

**CITY OF LAREDO
SPECIAL CITY COUNCIL MEETING
M2018-sc-07
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
August 13, 2018
5:30 P.M.**

I. CALL 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
Rudy Gonzalez, Jr.	District I
Vidal Rodriguez	District II
Alejandro "Alex" Perez, Jr.	District III
Alberto Torres, Jr.	District IV
Norma "Nelly" Vielma	District V
Charlie San Miguel	Mayor Pro-Tempore, District VI
George J. Altgelt	District VII
Roberto Balli	District VIII
Jose A. Valdez, Jr.	City Secretary
Horacio De Leon	City Manager
Cynthia Collazo	Deputy City Manager
Kristina L. Hale	City Attorney

Cm. Altgelt joined at 5:58 p.m.

Cm. San Miguel joined at 6:10 p.m.

Citizen comments

Dolores Medrano stated that the budget workshop agenda makes no provisions for public comments and asked Council to allow the public to share their opinions and concerns.

Mayor Saenz reported that he spoke with the City Attorney and staff on this issue. The purpose of the budget workshop is for City staff to inform and engage Council on the budget, but as the Chair of the meeting, he intends to provide for public comment. However, Mayor

Saenz noted that public comments might be limited to one-minute addresses given the lengthy nature of the budget workshop agenda.

Horacio De Leon, City Manager, reminded Council that the budget workshop is a public meeting. There is no public hearing at this time, but there will be opportunities for public hearings in the future. He confirmed that the Chair has the discretion to provide for public comments, but the agenda was posted as a Workshop and not a meeting to allow for the exchange between Council and staff.

David Cardwell stated that he is proud of Laredo and all of the hard-working citizens. While he agreed that the City is trying diligently to provide services to the people of Laredo, more must be done. Laredo ranks as the largest inland port in the United States, highest-paid Fire Department contract in salaries in Texas, highest-paid Police Department contract in benefits in Texas, highest poverty level in the country, and worst pay for women in any city in the United States in 2014. Mr. Cardwell offered some budget suggestions to raise the quality of life, enhance jobs, and lower the poverty rate in Laredo:

- Increase the budget to ensure that all eight City districts have comparable and equal facilities for youth and seniors.
- Increase the budget to provide pay raises for all City non-union employees in the same amount that Fire and Police employees receive and for the same time period.
- Increase the budget to provide a one-time raise to all City non-union employees to match their counterparts that work for cities like Dallas, Texas.
- Increase the budget to repair all street potholes and repave where needed
- Reduce the City Property Tax from its current rate of 64 cents to the effective rate of 60.4 cents per \$100 valuation. Mr. Cardwell noted that this tax rate is still higher than other similar city property tax rates in Texas, which are around 45-55 cents.
- Pay off the Sports Venue Sales Tax debt and implement the Economic Development Sales Tax 4B.

V. MOTIONS

1. Consideration for approval to award a design/build contract to SPA Skateparks, Austin, Texas, in association with New Line Skateparks, Langley, BC, in the amount not to exceed \$350,000.00 for the Skate Park for John Valls Park (at North Central Park) with a contract time of one hundred fifty (150) calendar days; and authorizing the City Manager to execute all related contract documents contingent on all items of work being finalized, and upon receipt and approval of insurance and bond documents. Completion date for the project is scheduled for February 2019. Funding is available in the 2017 CO Bond (District VI Priority Funds).

Motion to approve.

Moved: Cm. Torres

Second: Cm. Gonzalez

For: 5

Against: 0

Abstain: 0

Cm. Perez, Cm. San Miguel, and Cm. Altgelt were not present.

VI. GENERAL COUNCIL DISCUSSIONS AND PRESENTATIONS

A. Request by Council Member Alberto Torres, Jr.

1. Status Report on the Voluntary Retirement Incentive Program for current City employees; and any other matters incident thereto.

Horacio De Leon, City Manager, explained that after City Council reviews the presentation created by Human Resources and makes a decision based on all the options presented to them, Staff will determine how will they fund the cost of the program.

Elena Martinez, Human Resources Administrative Assistant, informed City Council that in FY2000-2001 the City of Laredo offered a Retirement Incentive Program. This program consisted of free medical coverage for employees for 60 months from the date of retirement and removal of the 480 Annual Leave and 720 Sick Leave maximum payout caps. In order to qualify, the employee had to meet the 80-year plan to qualify (employee's age + years of service = 80 years). This incentive allowed 33 employees to retire. She reported that the Human Resources Division conducted the 2018 City of Laredo Employee Retirement Survey and found that there was a 24% employee participation rate. The survey found that 64% of responders said that they would consider retirement if provided with an incentive, and the top three options that would incentivize an employee to retire (in order of importance) would be health insurance, a lump sum payout, and better retirement benefits. She presented five options under the Retirement Incentive Survey:

Monica Flores, Executive Director of Personnel and Civil Service, explained that there are approximately 300 employees eligible for retirement, and 157 employees would be eligible if using the calculation of combined years of service plus the employee's age to total 80. She noted five options that the City could offer and the estimated additional funding needed for FY2018-2019 if all 157 employees were to retire this year.

• Unlimited accrual payout	\$1,794,721.87
• Limited accrual payout and lump sum of \$12,000	\$2,905,575.37
• Unlimited accrual payout and lump sum of \$12,000	\$3,588,721.87
• Limited accrual payout and lump sum of \$20,000	\$4,161,575.37
• Unlimited accrual payout and lump sum of \$20,000	\$4,844,721.87

Mrs. Flores informed Council that not all employees eligible to retire choose to do so the first year that they qualify. However, it is a possibility that all 300 employees who are eligible would do so, which would have a greater financial impact on the Department's calculations.

Mr. De Leon cautioned Council that the combined years and age calculation is important because the City may have young workers who are already eligible for retirement, and the City may not want to incentivize those people.

Cm. Torres asked why the City is paying out so much on annual leave and sick leave. He asked if other entities do this. Mr. De Leon confirmed that other entities pay out annual and sick leave. Some cities pay less, and some do not pay out at all, but many do. For the last five years, the City has maintained this practice.

Cm. Torres asked if Council could pass an ordinance to lower the cap and if current City employees would be grandfathered into keeping the higher cap amount. Mr. De

Leon confirmed that this can be done. Cm. Torres asked where the funding would come from for any of the five options presented.

Mr. De Leon explained that throughout the budget discussion, staff will keep a tally of Council's priorities and wishes, and at the end of the workshop, staff will present funding sources. If Council makes it clear they want to adopt Option #2, staff will show the budget and provide funding sources for balancing it.

Cm. Torres noted that he is not ready to make a decision at this time, as he would like to for all his colleagues to be present for such an important item. Mayor Saenz voiced his agreement.

Cm. Balli asked if staff calculated the estimated savings over the next few years if these employees were to retire. Mrs. Flores stated that she has information for the first year only. The first year's information is also assuming all 157 employees opt to retire, which is not very realistic.

Cm. Balli noted that the idea of a retirement incentive program is to create savings. He noted that he would not support a program without seeing what savings would be realized. He asked staff to bring a realistic calculation to Council for consideration.

Mayor Saenz asked how these employees are replaced. Mr. De Leon explained that normally, a retired employee will be replaced by a new employee at an entry-level position. In some grades, employees may be hired at mid-level instead of entry-level, which is a higher pay scale. He noted that staff can present several scenarios to Council. The cost, as well as the savings, depends on how many employees retire.

Cm. Torres asked if the survey was anonymous or if there is a way to identify the pay grade of the employees who participated in the survey. It would be helpful to know what type of employees are offering the different perspectives on retiring. Mrs. Flores noted that there is not a way to identify that information. Surveys were distributed through a link via text message, meaning that the only information to collect on the participant is their phone number. She noted that the 157 employees who are eligible to retire span all salary ranges and positions. She added that staff can perform a follow-up survey of highly-interested employees.

Cm. Torres encouraged Council to consider, if an option is selected, giving employees a limited window of time for the employee to notify the City of their retirement.

Mrs. Flores reported that the County recovers its savings from retiring employees by not offering health coverage to the retirees. The County offers a lump sum payout but not health coverage. Cm. Torres suggested that the retiring employees could buy into the rate that the City has or buy into a different tier.

Cm. Altgelt agreed with Cm. Torres's suggestions and voiced his hope that the City offers a meaningful incentive package that realizes cost savings to the City.

No action taken.

B. Request by Mayor Pro-Tempore Charlie San Miguel

1. Discussion with possible action on the need for behavioral and mental health and substance use detox, treatment, and prevention services, teaming with Association for the advancement of Mexican Americans, (AAMA) and other stakeholders, and any other matters incident thereto.

Motion to table until Cm. San Miguel is present.

Moved: Cm. Torres

Second: Cm. Gonzalez

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

C. Request by Council Member George Altgelt

1. Discussion and possible action regarding the adjustment and programming of the City of Laredo's budget to incorporate \$300,000.00 to be distributed over the next three years (\$100k installments per year) in order for the Ruth B. Cowl Rehabilitation Center to hire and enhance their physical therapy services to those who cannot afford them and who are most in need and any other matters incident thereto.

Jackie Rodriguez, Ruthe B. Cowl Rehabilitation Center Executive Director, thanked Council for considering increasing the center's allocation for its physical therapy department.

Cm. Altgelt noted that many organizations receiving third party funding have difficulty programming services long-term because their funding is only secured for one year at a time. He asked Council to give the Ruthe B. Cowl funding secured for the next three years so that they may program and leverage those funds into greater services to the public.

Cm. Torres asked how much third party funding the Ruthe B. Cowl has received in previous years.

Arturo Garcia, Community Development Director, explained that the Center is currently receiving third party funding from the City in the amount of \$34,700. Staff has received the recommendation from the Third Party Funding Advisory Committee to provide for similar funding.

Cm. Altgelt clarified that his intention is for the Center to receive \$300,000 for the next three years.

Mrs. Rodriguez reported that the Center serves over 1,000 people annually, but many people need multiple therapy disciplines and units. Therefore, she estimated that the Center provides over 100,000 therapy units per year. The Center does not budget for its free services; the organization simply absorbs those costs year after year. The Center serves a 150-mile radius and applies for funding and grants from the City, the County, and local foundations each year. Webb County provides \$40,000 annually to the Ruthe B. Cowl Center.

Motion to approve.

Moved: Cm. Altgelt

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Horacio De Leon, City Manager, confirmed that this item will be added to the running tally during the budget workshop.

