stated that his heart is with the fire fighters. He dismissed claims that employees are being treated unfairly in regards to this agreement. He asked Council what dollar value they would place on the lives of their fire fighters and their families. He claimed that the agreement is a done deal since Council already voted on it, and it is unconscionable for Council to discuss changing the terms.

John Stabile recognized that Laredo's fire fighters have a very dangerous job and emphasized that he does not desire to take anything away from them. However, he noted his desire to advocate for fiscal responsibility. Overspending will eventually cost the City, and he asked that Council take the time to go before the budget committee before passing this motion. Approving the collective bargaining agreement before the budget workshop is putting the cart before the horse as the City has not fully established that it can afford the terms of this agreement. He voiced his confusion as to why Council cannot agree to delay this item until the budget is resolved.

Dolores Medrano, representing citizens who live in poverty in the community, stated that studies are not needed to see that Laredo has a significant poverty

problem. Studies are not needed to see what areas of the community are stricken with poverty. She voiced her upset that this agenda item has moved forward to this point when so many citizens who are not here, because they are working two jobs or cannot afford transportation to attend a Council meeting, need services from the City and cannot afford basic necessities. She stated her disappointment that this item progressed to this point without getting any public comment from those citizens during the budget workshops. The public needs to be informed of the City's finances; she noted that the City appears to be \$10 million short on the budget given the visual aids presented. That is contradictory to the claims that the City is able to meet the monetary demands of this agreement. The City is also \$1 billion in debt, which further negates claims that this agreement will not cause a negative impact on the City's budget. The decision to move this item to this point gives the impression that the issue is a "done deal," meaning that the decision was made before Council even met. She voiced her agreement that some Council Members should not vote on this item. She stated that Cm. San Miguel has two sons that are fire fighters who joined the Fire Department during the Council Member's time in office. Cm. Rodriguez and Cm. Torres took over \$10,000 from union donations and the Fire Fighters' Association. She asked how these Council Members can be unbiased on this issue. The future is uncertain for nearly everyone; teachers and government entities are expected to have to live on less income than expected upon retirement due to the financial situation in the country.

Chief Landin explained that fire fighters put in 15% of their total salary into their pension system. The City provides a match of about 20.8%. By putting in more than anyone else, fire fighters will naturally take more out upon retirement. Fire fighters' pension withdrawals are 93% of their salaries. He added that civilian employees only put in 7% to their retirement system, which the City matches, and the City also offers civilian employees Social Security benefits which are not offered to fire fighters.

Dr. Medrano stated that Chief Landin's explanation proves her point that there are a lot of misconceptions regarding this issue, meaning it merits more discussion before taking any action. She asked Council not to railroad this issue prior to the budget workshop, which is leaving the public confused and misinformed.

Cm. Rodriguez noted that when the fire fighters' union PAC makes campaign contributions, they do not ask for anything in return. They simply ask what the candidate or officeholder intends to do for the citizens of Laredo. He asked why the public does not question Council Members voting on other items that benefit other entities who have also contributed to those Council Members' campaigns. He asked why the public is singling out fire fighters at this moment. He stated that he does not base his decisions on whether an entity donated to his campaign or not; his decisions are based on the quality of life brought to the citizens of South Laredo.

Mario Peña, Laredo G-13 Chairman, voiced his agreement with Dr. Medrano's sentiments. He addressed the fire fighters present in Council Chambers, informing that nobody disrespects or devalues the work done by the Laredo Fire Department. Fire fighters are held in high regard and are very deserving of a

salary increase. However, merit is not the question at hand. He questioned the protocol and procedure regarding this issue. The budget workshop has been scheduled for August 13-15, 2018, during which time the City presents its budget for thorough review and prioritization. Voting on this agreement before the budget workshop appears premature. He reminded Council that General Fund operating expenditures exceed the General Fund revenues, putting the City in the red with an unbalanced budget by almost \$15 million. He noted that if these numbers are not representative of the true budget, then more discussion is needed at the budget workshop.

Mr. De Leon clarified that a balanced budget was submitted to Council by the City Manager's Office.

Cm. San Miguel explained that not all City revenues were presented in Mr. Peña's data. He added that the Laredo Fire Fighters' Association has certain deadlines by which they need an executed agreement, and the timeframe for some deadline has already passed.

Cm. Altgelt countered that timeframes can be extended by agreement of Council, adding that when this item came before Council at the last meeting, Council's attorneys were urging both parties to go to mediation and subsequent arbitration. However, the agreement was already "a done deal" by then. He recalled Mr. Aleman asking Council Members where the money for this agreement was supposed to come from and asked for his suggestions as to sources.

Mr. Aleman recalled informing Council that in order to balance the budget, the City must tap into the Bridge revenue fund because there is no other funding available.

Mr. De Leon noted that for the past 10 years, the City has used other Enterprise Funds to balance the budget, with the Bridge fund carrying most of the burden to-date. Now, the Bridge fund is the only source that the City can utilize for this purpose.

Cm. Altgelt asked if the City is able to lift the hiring freeze. Mr. Aleman cautioned that the savings provided by the hiring freeze contributes toward the balance of the General Fund. Cm. Altgelt explained that he asks so that the Economic Development Department can finally be staffed. Mr. Aleman informed Council that the Economic Development officer position is currently posted, and interviews are moving forward. To the question of whether the rest of the City's employees can receive a raise, Mr. Aleman reiterated that the City needs to either generate new revenues or pull from the Bridge Department.