**CITY OF LAREDO
WORKSHOP
M2018-W-03
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
August 13, 2018 @ 5:50 P.M.
August 14 & 15, 2018 @ 5:30 P.M**

I. STAFF REPORTS

2. Discussion with possible action regarding the proposed fiscal year 2018-2019 annual budget.

INTRODUCTION

Horacio De Leon, City Manager, reported that Council has been provided with the balanced proposed budget for FY2018-2019 along with a letter from management. He summarized that the consolidated annual operating budget for October 1, 2018 to September 30, 2019, commits to meeting the priorities of public safety, quality of life, transportation, and development in a fiscally responsible manner. As the expenditures of the City grow to meet the mounting needs, staff has made hardline decisions to balance expenditures without compromising the operations or curtailing opportunities for growth and development. For the 15th consecutive year, the City is not proposing an increase to the property tax rate. The proposed FY2018-2019 consolidated annual budget totals \$661,829,694.00, a decrease of \$43,218,128.00, excluding capital improvement projects which will be added prior to adoption of the budget. The total net operating budget, excluding operating transfers, is \$513,846,435.00, with a closing fund balance projected to be \$219,081,840.00. Mr. De Leon reported that the General Fund has a proposed budget of \$197.4 million, an increase of \$2.96 million or 1.5% over FY2018. The proposed budget includes a 5% reduction in the operating budget as directed by City Council, excluding personnel, for a total of \$807,509.00 in the General Fund. A 3.5% health insurance increase is incorporated into the budget, and the tax rate remains the same at 0.637 cents per \$100 of assessed valuation for the 15th consecutive year. The proposed levy is \$89.8 million based on valuations. The budget includes a 2.5% increase for Fire and Police as per the collective bargaining agreement with a cost of \$1.2 million. The total Police budget is \$72,146,409.00, an increase of \$1,041,291.00, or 1.5% over the previous budget. The Police budget represents 36.5% of the total General Fund budget.

Mr. De Leon continued that the budget includes a 1.5% increase for Fire as per the

collective bargaining agreement with a cost of \$767,000. The Fire Department's total budget is \$52,846,606.00, an increase of \$1.8 million or 3.6% over the previous budget. The Fire budget represents 26.8% of the total General Fund budget. Police and Fire combined represent 63.3% of the total General Fund budget. He noted that there is no proposed Cost of Living Adjustment (COLA) for non-uniformed employees, and the merit program has been suspended for FY2018-2019. The budget includes a proposed 2,960 full time equivalent positions, excluding Transit employees, with a net increase of 5 positions. Bridge toll revenues are projected at \$66.9 million, a \$1.4 million or 2.4% difference over the current fiscal year. As per resolution, 50% of those revenues will be transferred to the General Fund for a total of \$33.4 million. A transfer from the Capital Improvement Fund to the General Fund totals \$12,609,678.00, which is in addition to the Bridge revenue transfer. A Fire SAFER grant has a match of \$435,310.00, an increase of \$219,731.00 from last year's budget. A special Police match totals \$1,262,110.00, an increase of \$363,913.00, for a COPS grant.

Positions unfunded total 36 full-time positions and 19 part-time positions. Mr. De Leon noted that in the last few years, the City of Laredo has experience vast commercial, residential, and institutional development and has undertaken costly but necessary improvements to meet the demands of this growth. It is important that the City reflect on and assess operational efficiencies and plan improvements to ensure the City's continued growth and sustainability. Given that international trade is a cornerstone on which Laredo continues to grow and prosper, it is important that the City funds transportation projects that improve mobility and promote commerce. To this end, City staff will continue to seek additional revenues from both state and federal sources in support of this effort. Equally important are efforts to promote economic development; the City will continue to provide economic incentives as means of attracting new business and undertake infrastructure improvements with an emphasis on transportation, including the promotion of port capabilities and expansion of underline service. The City will continue to implement data management and technology improvements in order to make better, informed decisions and ultimately create operational efficiencies and accountability. Mr. De Leon expressed his gratitude to the Mayor and City Council for their leadership and to City staff for their diligence and hard work in helping to bring forward a comprehensive and balanced budget.

No action taken.

PRESENTATION BY BLOOMBERG HARVARD CITY LEADERSHIP INITIATIVE

Blasita Lopez, Executive Director of Communications, Marketing, and Tourism, explained that the Bloomberg Harvard City Leadership Initiative invited the mayor to participate in its program after the City participated in the Bloomberg What Works Cities program. The City is in its 10th week of the Harvard City Leadership Initiative, and a Bloomberg Harvard fellow has been working with Laredo on research and data analysis to put a face on the poverty situation in Laredo.

Santiago Mota, Bloomberg Harvard fellow and student of the Harvard Graduate School of Design, noted that his specialty is mapping and GIS data management. He explained that poverty consists not only on a lack of work and income, but is produced by the collective 'structures of constraint' which make it difficult for poor households to meet their own needs and gain access to services...these aspects interact with each other and deepen poverty for individual households, with a

deprivation in one area preventing them from meeting their needs in other areas,” as defined by Isa Baud. Laredo faces urban poverty, but Mr. Mota explained that the situation is not as dire as many people think. While Laredo has a reputation as a highly-impooverished city, there are many cities in more financial straits. With some more organization and public commitment, Laredo can overcome this problem. Mr. Mota explained that his work focused on mapping those structures of constraints in order to understand what is keeping Laredoans in poverty to find a way to break those cycles. Throughout the 10 weeks, Mr. Mota and City staff analyzed datasets across multiple institutions to understand the evolution and position of Laredo’s community and observed structural conditions derived from recent urban and environmental practices that limit the socioeconomic development of the households in Laredo. Mr. Mota mapped the “social safety net” which provides an essential and robust set of services that help mitigate structural conditions and discovered a considerable share of single female households with children accounting for more than half of the reported poverty rate. He examined the physical marginalization and considerable pressure faced by citizens derived from this structural conditions and exposed to diverse sets of risks.

Mr. Mota clarified that the “social safety net” in place is a robust one that is very helpful in mitigating the structural conditions contributing to poverty. Structural constraints are multi-dimensional across the following categories: Human (health, education, employment); Financial (savings, income/expenditures, assets); Social (collective organization, social networks); Urban (housing, access basic services); and Environmental (urban design/planning, environmental, risks/hazards). He recognized the local organizations that collaborated with him regarding data collection: Laredo Housing Authority, Laredo Health Department, Laredo Community Development Department, Laredo Police Department, Webb County Appraisal District, School District Data, and Gateway Community Health Center. In mapping the social safety net, Mr. Mota found that a lot of entities operated within the safety net; there are 18 entities focused on providing food to vulnerable groups in the city alone. The poverty rate of Laredo is 32.4%, an increase of 0.8%. Almost 70,000 households (69,849); live in poverty, an increase of 10% from the previous year. However, the unemployment rate in Laredo is 4.2%, a decrease of 2% from the previous year.

Mr. Mota reported that poverty is aggregated by age and gender in Laredo, with a spike occurring after 18 years of age. There is remarked poverty among females from ages 18-44 years. This can be explained by the wage gap in jobs among genders as well as the fact that this age range is when many people grow their families. Of the total households in Laredo, 60% are dual households (in which both parents or partners are present), 34% are female-led single households, and 6% are male-led single households. Across the city, there is an overwhelming amount of female-led single households receiving housing assistance. Almost 78% of those female-led single households have children. Female-led single households are mostly present in Central Laredo as well as the northern and southern areas. The median income of dual-led households is about \$36,000; male-led single-parent households make an average of \$16,000 per year, and female-led single-parent household make a median income of \$9,000 per year. Through mapping, Mr. Mota saw that some of these low-income female-led households are located in areas where the median income is also decreasing. Of the 70,000 households living in poverty, 9,026 of them are single female households, which spend about 51% of the household income on housing, 39% on transportation, and 9% on food, clothing, and incidentals. Laredo has a high

output of prepared females into the workforce. Texas A&M International University reported graduating more females than males in 2016; Laredo Community College alleged that the graduating classes were almost equal between males and females. Despite that, Laredo has a significant and consistent wage gap in the top five employment categories.

Mr. Mota reported that the common face of poverty in Laredo is a single mother with two children. However, he noted that this problem can be resolved within a generation. He confirmed that he found a correlation between female-led single-parent households and teenage pregnancy. Those same households start their families earlier and have bigger hurdles to obtaining degrees. Mr. Mota added that the data suggests a great deal of responsibility towards access to women's health.

Cm. Altgelt commented on the fact that 39% of a female single-parent household goes towards transportation. He asked how manageable the cost of transportation is for the City as a means to help people get out of poverty. Mr. Mota likened Laredo's urban grid to Barcelona, Spain, rather than other US cities. Laredo has the potential to make the city more walkable, which will make its citizens more portable and can recover some of the activities that used to happen in the city center. While the city center has great land values, there is also a tendency to leave the inner city untouched which creates issues for transportation. He advised against sprawling out, which makes it more expensive to move about the city. The solution starts with public transportation; there is a stark lack of sidewalks and shade in the City. Laredo needs both shade and walkability. He advised that Council analyze the public transportation offered. He stated that it is very difficult to take a bus in Laredo, which has made Laredoans depend almost exclusively on personal automobiles. A city cannot survive when its only reliable access is personal vehicles. He clarified that the solution is not a single response, like investing more money into transportation. The city also needs people living in the right location near public transportation and where they work or study. That will reduce the number of trips that are generated in personal automobiles and increase the likelihood that a commuter will utilize public transportation. A good transportation and public space is also necessary.

Mayor Saenz asked if the City's Comprehensive Plan within the scope of the information provided by Mr. Mota and suggested that the City amend it to incorporate the findings of this study.

Horacio De Leon, City Manager, confirmed that staff will coordinate with Mr. Mota prior to his departure to compare his findings and suggestions with the Comprehensive Plan. Staff hopes to develop an action plan to recommend to Council following that collaboration.

Cm. Vielma voiced her interest in finding whether there is some correlation between poverty and crime, domestic abuse, substance abuse, recidivism, and access to childcare.

Cm. Torres asked if the Chief Innovations Office is part of the Bloomberg initiative. Mr. De Leon stated that it is not; the idea of the Innovations Officer was a result of some What Works Cities recommendations, but it is in addition to the Bloomberg Harvard City Leadership Initiative.

No action taken.

PRESENTATION OF CITY DEBT

Noe Hinojosa of Estrada Hinojosa Investment Bankers reported that the City's overall debt as of September 30, 2018 is \$653,803,000.00, which is comprised of four different credits. The total GO debt (property tax and self-supporting enterprise systems) is \$289,045,000.00. Mr. Hinojosa noted that the funds causing the most concern are the Mass Transit and Airport Funds. Bother funds have very little debt left to pay off. The City's total property tax debt, made up of Cos and GO, has a AA rating from S&P and Aa2 from Moody's, both of which are very stable. Waterworks and sewer system debt totals \$295,078,000.00, and the total international bridge system debt totals \$46,790,000.00. This is supported strictly by the toll bridge revenues. The credit rating for these two credits are a little lower than the property tax debt, which is typical and due to the collateral behind that type of credit.

Mr. Hinojosa explained that the bond rating could be likened to a credit rating. Debit is comprised of two fundamentals: the borrower's ability to repay, and the borrower's willingness to repay. Willingness is measured as a trend over years. Within those fundamentals, other factors are also considered, like the local economy. The City's poverty rate plays a factor in the City's bond rating.

Cm. Altgelt asked if the City's rating would be negatively affected if Council were to decide to pay off debt rather than borrow further. Mr. Hinojosa agreed that if the City has no debt, its credit rating would be negatively impacted. However, the factors that are considered when developing a credit rating are the local economy, the City's debt, the City's finances, the City's management, and trade. He informed Council that the City's bond rating analysis is performed independent of the Estrada-Hinojosa firm. The firm tries to portray the City in the best possible light so that the rating agencies have the correct information to provide their rating. He stated that the firm's advice to borrow money is dependent on the needs of the City. Advice is usually narrowed to how much money the City can afford to borrow and not necessarily advice to seek a bond or borrow money.

Cm. Altgelt asked if now is a prudent time for the City to borrow money in light of the economic factors at hand. Mr. Hinojosa stated that public finance is an art of determining the needs of the City and its public services, like water and sewer, transportation, and obligation debts. He noted that the present is a good time to borrow money. He confirmed that he has never advised a client that it is a bad time to borrow money.

Mr. Hinojosa clarified that the debt portfolio provided, in which the total debt is reported as \$653,803,000, is only principal. Interest is built into the debt models and has not accrued for the City at this time. However, considering both principal and interest, the City owes about \$930 million. The industry standard for presenting debt outstanding is principal only. He reported that the City's projects needed total about \$1.73 billion.

Mr. Hinojosa reported the City's five-year Capital Improvement Program summary as follows:

<u>Department</u>	<u>Source</u>	<u>Amount</u>
RMA	City's Contribution	TBD \$472,759,141
Water & Sewer	Mostly Operations/Debt	\$162,361,910
TxDOT (Bridge)	Mostly TxDOT/Bridge Sys.	\$77,222,228
Airport	Most FAA – 90%	\$77,118,593
Developer	Developer	\$25,002,526
Mass Transit	FTA/City	\$21,813,894
Solid Waste	Solid Waste Fund	\$19,145,000
TIRZ	TIRZ	\$10,000,000
Other CO's	Property Taxes/Special Funds	\$156,862,087
Other Systems	City or Special Funds	\$51,233,907
Total		\$1,073,519,286

Mayor Saenz asked about the El Pico Water Treatment Plant and how the City is going to make those improvements to it to bring it to functionality.

Horacio De Leon, City Manager, explained that when the plant was built, it was part of the Capital Improvement Program for water and wastewater. There is currently a lawsuit pending with contractors because of the flaws that were implemented into the plant. Any monies recuperated from that lawsuit will be reinvested back into the plant.

Riazul Mia, Utilities Director, that the solvency of the plant depends on if a very expensive part or component fails at the plant again.

Mr. Hinojosa continued that the water and sewer system gets a net revenue of \$34.3 million. This helps the City pay about \$20 million of debt. He noted that the water and sewer system runs well in regards to debt service. He reported the FY2018-2019 projects and their funding plans as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Source</u>	<u>Amount</u>
City Cos	Forthcoming	Property Tax	\$20,000,000
WW&SS Tax Notes	Equipment	System M&O	\$5,000,000
Bridge	Lane/Grant/Loop	Bridge Revenue	\$34,300,000
Convention Center	Funding	HOT/Car Rental/TIRZ	\$TBD
Sports Venue	Cash Defeasance	Venue Sales Tax	TBD
Total			\$59,300,000

Mr. Hinojosa explained that by keeping the total required I&S tax rate below 0.14511, the City is able to fund \$20 million. Over the life of that \$20 million, the City will pay about \$30.5 million in principal and interest. The 2018 self-supporting debt service will impact the City by \$847,853. He assured Council that the Bridge system is doing very well with \$38.3 million net revenues; half of those revenues transfer over into the General Fund. If not for that transfer, property taxes would have to be higher. When the City sells bonds for the bridge, they stand on their own credit. Despite the fact that it is a viable fund, it has a higher interest rate because it is a higher risk of a credit than a bond. He reminded Council that if the City ever finds itself unable to meet its debt needs, the bond holder will expect to be paid first before the Bridge revenues are transferred to the General Fund. He noted that if the City wants to borrow \$34 million for bridge improvements, the borrowed money would be through a revenue bond and not a tax-supported debt.

Mayor Saenz observed that the Bridge annual gross revenue is about \$67 million.

Mr. Hinojosa noted that the City has \$1.25 million available for convention center debt service to-date. He explained that if the City pursued convention center Certificates of Obligation for 20 or 30 years, the City can borrow \$15.855 million and \$18.95 million, respectively. The City will keep a AA/Aa2 rating for this borrowing. However, if the City pursues convention center revenue bonds for the same time period, the City will only be able to borrow \$12.195 million and \$14.46 million, respectively. The City's ratings will also be negatively affected. Mr. De Leon noted that the existing TIRZ can apply \$50,000 per year for the convention center debt service.

Cm. Vielma recalled Mr. Hinojosa recommending that Council defease the sports venue sales tax to make way for a 4A/4B sales tax. Mr. Hinojosa clarified that he remembered recommending a partial restructuring of the City's funding or a partial payoff. He cautioned Council not to spend all of its available cash on hand to pay all outstanding bonds because then it won't be able to collect that sales tax. Council may be in favor of a 4A/4B sales tax right now, but future Council may not. Currently, Council does not have the means to pay off all debts. If the City uses \$14.25 million, the result will be an additional \$3 million for debt services. He stated that a partial restructuring would be beneficial because the City currently can only use its resources for the sports tax debt and the arena debt.

No action taken.

PRESENTATION OF CAPITAL IMPROVEMENT PROGRAM (CIP)

Gilberto Sanchez, Acting Budget Director, noted that the Capital Improvement Program is a five-year plan with all departments' necessities. He projected \$161 million for next year, which reflects some slight changes than the CIP submitted a few weeks ago. He asked Council to adopt the changes, which include revising the funding source or funding year of 12 projects. The projects are all in the Utilities Department, and the changes will not have an impact to the budget. The changes were listed as follows:

<u>Project</u>	<u>Current Funding Source</u>	<u>Revised Source</u>
New PD Annex Bldg.	2019 CO	Unfunded/Pro. CO
Water IT Improvement	2019 Util. Rev. Bond	2021 Util. Rev. Bond
8"-15" IH 69 SS Relocations	2018 Util. Rev. Bond	2020 Utilities Bond
Master Plan Update	2020 Utilities Bond	2019 Util. Rev. Bond
Boring under Loop 20	2020 Utilities Bond	2021 Util. Rev. Bond
Cuatro Vientos Booster	2021 Util. Rev. Bond	2022 Util. Rev. Bond
Water IT Improvement	2021 Util. Rev. Bond	2019 Util. Rev. Bond
Boring under Loop 20	2021 Util. Rev. Bond	2022 Util. Rev. Bond
24" Waterline-Hachar Loop	2021 Util. Rev. Bond	2022 Util. Rev. Bond
Cuatro Veintos Booster	2022 Util. Rev. Bond	2023 Util. Rev. Bond
Waterline Proj.-Dist. VII	2022 Util. Rev. Bond	2023 Util. Rev. Bond
Zacate WWTP Decommission	2022 Util. Rev. Bond	2023 Util. Rev. Bond

Motion to accept the changes to the Capital Improvement Project as presented.

Moved: Cm. Altgelt

Second: Cm. Balli

For: 5

Against: 0

Abstain: 0

Cm. Gonzalez, Cm. Perez, and Cm. San Miguel were not present.

Mr. Sanchez presented additional amendments to the CIP, noting that these changes will have a financial impact. Projects were added after the CIP was submitted to Council. He asked Council to also approve the following changes to the CIP.

<u>Project</u>	<u>2019</u>	<u>2020</u>
I69-IH35	\$250,000	\$17,650,000
Killam Turning Lanes	\$1,700,000	\$1,000,000
Cuatro Vientos/Concord Hills	\$1,550,000	\$2,150,000
Vallecillo Road	\$5,250,000	\$25,450,000
Springfield Ave. Extension	\$305,589	\$8,335
Hachar Reuthinger Pkwy.	\$4,919,144	\$26,680,180
WCDD Arterial Road	\$177,671	\$2,845,967
Police Vehicles/Tactical Units	\$(1,655,000)	
Santo Niño Center Phase 2	\$(250,000)	
Police Parking Lot/Repairs	\$(170,000)	
Relocation of Bldg. Dev/CD	\$1,500,000	
Utilities-CIP	\$(21,606,160)	\$21,606,160
DHS Facility	\$(40,500,000)	\$40,500,000
TOTAL	\$(48,528,756)	\$137,890,642

Mr. Sanchez clarified that the \$40.5 million amount is the estimated project costs; the numbers are only preliminary at this point. He confirmed that some of these projects may be funded with federal or grant dollars; staff simply needed to report the estimated cost of the projects. He added that the current Building Development Services and Community Development building has no more room for growth, and parking is very limited. Staff is currently looking for relocation opportunities.

Cm. Altgelt asked if relocating the Building Development and Community Development Departments is a necessary expense that must happen this year.

Horacio De Leon, City Manager, confirmed that to improve their customer service and the scope of services offered by each department, relocation is very important. He recalled that people trying to access the building are often blocked by the train and then have difficulty finding parking only to enter a crowded building. A potential relocation opportunity is at the former Sanchez building at the airport. He recommended that the move happen in the upcoming year if possible.

Cm. Torres inquired about the shovel-ready project funds that were previously discussed. Mr. De Leon explained that the City has not used any of the funding because the funding did not materialize due to the shortfall of amusement redemption establishment revenues. Martin Aleman, Executive Director of Finance & Technology, reported that about half of the shovel-ready project funding was materialized.