Mr. De Leon recommended that Council wait for the budget presentations and allow staff to keep a tally of recommendations from Council to look for other ways to create savings or reduce expenses to find a balance.

Cm. Altgelt voiced his opinion that Mr. Aleman is making the case that the City cannot afford to provide raises to all City employees. He asked if it is wise to continually rely on Bridge revenues as a steady stream of income. Mr. Aleman

confirmed that it would not be wise because Bridge revenues depend on many variables with their own uncertainties. Cm. Altgelt emphasized that the City should be focused on its solvency and keeping a healthy amount of funds available for emergencies or “a rainy day.” He voiced his opinion that some members of Council are more reckless spenders than others.

Mr. Aleman reported that the current fund balance is about \$45 million. The City’s total debt is about \$1 billion, including interest. The City’s credit is not at its maximum capacity, but a financial consultant will present to Council at the budget workshop as to the City’s potential bonding capacity.

Mrs. Hale confirmed that if Council took no action, the contract would renew automatically because of the evergreen clause that is currently in the collective bargaining agreement. Mrs. Collazo noted that the outside counsel mentioned that some other cities were considering removing their evergreen clauses.

Mr. Aleman reported that all departments were asked to cut 5% of their budgets, excluding personnel. By their sacrifices, the total savings realized was \$807,000. Management also made the decision to defund 56 vacant positions for a savings of \$1.9 million.

Cm. Altgelt noted that despite the market fluctuations and uncertainties, the City still appears to be contemplating bonding out for additional monies. Mr. De Leon assured him that the City is being financially conservative with its contemplations. Cm. Altgelt countered that the financial consultant also sells bonds, so he could potentially advise the City to bond even if it is not a strict necessity. He asked for staff to compare this contract with those of other cities. Staff was unable to do so. Cm. Altgelt also asked how the fire union’s PAC is funded.

Mr. Aleman welcomed feedback from the union but voiced his understanding that it is funded by its members’ contributions through payroll deductions.

Mr. Gonzalez explained that every union member fills out an application card to join the PAC and makes contributions to it at a rate that they choose. He confirmed that PAC contributions are separate from union dues. City personnel are involved only as far as acknowledging contributions made by Fire employees to their dues and the PAC.

Cm. Altgelt noted the irony in the City’s using its Payroll Department to help garner resources that are then reinserted back into the political arena which ultimately generates votes that are contrary to fiscal solvency and the best interests of citizens.

Mayor Saenz noted that fire union members are at liberty to contribute their money however they see fit.

Mr. Gonzalez clarified that in the agreement, an article stipulates that union dues will be deducted; this article has been in the agreement for many years. The PAC involvement and contributions are all allowable by law and reported accurately and

publically. He added that money is often returned to members in some situations.

Mr. Aleman reported that approximately 63% of the General Fund's budget is dedicated to Police and Fire. Fire specifically is about 26.6% of that budget.

Albert Chapa, Fire Fighters' Association Secretary, added that this percentage is lower than other, similar cities in Texas. He noted that for the last five years, Council has granted civilian City employees the opportunity to earn a 4% raise, which is compounded.

Mr. De Leon reminded Council to keep in mind the fire fighters' agreement is a four-year contract; regular employees don't have agreements, and their salaries are compounded as well. He voiced his opinion that the City chose the wrong outside counsel to negotiate this agreement.

Mr. Gonzalez added that all meetings have been open to the public and posted on the City's website. Members of the public have always been welcome to attend and provide their feedback. He noted that the law firm assisting the City in negotiating the agreement has a history of negotiating against fire fighters throughout the Rio Grande Valley.

Mr. Chapa addressed the \$14 million deficit mentioned previously. He added that he was at the Council meeting when that information was presented as an example that fire fighters do attend Council meetings and engage in the governmental process. He noted that when Council faced the \$14 million deficit, they changed direction and reduced that deficit down to \$5 million.

Cm. San Miguel called for the question on his motion to approve the agreement.

Mr. Gonzalez informed Council that if the City has any desire to renegotiate the agreement within the four years, they can submit a letter to the Association. Mrs. Hale clarified that the City can submit a letter, but the Association is not obligated to renegotiate.

Motion to approve.

Moved: Cm. San Miguel

Second: Cm. Perez

For: 5 Against: 2 Abstain: 0

Cm. Gonzalez Cm. Vielma

Cm. Rodriguez Cm. Altgelt

Cm. Perez

Cm. San Miguel

Cm. Balli

Mayor Saenz noted that his vote would be "against."

III. ADJOURNMENT

Motion to adjourn.

Moved: Cm. San Miguel

Second: Cm. Balli

For: 5

Against: 0

Abstain: 0

Cm. Gonzalez, Cm. Perez, and Cm. Altgelt were not present.

I, Jose A. Valdez, Jr., City Secretary, do hereby certify that the above and foregoing is a true and correct copy of the minutes contained in pages 01 through 15 and they are true, complete, and correct proceedings of the City Council meeting held on August 6, 2018.

Jose A. Valdez, Jr.
City Secretary