Mr. De Leon added that the Regional Mobility Authority (RMA) has essentially taken on the shovel-ready projects, and they have asked for a City contribution, a shovel-

ready contribution from the Mayor, and some district priority funding in some cases.

Mr. Aleman confirmed that the City currently has \$764,000 available for shovel-ready projects.

Cm. Balli noted that he supports relocating the Building and Community Development Departments and voiced his opinion that the building would be better utilized as library space. However, he did not want to remove the departments from the Downtown area, as City departments often keep Downtown functioning. He asked for staff's recommendation or position on using the old post office for the new location, which was considered years ago.

Mr. De Leon asked for feedback from Community Development, noting that staff had looked at the post office as a potential relocation opportunity but did not seem enthusiastic about utilizing the building.

Arturo Garcia, Community Development Director, agreed that there are some challenges associated with using the old post office as the new building. The building does not have enough parking for the Departments' needs, and it does not meet the accessibility needs of many members of the public. Staff would have to develop a mitigation plan to receive a lot of the elderly and disabled customers. One of the purposes of relocating Building Development Services and Community Development together was to consolidate their code enforcement divisions.

Cm. Balli agreed with the logic of housing the two departments together, but he requested that staff considering a Downtown location as a priority.

Mr. Garcia explained that the key programs of the Community Development Department regard housing for the elderly and transportation. For those customers, who are Downtown residents, it would be important to stay in the Downtown area. Other programs, like housing assistance, or more frequently utilized by families buying a home with a car, so their transportation to the Community Development location would not as big of a burden.

Cm. Altgelt noted that other cities, when they inherit a federal courthouse, the court house can be repurposed as a city hall, which frees up the existing city hall for a multitude of other businesses. Mr. De Leon stated that this opportunity was considered, but the third floor of the courthouse did not add much more space that what is already at City Hall. Cm. Altgelt noted that Downtown is 60% vacant, so there must be an empty building that fits the needs of the Departments. He encouraged staff to breathe new life into a building otherwise sitting empty or building out an existing building as opposed to construction a new building.

Antonio Rodriguez of the Regional Mobility Authority informed Council that each project proposed by the RMA is funded by multiple agencies.

Arturo Dominguez of the Regional Mobility Authority reported that the Vallecillo Road project's estimated construction cost is about \$25.8 million and covers about seven miles, five lanes, and a hike and bike trail. The RMA completed the schematics and 60% of the environmental impact report. The project has been listed to use federal funds. The total project cost is \$30.7 million, and the proposed agency participation

would ask for \$5 million from the City. He asked Council to commit to the funding for this project.

Mr. Rodriguez explained that the developer, the Killam Company, has requested pass-through financing for this project, meaning that the City provide the money upfront through bonds or financing as applicable to implement the project and while the application is submitted to TxDOT, and once the project is open, TxDOT will pay back a certain percentage. The payback is contingent on how much traffic actually occurs once the construction is completed. Pass-through financing would only apply to the construction costs.

Mayor Saenz asked if this area is a priority set by the RMA after it completed a traffic study. Mr. Rodriguez confirmed that this is a high priority project, adding that the RMA is still waiting for approval for the project by TxDOT for the advance funding agreement. Once TxDOT approves, the project can move forward. This project will not interfere with the funding or construction of the Hachar-Reuthinger project. Over 150 feet of right-of-way is being donated by the landowner. He clarified that the Killam Company or perhaps the RMA will go out for the bonds to provide the financing.

Mr. Rodriguez also presented the Killam Industrial Boulevard and FM 1472 turning lane improvements, which are mid-range improvements. The area is very congested, and these improvements will greatly relieve that congestion. He noted that the landowner has verbally agreed to donate the right-of-way, and he recommended that the City approve this project contingent on the donation of that right-of-way. The construction cost of this project is \$2.3 million with a total project cost of \$2.7 million. Mr. Rodriguez proposed that the City provide \$1.6 million to the project costs.

Cm. San Miguel recalled the landowner agreeing to donate the right-of-way on the record during a previous Council meeting. Mayor Saenz commented that this project is a top priority and needs to be completed.

Mr. De Leon informed Council that this project is on the District VII list of priority projects for next year.

Edward Garza of Crane Engineering, reported that his engineering firm has been working with the RMA on the Cuatro Vientos to Concord Hills new arterial project for some time. The proposed project follows the Viva Laredo Comprehensive Plan. The project entails four travel lanes, a raised median, two bike lanes, and two sidewalks along with landscaping. The major landowners of the area have all committed to the donation of the right-of-way for this project. The Fire Department has also seen the need to add additional access points to serve this area. Mr. Garza noted that there are multiple funding commitments for this project; the construction costs are \$3.25 million with a total cost of \$3.7 million. He reported that the requested participation of the City would be to contribute \$1.4 million. He estimated that about 300 acres would be added to the City's property. He added that TxDOT supports the project because they need mitigation help for Highway 359, which is under a heavy amount of traffic with a poor level of service.

Ramon Chavez, Executive Director of Public Services, noted that the other project consists of Los Presidentes, in which the developer is attempting to extend the

roadway as a two-lane roadway. While it is the same right-of-way as the Cuatro Vientos project before Council, it is a different project.

Cm. Rodriguez asked about the bottleneck on Cuatro Vientos because traffic cannot turn northbound if a bottleneck happens. Mr. Rodriguez explained that this project will make Cuatro Vientos a viable candidate for a future overpass; it is not currently a viable candidate. A schematic has been developed for the area, and the RMA can assist with the amending of the schematic to reconfigure the area to make it viable for a future overpass and increase traffic with four lanes.

Mayor Saenz reminded Council that a study is being conducted to determine if a TIRZ or TRZ would be beneficial in this area, especially if it would help pay for the needed improvements along the roadways. Mr. Rodriguez confirmed that the RMA completed such a study and will present its findings to Council at a later meeting.

Mr. De Leon reminded Council that the City has about \$20 million bond capacity for next year. The list of projects by district have been distributed to Council. Mr. De Leon noted that some districts may not have projects, but there are city-wide projects that can be considered. He suggested that Council split the \$20 million available for some prioritized projects.

Mayor Saenz asked where the funding for shade and sidewalk projects would come from. Mr. De Leon noted that without a sidewalk program, the funding for sidewalks would come from district priority funds. He estimated that most Council Members have about \$6,000 in their district priority funds. He clarified that staff is not proposing to add to district priority funds because of the amount of money that is already there. Therefore, Council can decide to bond the \$20 million and then select the projects that they wish to fund. The list of project comes from the CIP.

Cm. Torres noted his disagreement with the statement that Council's district priority funds are to be used for projects. He noted that none of the projects listed are in District IV, asking how the residents of that district will benefit if their priority funds are used for projects elsewhere in the City.

Mr. De Leon clarified that Council can add new projects to the list for funding and decide when they are to be funded.

Cm. Altgelt shared his opinion that the most valuable projects are those that bring new land onto the City's tax roll to grow its tax base and will provide funding for operations in the future. He asked Council to be mindful of that when prioritizing projects.

Mr. De Leon reminded Council that the City still has bond monies from previous bonds to pay for street maintenance in the amount of \$2 million along with \$500,000 in General Fund.

Cm. Altgelt noted that if Council opts to seek bonds for its district and city-wide projects, it would seem most fair to distribute the monies proportional to the monies borrowed. Mr. De Leon clarified that the list of projects is not just a wish list but recommendations from the Capital Improvement Plan over the next five years. Council can still add projects to the list and does not have to make a decision right

now.

Cm. Gonzalez asked if the City can incorporate Wormsor Road between Tejido and Cuatro Vientos Road. There has been much confusion as to whether that road is annexed to the City or the County.

Nathan Bratton, Planning Director, confirmed that the road Cm. Gonzalez mentioned is a County property. The County has closed that road but has not abandoned it. He suggested that the City annex it reopen it in the modified form that has been discussed in the past.

Cm. Balli countered Cm. Altgelt's claim that projects that add property to the tax roll are the most valuable. He stated that equally valuable projects are those that rehabilitate older areas of the City. Acquiring new property is valuable, but it comes with the additional expense of laying water and sewer lines and supplying more Police and Fire services. He suggested a balance between new development and taking care of the older grid in the inner city. He voiced his belief that Council Members have consistently looked for projects within their community, and he recommended even small projects that will improve the districts for residents. He suggested that Council take \$500,000 for each district to make those choices based on the requests and feedback from residents of the district. He also reminded Council that they have a commitment to the convention center and to the Boulevard of the Americas project, asking them not to deprioritize these projects. He made a motion to allocate \$500,000 per Council district as district priority, \$4 million for the convention center, and \$2.5 million for the Boulevard of the Americas.

Mayor Saenz asked about the standing of Transit. Mr. Sanchez explained that staff will later request \$1.5 million for three new buses for the next year. Mr. De Leon confirmed that Transit needs come under the CIP because Transit does not have funding. Last year, the City funded four buses.

Cm. Gonzalez noted that Osorio Drive is listed as a District II project, but it is actually in District I. He asked staff to correct the discrepancy.

Cm. Rodriguez asked Council to prioritize LED lighting throughout the City, as the problem affects all districts and is very important to the people of Laredo. Mr. De Leon noted that adding \$500,000 to each Council district would bring some districts (who already have \$600,000) to \$1.1 million. He noted that staff will take the inquiry to bond counsel, but he informed Council that the districts cannot have more than three years of funding.

Cm. Rodriguez stated that he already allocated most of his money to his district projects.

Cm. San Miguel stated that Council has been able to complete most of the projects on the CIP list since he began serving on Council. The Springfield Avenue extension project has been on the CIP project list throughout this time, though, and he noted that he would like to see the progress in Plantation East as well. He asked what is included in the \$305,000 cost estimate for the Springfield Avenue project. Mr. Bratton explained that this sum is to be paid by Armadillo Construction for the construction of their portion of the roadway; this money will come in as soon as Armadillo

Construction files their plat. In his meetings with Cm. Altgelt and the landowner Jerry Salinas, Mr. Bratton noted that there are drainage issues that still need to be resolved before acquiring the right-of-way. Cm. San Miguel voiced his opinion that if the \$305,000 is not coming from the General Fund, then it should be removed from the list of CIP expenditures.

Mr. De Leon countered that the CIP reflects all sources that fund a project, so the amount needs to stay on the list. Cm. San Miguel argued that the funding source needs to be specified because the expense looks like it is being paid out of the General Fund. Mr. De Leon explained that the \$305,000 is half of the expense; the General Fund will pay the other half. Cm. San Miguel conceded.

Mr. Bratton added that there is a stipulation in the contract with Armadillo Construction that the financial amounts and sources be included in the CIP.

Cm. San Miguel noted that a lot of projects are planned for the future that will be near the Wormsor Road area. He voiced his understanding that Wormsor Road does not have to be annexed before making improvements on it because it falls within the ETJ. Mr. Bratton countered that the road is a County road, and while the City could probably make improvements to it without annexing the road, the City would have to enter into an interlocal agreement with the County to get permission for the improvements.

Cm. Vielma recalled that a Calle Del Norte extension project was discussed but was not listed. She stated that she has taken time to determine the areas of most need in District V while handling her district's money frugally. She cautioned Council and staff that while some Council Members have not allocated all of their funds to-date, that is not necessarily an indicator that there is no need in the district for capital improvements.

Mr. Sanchez reported the District Priority Fund balances per district as follows:

District I	\$391,293
District II	\$276,419
District III	\$91,177
District IV	\$103,002
District V	\$679,988
District VI	\$201,511
District VII	\$776,992
District VIII	\$773,637
Mayor	\$764,000

Cm. Rodriguez noted that he is working on some projects where he has already allocated the money. However, those allocations are not listed, so he stated that the balance of \$276,419 is not accurate. District II has less priority funds than what is represented.

Cm. Torres urged staff to present accurate, balanced figures for the sake of making realistic determinations.

Mr. De Leon reminded Council that the accuracy of fund balances depends on when

projects come to Council. Council Members may approve of an expenditure but the expense is not made for months. Expenses are not put on the books until they are made, which may delay the reporting to Council.

Martin Aleman, Executive Director of Finance and Technology, clarified that the amounts presented are correct as of July 31. If a project or expense is in transition as of Friday, then it has not been recorded and those amounts are not going to be accurate.

Mr. De Leon requested Council Members to put their own projects on the Council agenda so that there is no question it is a district priority project for the bookkeeping. Cm. Rodriguez voiced his understanding to-date that when projects are discussed in staff meetings, staff will add those projects to the agenda or onto the books.

Cm. Balli noted that of the \$12 million reported, he would prioritize the convention center as the City has already committed to it. He also noted that the monies could also be used for the performing arts center and the Plaza Theater, which are both very small venues that would not use up too much money. Those monies are limited and cannot be used on roads.

Cm. Vielma added that the projects brought forward by the RMA should be prioritized as they will enhance Laredo's transportation industry. The City's "golden goose" is the Bridge system, but if the system is not competitive and is slow to traverse or navigate, the City will lose its revenue opportunities and the industry will move elsewhere. She stated that Laredo PD needs to update its digital fingerprinting to improve the booking process. The process can be streamlined, and law enforcement has been willing to make the changes to bring the Department into the 21st century. These changes will require funding.

Mayor Saenz asked if the Police Department can use its seized funds to fund those changes.

Claudio Treviño, Laredo Police Chief, stated that the Department has depleted its seized funds with its latest project. The Department is awaiting allocation approvals to fund other big projects for law enforcement.

Cm. Vielma reported that Chief Treviño submitted a quote of \$190,000 for the digital fingerprinting upgrade. Improvements to streamline the booking process will cost about \$28,000. She informed Council that if all Council Members and the Mayor split the cost nine ways, each Member would pay \$24,222; if the Mayor were not to participate in the funding, each Council Member would pay \$27,250. She encouraged all of Council to invest in public safety and share the costs. By streamlining the process, Laredo PD can drop off the perpetrator at the jail and become available to respond to other calls more quickly.

Chief Treviño reported that this project was deprioritized at one point and added to the list of projects to consider in the future. Initially, PD discussed these changes with the Sheriff's Office when they were planning their new jail. The discussion stalled when the plans for the jail fell through. He noted that he just learned that the Sheriff's Office is picking its plans for a new jail back up, so the project may come back online. Construction may begin early next year, and PD can possibly join the Sheriff's Office

at their new facility for booking arrests. PD received a quote of \$9,100 for the Department's portion of linking their system to the County's in an interface.

Cm. Torres asked what happens to Council's priority funds from three years ago if they are not allowed to have funding for more than three years. Mr. De Leon explained that the money needs to be spent before any arbitration. Staff has not determined the amount of money that needs to be spent to avoid arbitration. He noted that district priority funds are bond monies, so they must be used for brick-and-mortar projects; because the monies are kept in district priority funds, they are not assigned to any specific project.

Cm. Altgelt reminded Council that they cannot forget the Comprehensive Plan, which is the City's roadmap into the future. A robust, active transportation and mass transit system is the type of mobility that allows for social mobility, like allowing people to get to work and school. The City can chip away at its poverty statistics by boosting its transit system. The roadway projects as presented by the RMA are ones in which the RMA will synergize these important transportation corridors, and the City will generate a return on investment, thereby nurturing its trade and transportation livelihood. He suggested that the City also modernize the bus system by installing a bus pass system and implementing wifi on the buses; these types of investment will make mass transit more attractive as an alternative for commuters rather than the last resort.

Motion to allocate \$500,000 per Council district as district priority, \$4 million for the convention center, and \$2.5 million for the Boulevard of the Americas.

Moved: Cm. Balli

Second: Cm. Torres

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Cm. Altgelt requested the final numbers of the City's contributions as presented by the RMA as it relates to the projects Vallecillo, Cuatro Vientos, and turning lanes at Killam and Mines Road.

Mr. Rodriguez reported those contributions as follows:

Vallecillo Road	\$5 million
Cuatro Vientos	\$1.4 million
Killam Turning Lanes	\$1.6 million

Cm. Rodriguez reminded Council that the City agreed to move to LED lighting recently, noting that his district has many issues with lit crossings. He asked Council to consider completing this project, as it would be beneficial for all of Laredo. He also asked if the City could reduce the number of Killam/Mines turning lanes by half and put the cost savings into another City-wide project.

Mr. Chavez explained that the way this project was presented to the City is a development contribution that is part of the plat improvements. The developers are ready to meet if the City is to ask about changes.

Cm. Balli suggested approving it now and, if throughout the budget workshop Council sees a need to reconsider this decision, those funds can be reallocated to some other project.

Cm. Vielma asked for Council to allocate \$218,000 of the remaining funds for the Laredo PD digital fingerprinting. Mr. Aleman clarified that after the approval of the presented projects, only \$109,000 is available for the digital fingerprinting, which is half of what is needed.

Mr. Sanchez summaries the capital outlay equipment request summary, as follows:

Traffic	\$107,000
CVB	\$30,000
Airport	\$27,500
Public Works	\$1,856,000
Fire	\$4,421,957
Police	\$2,500,000
Total	\$8,942,457

The capital outlay equipment already funded totals \$12,444,123 for a grand total capital outlay request of \$21,386,580. Of these expenditures, he argued that almost all of them allow for City Departments to generate revenues for the General Fund.

Motion to allocate \$7.26 million of the \$9.5 million remaining to cover the cost of the three RMA projects as presented: Vallecillo Road, Cuatro Vientos Los Presidentes, and the turning lanes at Killam and Mines Road and to begin the project of implementing LED lighting throughout the City for \$655,000 for the upcoming fiscal year and to allocate \$1.5 million for three new buses for the Transit Department and to allocate \$109,000 for Laredo PD digital fingerprinting and pledging the rest from district priority funding, as amended.

Moved: Cm. Altgelt

Second: Cm. Balli

For: 5

Against: 3

Abstain: 0

Mayor Saenz

Cm. Gonzalez

Cm. Torres

Cm. Rodriguez

Cm. Vielma

Cm. San Miguel

Cm. Altgelt

Cm. Balli

Cm. Perez was not present.

Cm. Altgelt, after a recess, reported that he spoke with members of the RMA who made it clear that \$5 million won't be necessary in the next year or two for the Vallecillo Road project.

Motion to remove the \$5 million allocated for the Vallecillo Road project from the Capital Improvement Program and return the Mayor's \$764,000 to his balance and allow Council to decide how best to spend the \$5 million; in lieu of the \$5 million, direct staff to enter into an interlocal agreement with the Regional Mobility Authority

Second: Cm. Torres

For: 7

Against: 0

Abstain: 0

Cm. Vielma was not present.

Mr. Sanchez presented the capital outlay equipment summary requests and funding commitments. The total capital outlay requests total \$21,386,580.

Cm. Altgelt asked about the cost of implementing the Comprehensive Plan. Mr. De Leon explained that most of that will come from the Departments' operations. However, what the City is lacking is the codification of the Comprehensive Plan, which costs about \$500,000. Codification includes adopting a code that reflects the Comprehensive Plan. The Comprehensive Plan changes from year to year but states where the Council wants the City to go. Once it becomes a part of the Code of Ordinances, then it will become more than an ever-changing policy. The \$500,000 estimate could be paid for in phases or pieces.

Mayor Saenz noted that Council should commit to the Comprehensive Plan, as it is useless if not enforced.

Mr. De Leon reminded Council that the Comprehensive Plan is not brick-and-mortar, so CIP funds cannot be used to commit the \$500,000.

Cm. Altgelt asked staff to add \$500,000 to the budget workshop tally for codifying the Comprehensive Plan.

Mr. De Leon informed Council that a CIP fire station project in the Unitech was proposed as being funded by the developer. The developer is willing to donate the land, and a possible TIRZ has been discussed for future public infrastructure, which will take some time. The City was awarded a SAFR grant through FEMA, and the cadets are in the academy. The station should be ready by the time these cadets graduate. He noted that more discussions are forthcoming, and the developer might front some costs and be reimbursed from the TIRZ.

When asked about his plan for maintaining street paving, Mr. De Leon continued that this year, the City has \$2.5 million from a past bond and the General Fund for street paving in the next fiscal year. After the upcoming fiscal year, the City will need to come up with a new plan for funding street paving. Cm. Altgelt asked if the City has a street paving schedule based off of an assessment of critical streets.

Ramon Chavez, Executive Director of Public Services, reported that the City has awarded a contract to DTS of San Antonio for street paving; the amount is being negotiated currently based on the amount provided in DTS's proposal. After negotiations are completed, he noted that the City will create a pavement management plan consisting of street analyses and recommendations as to treatment types for each street condition. DTS will also provide annual maintenance and plans to allow the City to continue with the program for the future. Once the contract is awarded, the vendor will provide a presentation to Council as to the program and its components. The analysis will evaluate the current condition of Laredo's streets. Future streets will not be included in the analysis.

Cm. San Miguel asked for the program to include all streets in the event that if the City takes on the responsible of a street, an analysis will have been performed and the City will not discover after the fact that the road is in disrepair.

Mr. Chavez added that the program comes with a GIS database that may be shareable with the public. It can be color-coded for immediate identification of roads in the most need of maintenance or repair.

Mr. De Leon added that this type of code is used by many other cities. Meeting with stakeholders and applying the Comprehensive Plan into the Code of Ordinances will take some external assistance to be implemented.

Mr. Chavez reported that the estimate from DTS for the street paving program is about \$250,000.

Mayor Saenz asked how the City will fund sidewalk paving and maintenance. Mr. De Leon reminded Council that the City does not have a sidewalk program, so sidewalks are identified by Council Members as being in need of repaving. The Council Members use their district priority funds to complete these projects. CDBG funds can also be used to pay for sidewalks.

Cm. Perez asked about the Police budget, noting that he did not see any funding allocated to security cameras for the parks and trails. He asked if this funding is in the Police or Parks budget. Mr. De Leon clarified that the funding is not in the budget at all. He reminded Council that they approved an additional \$500,000 for district priority funds, which can be used for park and trail security cameras.

Cm. Perez asked for a cost estimate for equipping Slaughter Park with cameras.

Homero Vazquez-Garcia, IST Director, clarified that security cameras are not very expensive themselves; what is expensive is the number of cameras needed and more importantly, the server to which all of the cameras are connected. The connectivity also needs to be backed up to the City Hall Annex. The last estimated provided by staff was for Independence Hills Park, which totaled about \$240,000. There has not been a study for the infrastructure needed for the whole City. Currently, there are over 550 cameras throughout the City of Laredo in buildings, parks, and other facilities. The system currently being used will be accessible by the real time crime center (RTCC); some of those cameras will need upgrade, so there will be a cost associated with the upgrade and maintenance of those cameras. Overloading the server with cameras will depend on the location of the cameras.

Claudio Treviño, Laredo Police Chief, confirmed that the Police Department can use some forfeiture funds for cameras and to get the RTCC operational. He clarified that traffic cameras will be pulled into the RTCC as well.

Mr. Vazquez-Garcia noted that a fixed lens camera that does not have panning and zooming capabilities typically costs \$150-200; a pan-and-zoom camera that the City would utilize vary in cost, typically \$300-350. Some City parks have 10-15 cameras.

Cm. Perez voiced his understanding that the Engineering and Public Works Departments already have a master list of streets that need to be resurfaced in

Laredo. He noted that he knows what streets need maintenance in his district, and using lists that already exist may help the City save money.

Mr. De Leon clarified that the purpose of this assessment is to provide Council with feedback as to what that list means, its cost, and the degree of need for each street. This project addresses those concepts.

Cm. Perez voiced his opinion that in his district, this is not a good use of money because that consulting service is not needed.

Cm. Balli asked if wireless cameras are available and their cost as opposed to wired cameras. Mr. Vazquez-Garcia noted that wireless cameras with LTE service are not supported by the City.

Chief Treviño stated that the Police Department currently has two wireless cameras for its towers; they are expensive and operate on cellular data, which has additional costs associated with using them. He did not recommend those videos for constant streaming. Adding phases to the camera systems might be most successful. The cameras will have a “buffer” in which it is constantly streaming but only captures the minute before the record button is engaged throughout the recording on the device. Once someone begins recording, it essentially streams a live video to the system.

Cm. Altgelt stated that the Texas Department of Transportation has cameras related to Operation Drawbridge dispersed between Brownsville and El Paso. They are essentially using game cameras mated to cell phones. While that does not provide live streaming, he noted that utilizing such a system intelligently will be an effective deterrent to crime. He encouraged Council and staff to embrace a low-investment system that is still a powerful deterrent and useful tool.

Cm. Torres asked how many of the 550 cameras currently in use need to be replaced. Mr. Vazquez-Garcia reported that to have functioning cameras with high resolution capabilities, the City would need to replace a little less than half of the 550 cameras. Many of the cameras to be replaced are old and would be replaced specifically with HD and infrared cameras for night vision and a clear picture. The difference is significant.

Cm. Rodriguez asked for clarification when the City receives donated land for parkland. He asked specifically if the City receives land, money in lieu of land, or a combination of the two. Mr. De Leon stated that the park dedication ordinance requires acreage depending on the development and the number of rooftops. In addition, the ordinance requires the funding of a certain amount of developer money per lot. To Cm. Rodriguez's question as to whether the ordinance can be amended to add cameras for future development of the land area, he confirmed that staff can pursue the amendment as long as it is legally allowed. Money donated by the developer has to be used for that property to develop the park.

Cm. Rodriguez requested an ordinance or ordinance amendment at the next Council meeting. Mr. De Leon confirmed that staff will research it and bring something back to Council.

Cm. Vielma asked if there are any grants that the City can apply for to fund its

cameras. Chief Treviño confirmed that staff has not identified any grant funding for this purpose yet, but staff is actively seeking those funding sources. Some grants are shifting from overtime to technology, but as the funding becomes available staff will pursue them.

Cm. San Miguel asked if the Department's community relations unit attempted to start any crime watch units for parks in the meantime. Chief Treviño noted that the community relations unit is being restructured, and its members can certainly engage with the public and have meetings regarding parks security. This summer, some community relations unit members worked with the parks unit with success.

Chief Treviño displayed the capital outlay for the Police Department equipment request for \$1.5 million.

Steve Landin, Laredo Fire Chief, reported the Fire Department's capital outlay equipment request, which also totals \$1.5 million.

Motion to approve \$1.5 million for Fire and \$1.5 million for Police in the capital outlay equipment requests as presented.

Moved: Cm. San Miguel

Second: Cm. Vielma

For: 6

Against: 0

Abstain: 0

Cm. Torres and Cm. Altgelt were not present.

Mr. Sanchez informed Council that this action would leave a balance of \$482,000 in the \$20 million bond proposal. The balance can be applied to the General Fund.

Motion to apply the remaining \$482,000 left of the \$20 million bond proposal to the General Fund for other equipment.

Moved: Cm. Perez

Second: Cm. Gonzalez

For: 6

Against: 0

Abstain: 0

Cm. Torres and Cm. Altgelt were not present.

Motion to add \$200,000 to the City's operation budget for City-wide park shade replacements.

Moved: Cm. Rodriguez

Second: Cm. Balli

For: 8

Against: 0

Abstain: 0

CONVENTION & VISITORS BUREAU - EL PORTAL RELOCATION PLAN

Aileen Ramos, Convention & Visitors Bureau Director, reported that staff intends to move the Convention & Visitors Bureau to a new office Downtown next door to Bridge I and the Outlet Shoppes of Laredo, pending Council approval. Since its creation, CVB has been located at 501 San Agustin Avenue and has doubled in staff

size to-date. There is no more space to grow, park, or store records. She emphasized the importance of maintaining a pleasant experience for the visitors to CVB offices. The new office space at El Portal will be an additional 3,000 square feet.

Horacio De Leon, City Manager, noted that while he is not clear on the needs of the Department, staff has concerns about the parking at El Portal. Parking is down by the river, and visitors will have to walk up to reach the office space, so accessibility could be an issue for the elderly or visitors with disabilities.

Ms. Ramos reported that because of the Department's growth, the current office has lost most of the visitor display and wait areas as well as workspace for employees; some employees are working in the hallway. The Department has had to rent two storage units in addition to using the entire second floor for storage. The new office space at El Portal is located across from Bridge I and next to the Outlet Shoppes in a very convenient spot to welcome tourists from Mexico. The space is much more comfortable for the visitor with room for growth in the Department; there is retail space for purchasing Laredo souvenirs and more convenient access to restrooms. The Department will have enough space to consolidate its storage and will save money on the storage unit rentals. Visitors can park at the Outlet Shoppes with three hours of free parking. Ms. Ramos voiced her optimism that this location will capture two markets: tourists coming from Mexico to shop and visitors coming to the Downtown area in general.

Mr. De Leon added that at this location, the Convention & Visitors Bureau will be between the Outlet Shoppes and the new convention center.

Ms. Ramos confirmed that the new offices will have a conference room for meetings, as well. Staff intends to keep the flooring and ceiling elements to save costs, and the second floor is completely unfinished. She asked Council to approve the move and confirmed that the funding is currently in the 2017-2018 fiscal year.

Motion to approve the relocation of the Convention & Visitors Bureau offices to El Portal as presented.

Moved: Cm. Perez

Second: Cm. Altgelt

For: 5

Against: 0

Abstain: 0

Cm. Gonzalez, Cm. Rodriguez, and Cm. San Miguel were not present.

PARKS & LEISURE SERVICES – URBAN AGRICULTURE

Priscilla Iglesias, Laredo Main Street Executive Director, noted that the Laredo Main Street Farmers Market is the only certified farmers' market in Laredo and is an advocate for urban agriculture food sustainability in the community. In April 2018, Council voted unanimously to fund a service agreement with the Laredo Center for Urban Agriculture and Sustainability to implement goals, services, and tasks for related programs. She noted that Laredo's health as a city is intersected with its quality of life. One in three Laredoans live below the poverty line, and type 2 diabetes is 2.5% more prevalent among adults along the border than anywhere else in the United States. Type 2 diabetes is also 2-3 times higher in Mexican-Americans. 78.2%

of Laredo men and 72.2% of Laredo women are overweight; both statistics are higher than the national average.

Berman Rivera of the Parks & Leisure Services Department recognized Cm. Perez for his commitment to this project, noting that the project has grown to include farm to table event, senior gardens, food parties, and a community supported agriculture (CSA) pilot. In the pilot, 15 CSA boxes of produce were made available for sale at \$30 each; the boxes sold out in three hours at the Laredo Farmers' Market for a total net profit of \$389.22. The boxes were given as part of a seasonal subscription that the customer purchased upfront to support the project. The CSA volunteers would then deliver produce from the community garden every two weeks during the subscription or membership period. Produce was also donated to the Casa de Misericordia women's shelter.

Gabriela Fernandez, restaurant owner and local urban farmer, hosted a demonstration at the Casa de Misericordia showing the attendees how to incorporate local, seasonal produce into traditional cultural dishes; she made picadillo and green salad. The demonstration garnered a lot of interest and questions from the public, and Ms. Fernandez noted that funding would keep the momentum going for this initiative.

Regina Portillo reminded Council that a local food system can only be sustained by local government helping advocates achieve their goals for a better quality of life. She recommended following the food system structure of many other cities as an example and model to make the process easier. City funding would spark partnerships with schools and the private, public, and philanthropic sectors. She reported that the Laredo Food Policy Council pilot workshop was conducted in February 2018 with representatives from multiple agencies and disciplines of Laredo. The initial funding would allow the organization to address the different food security issues affecting the community by having a dedicated full-time team for each of six identified pillars of food sustainable systems. Technical assistance and training needs abound, and Ms. Portillo reported six grants for which LCUAS would qualify. The Center has one grant application in process currently for \$25,000.

Kristina L. Hale, City Attorney, confirmed that the City already submitted the 501 (c)(3) application and fee to the State Comptroller for the creation of the non-profit separate from Keep Laredo Beautiful.

Mrs. Frank reported that 18 organizations touch food in the City in some way, but they plan within their own organization only. She recommended establishing the Laredo Food Policy Council so that plans are developed together in a collaborative environment.

Cm. Perez made a motion to fund \$125,000 for the Laredo Food Policy Council. Cm. Vielma asked for the breakdown of the expenses to which the \$125,000 will go. Cm. Perez explained that the funds will go toward two positions (one of which is the Executive Director), promotion, and education. He noted that the exact breakdown of this funding is not clear but he emphasized that it will set the program up for success.

Mrs. Frank voiced her opinion that the ability of the team to grown and receive training can largely come from grant monies.

Cm. Vielma asked that as those expense breakdowns become available, they be made available to the public for the sake of transparency. She also asked that the LCUAS review the presentation given by the Harvard fellow at the beginning of the budget workshop in order to prioritize the populations that were identified as the most vulnerable.

Ms. Portillo confirmed that the group saw the presentation in question, and part of the Center can provide is access to fresh food using SNAP and WIC cards. Some of the issues brought up by Mr. Mota could also be mitigated by adding more community gardens to the City in those high-priority communities. She noted that the organization would like to perform a follow-up study to analyze the nutritional value of the foods that those targeted individuals are eating.

Cm. Gonzalez voiced his interest in meeting with the LCUAS in the upcoming fiscal year and possibly implementing a community garden or something similar in South Laredo.

Mr. Rivera reported that the organization has met with the school districts and their FFA chapters so that the schools may maximize their agricultural facilities. The Master Gardeners Program will soon be online.

Mrs. Frank noted that advocates hope to turn the Canseco House into a centralized hub for citizens to go to obtain information on any agricultural and environmental sustainability resources that they may be seeking.

Cm. Altgelt asked Council to consider allocating \$75,000 for the propagation of endemic shade trees that will not require much water and will provide much-needed shade as a native species to South Texas.

Cm. Vielma asked for the involvement of the United ISD Cherish Program.

Cm. Rodriguez recommended planting the shade trees described by Cm. Altgelt to the drainage or retention ponds throughout the City to create more green space. Mr. Rivera confirmed that Council will hear a presentation from the Parks & Leisure Services Department regarding this intention.

Motion to allocate \$125,000 for funding the Laredo Food Policy Council and \$75,000 for propagating endemic shade tree species throughout the City, as amended.

Moved: Cm. Perez

Second: Cm. Rodriguez

For: 6

Against: 0

Abstain: 0

Cm. Gonzalez and Cm. San Miguel were not present.

FUNDING AND OPERATIONS OF THE DEPARTMENTS (TAX)

Cm. Torres asked for a report of the financial impact of lowering the City's tax rate per 100 valuation by a quarter of a cent to half a cent.

Martin Aleman, Executive Director of Finance and Technology, reported that one cent

currently represents approximately \$1.4 million between General Fund, M&O, and debt service. The General Fund currently receives about \$66 million from taxation, about \$19.5 million of which goes to debt service.

Cm. Torres noted that it is important for Council to listen to the public outcry regarding a reduction of the tax rate. He voiced his understanding that Webb County reduced its tax rate about 1/3 of a cent. Cm. Rodriguez clarified that the County lowered its tax rate 0.28 of a cent. He made a motion to that effect.

Mayor Saenz commended Cm. Torres on his motion, noting that this was the best action to be taken by Council during his term.

Motion to reduce the tax rate by 0.30 of a cent, reflect that reduction in the budget and direct staff to report that information to Council, as amended

Moved: Cm. Torres
Second: Cm. Altgelt
For: 7

Against: 0

Abstain: 0

Cm. Gonzalez was not present.

After discussing other matters, Mr. Aleman reported to Council that the tax cut will impact the budget in the amount of \$410,611. Cm. Altgelt asked Council to consider how the City will save that amount elsewhere.

UTILITIES

Riazul Mia, Utilities Director, reported that the Utilities Department has three water plants, 71,788 water accounts, and 1.067 miles of water lines. The Department also has six wastewater plants, 66,707 sewer accounts, and 775 miles of sewer lines. He noted that the Utilities Department has not asked for new personnel since 2016 and has kept a staff of 344 full-time equivalent (FTE) positions. Next year, he noted that the staff will decrease to 340 because four IT technicians will be transferring to another department. Utilities has completed eight Capital Improvement Projects in 2018 to-date. There are 10 ongoing CIP projects currently regarding both water and sewer systems with more forthcoming. Mr. Mia presented a \$5 million bond sale to replace dump truck, backhoes, trailers, vehicles, vacuum trucks, pumps, construction of a storage canopy, and other capital outlay needs. As the Utilities Department grows, so do the customer service calls received.

Cm. Altgelt requested a status update on the El Pico Water Treatment Plant, particularly its pumps. Mr. Mia reported that all pumps are working, but one of two transfer pumps failed on Friday afternoon. Staff has ordered a rental unit, which will be installed within 24 hours.

Mayor Saenz asked about the cause of the transfer pump failure. Mr. Mia noted that the pump motor failed again after it was repaired about six months ago. Staff sent it to the same company that first repaired it.

Cm. Balli noted that between the 1500 and 1700 blocks of San Bernardo, the water lines seem to consistently break over the past several years. Mr. Mia confirmed that

this is true, adding that the water line through this street is smaller. Staff is slowly replacing water lines on a block-by-block basis. He also noted that Council already approved the \$5 million bond sale with the CIP.

Mr. Mia reported that the Department also performs manhole rehabilitation in-house, which is much more cost effective than hiring out the service. The Department's Asset Management pilot program has just recently been installed and will undergo testing and implementation in the next few weeks.

Cm. Altgelt suggested that an implementation that will save easy dollars for the City is a City-wide GPS system for all City vehicles as a way to determine fuel costs and highlight any waste. He asked for a status update on that initiative.

Horacio De Leon, City Manager, confirmed that part of the City's fleet has been equipped with GPS systems for that purpose.

Herbeto L. Ramirez, Fleet Director, reported that staff has researched other cities' fleet practices, and most cities do not implement GPS systems on all City vehicles. It is not cost effective; therefore, staff is looking for ways to manage fuels costs and waste. Some software that is already installed in vehicles is outdated, and staff has to update the software before committing to GPS installation. The only city with full GPS is Brownsville because they have a partnership with Sprint. Mr. Ramirez noted that he has not had the opportunity to coordinate with Brownsville to see how they were able to partner with Sprint for GPS provision. Most other cities install GPS on the most critical Departments' fleet. He confirmed that staff is still researching this opportunity.

Mr. Mia continued that the water conservation rebate program is still being offered for Utility customers to replace their toilet with high efficiency toilets to receive a \$100 rebate while saving money on their water bill. He also informed Council that staff has a rate study presentation for Council consideration, but staff is not asking for a motion to approve anything.

Mayor Saenz stated that the City is not using a certain portion of its water rights and asked if they can be leased for revenues. Mr. Mia confirmed that this can be done; the agricultural industry in the Valley may be interested in leasing the City's unused rights.

Cm. Vielma asked if users are able to pay for their services online. Mr. Mia noted that staff requested proposals for online payment, and the RFP will be brought to Council soon with a recommendation. When asked if DocuSign and electronic signatures of documents will be available soon, Mr. Mia noted that DocuSign is a different project with a different Department. He could not confirm the status of that project.

Martin Aleman, Executive Director of Finance & Technology, clarified that online payment of utility services is available currently. Mr. Mia confirmed that users can pay for their services online via the City's website, but there is not currently an app, which is what the RFP is securing.

Mr. Aleman added that the RFP is to add online payments for all Departments that accept payments to have their payments receivable online. This program will be implemented one department at a time, starting with the Utilities Department.

Dan Jackson, Willdan Financial Services Vice President, reported that over the past several months, Willdan has worked with the City to develop a long-term financial plan for its water and wastewater utilities. He informed Council that the challenges that the Utility's Department faces are very similar to those faced by other municipalities. He reported that the American Waterworks Association anticipates that water and sewer rates will triple over the next 15 years due to inflation and the rising cost of materials and labor. As the City's costs increase, the rate must increase to simply reimburse the incurred costs of the City; the City does not profit from utility rates. Mr. Jackson voiced his opinion that Laredo is a prudently-operated municipality that needs to continue to invest in its water treatment plants for a level of service standard that is acceptable to the community. However, the City must balance its need to invest in the utility system with the willingness of citizens to pay. He clarified to Council that 30-40% of US cities charge rates that do not cover their costs; during a rate comparison where other cities are offering lower rates than Laredo, he cautioned that such information does not imply that those cities' costs are lower.

Mr. Jackson commended the City's advantageous policy to increase its water rates by 2% since 2016; this has been a beneficial policy for the City that has resulted in a healthy Utilities Department that does not need to be subsidized and is able to invest in its future infrastructure. However, Laredo will need to finance as much as \$150-\$180 million in capital improvements in the next decade. In order to do that, the City will need to develop a long-term rate plan that adjusts the rate increases at slightly higher than 2% annually. The timing of these adjustments will depend on the timing of the City's capital improvements. He displayed Laredo's current water rate structure, which is called an inverted block rate. The water that customers use, the more they pay. This structure provides a financial disincentive for people to use large amounts of water, and it avoids overcharging low-income users, who also typically use less water.

Cm. Altgelt asked whether the City's forthcoming xeriscaping ordinance and the fact that more residents are xeriscaping their homes is part of Mr. Jackson's forecast, as it will hopefully reduce the amount of water used to hydrate grassy lawns. Mr. Jackson noted that a foundational economic principle explains that if the City raises its water rate, people will use less. This balances the model of rate adjustments versus use. He noted that a general rule of thumb in utilities states that for every 10% rate increase, people will use 1-2% less water. Laredo's rate structure is more aggressive as the City is more sensitive to users' ability to pay. He reported that the average residential rate payer in Laredo spends about \$62.40 for 10,000 gallons of water per month. The state average water user spends about \$90.55 for that same amount of water. Therefore, he noted that rates are very competitive in Laredo; Laredo rates are lower than the vast majority of comparable cities in Texas. Mr. Jackson commended Laredo for offering such competitive rates while also covering its costs.

Mr. Jackson reported the commercial rate comparison on a 20,000 gallon per month basis, noting that Laredo is also much lower than most other comparable cities in Texas. Laredo has a very beneficial rate structure for its commercial accounts in addition to its residential accounts. He projected that Laredo will experience a 2% growth of total water accounts each year for over 86,000 accounts by the year 2027. Growth rates across other cities depend largely on the community's unique factors. He recommended that Council raise the City's commercial water rates at a slightly higher percentage than residential rates because commercial rates are not quite covering commercial costs. Currently, Laredo's residential customers are carrying commercial

customers despite commercial customers establishing the City's peak demands. He also recommended that the City continue to increase rates for all customers, but he clarified that if the City adjusts the commercial rates more steeply, then the residential rates will not have to increase at a 2% increase each year. He clarified that no municipalities are lowering water rates across the entire state of Texas, and lowering rates would not be advisable at this time. Commercial growth tends to track residential growth in the long run; residential growth is usually steady while commercial growth is more of a spike or surge.

Mr. Jackson cautioned Council that water consumption is always difficult to forecast because it is heavily dependent on weather. Mr. Mia reported the residential growth this year (as of July 2018) as 2.4% and commercial growth as 2.7%. Mr. Jackson noted that the actual rate of growth is currently exceeding the forecast this year. He projected an increase of about \$14 million in water and wastewater operating and capital outlay costs over the next 10 years. A well-developed financial plan has to consider that costs are going to be more tomorrow than they are today. He presented two ideas for Council's consideration. First, he suggested that the City overhaul its Zacate wastewater treatment plant. Second, he suggested the City build a new Manadas plant. He noted that he is not equipped to advise Council on which option would be the best decision for the City, but the decision would be both an operational and financial decision to consider.

Cm. Altgelt asked if rebuilding the Manadas wastewater treatment plant will finally eliminate the embarrassing odor through the neighborhood. Mr. Mia confirmed that the odor can be eliminated through reconstructing the plant.

Mayor Saenz asked if rebuilding the Manadas plant would increase its capacity; Mr. Mia responded that the proposal does not include increasing its capacity. The study would investigate whether overhauling the Zacate plant would allow for increased capacity. Staff will have this question answered in the next six months and can bring that information to Council. Mayor Saenz commented that if the City is growing as projected then increasing capacity is most logical. Mr. Mia reminded Council that in some plants, the maximum capacity is much more than what is actually being serviced, so there is room to meet more demand.

Mr. Jackson continued that the City will require approximately \$72 million in water capital improvements in either scenario in the next decade. Regarding wastewater, the Zacate scenario will require about \$75 million in capital improvement funds over the next decade, and the Manadas scenario will require about \$107 million. Capital improvement plans affect water rates because a City has to borrow money to pay for the capital improvements. This is common among all Texas cities. Mr. Jackson reported that under the Zacate option, the City would have to borrow \$147 million to over the next five years to complete the project. Under the Manadas option, the City would need to borrow \$179 million over the next five years. Either option will ensure that the plants are still operating 50 years from now. However, he forecasted that the wastewater total cost of service for the Manadas option will ultimately be more expensive than the Zacate option by about \$3 million per year.

Mr. Jackson reminded Council that the reason that the modest rate increase proposal is a direct result of staff making difficult decisions in the past. These decisions have allowed the City to absorb a significant amount of debt while minimizing the impact on

rate payers. He recommended that beginning October 1, 2019, the City impose a residential minimum charge of \$10.52 rather than the approved \$10.22. He recommended increasing the rate to \$11.05 in 2020, \$11.60 in 2021, and \$12.18 in 2022. The volumetric rates per 1,000 gallons would see similar adjustments. For commercial accounts under either plan, Mr. Jackson recommended a slightly higher rate adjustment to ensure that commercial customers pay their fair share of the costs of service. Regarding wastewater, the rate plan would be different depending on the plant scenario the City chooses. Under the Zacate scenario, Mr. Jackson recommended increasing the rate starting October 1, 2019 to \$10.15, \$10.45 in 2020, \$10.77 in 2021, and \$11.09 in 2022. Volumetric rates would increase by similar amounts. Under the Manadas scenario, Mr. Jackson recommended increasing the wastewater rates, effective October 1, 2019, to \$10.44, \$11.07 in 2020, \$11.74 in 2021, and \$12.44 in 2022.

Mr. Jackson noted that the vast majority of Utilities customers will use 10,000 gallons or less per month. Under the Zacate scenario, Mr. Jackson predicted that the average residential user's rate would increase from 2.0%-3.9% from 2018 to 2022. Under the Manadas scenario, rates would increase from 2.0%-5.8% over the same timeline. Mr. Jackson explained that the vast majority of Utilities customers would likely see their water bills go up only \$1-2 per month under either scenario over the next five years, so while the Manadas scenario is the more expensive option, the end user would only see their bills increase nominally over the next five years rather than significantly. Commercial customers under either scenario would see a spike in the rate in 2019, from 2.0% to 14.5-14.7%, and then a smaller increase each year around 4.1-4.9% for Zacate and a steady increase of 5.4% for Manadas.

Mr. Jackson emphasized the benefits of the proposed increased rate plan. Increased rates, though nominal, will contribute towards the Utilities Department operating on a stand-alone basis without the need for assistance from the General Fund and will ensure that ratepayers pay only what it costs the City to provide the service. The increase rates will provide \$150-\$180 million of additional capital investment into the water and wastewater system to improve the quality of service and provide a well-functioning system for future generations.

Mayor Saenz asked how much the City has invested in the Manadas plant and if that investment has been taken into account as Council prepares studies. Mr. Mia reported that the City has spent close to \$7 million on the Manadas plant to-date. He clarified that the Zacate scenario presented does not mean that it won't be built; it will just be delayed. The City owns the land and has the design and permit, so the City will not lose out on the \$7 million investment.

Cm. Balli voiced his agreement with the Zacate scenario and with the slightly higher rate for commercial accounts.

Cm. Vielma asked staff to look into the Docusign and Paypal software for the City to execute documents more quickly. Mr. Mia informed Council that when staff brings the proposals back to Council, there will be a noticeable savings for the consumer.

Cm. Altgelt suggested that Council take action on the water rate presentation at this time. Mayor Saenz voiced his disagreement, noting that while Council may be satisfied with the information, public feedback is needed before taking action.

Mr. De Leon clarified that the proposal is not to increase the rates for this upcoming year but starting in October 1, 2019. In the meantime, staff will solidify the cost benefits for the Zacate and Manadas options. Therefore, there is no need to approve the recommendations at this time.

Cm. Altgelt noted that Council has already been wondering why the commercial water accounts are being subsidized on the backs of the residential accounts.

FUNDING AND OPERATIONS OF THE DEPARTMENTS (CITY SECRETARY'S OFFICE)

Cm. Balli recalled discussions to give the City Secretary more independence under the City Council. He made a motion to that extent. Cm. Gonzalez voiced his agreement.

Kristina L. Hale, City Attorney, confirmed that under the City Charter, the City Manager appoints the City Secretary with Council confirmation. Once the City Secretary is appointed, it is at the discretion of the City Council whether or not the City Secretary is issued a contract. She noted that other cities have employment contracts for their City Secretary. The City of Laredo has never had an employment contract with the City Secretary. She confirmed that the City Attorney also does not have an employment contract; only the City Manager has one.

Mayor Saenz noted that employment contracts typically lay out the terms and conditions, so an employment contract may be beneficial for both parties.

Cm. Torres asked if previous City Manager Carlos Villarreal negotiated an employment contract with Fire Chief Steve Landin, as he heard in the past. He recalled hearing that in the past, which would help answer the Mayor's question about the City Manager negotiating a contract with a City official.

Steve Landin, Fire Chief, confirmed that he did sit down with Carlos Villarreal several years ago, and Mr. Villarreal in his capacity as City Manager, signed off on a separation agreement concerning Chief Landin's payout at the time of his retirement. This was done because previous Fire Chiefs were paid out differently, and the City Manager discussed the separation agreement but it did not come to Council for execution.

Cm. Torres suggested that, in all fairness, if the City Secretary were to get an employment contract, then all appointed officials be granted an employment contract as well. He clarified that the intention is not to remove the City Secretary from the City Manager's supervision but rather to provide him with a contract. This would not violate the provisions of the City Charter. Cm. Balli amended his motion to reflect this.

Mrs. Hale agreed that the contract would not violate the Charter as long as the terms of the contract do not. She clarified that the employees would still be at-will.

Jose Valdez, Jr., City Secretary, explained that this issue came up during the Charter amendment proposal discussions earlier this year, but ultimately no Charter amendments were added to the November 2018 election ballot. He clarified that his

intention with a contract is to keep the City Secretary neutral and not to add any additional benefits like retirement payouts, as was the case with the Fire Chief. He noted that he does not intend to negotiate a new salary via contract. He reminded Council that any negotiated contract would be brought back before Council for approval. He added that the City Secretary serves at the Council's pleasure; the Charter states that the City Secretary is nominated by the City Manager, confirmed by the Council, and removed by Council. Council does not need a recommendation from the City Manager to remove the City Secretary.

Mayor Saenz voiced his understanding to-date that the City Manager would have to initiate the removal of the City Secretary before Council considers it. Mr. Valdez clarified that this is not the case, specifically for the City Secretary.

Cm. Altgelt stated that he has no issue with an employment contract for the City Secretary because that position is already beholden to Council. However, as an attorney, he noted that he would not advise a client to enter into employment contract with employees as it ties the employer's hands from a liability standpoint. If Council were to offer employment contracts with all other City officials, it would tie the City's hands to liability.

Mrs. Hale agreed with Cm. Altgelt's reasoning, adding that she has only seen employment contracts of City officials when those positions answer directly to their City Council. Employees who answer only to the City Manager do not have employment contracts. Contracts for all Department heads would be outside of the normal practice of municipalities.

Cm. Altgelt encouraged Council to reconsider offering employment contracts to all Department heads and only consider the City Secretary on this issue.

Cm. Torres clarified that not all Department Directors would be offered an employment contract in this motion, but rather only those who are subject to Council confirmation for selection and removal: City Attorney, City Secretary, Fire Chief, Police Chief, Planner, and Internal Auditor.

Cm. Vielma questioned why this item is being discussed at the budget workshop as it doesn't relate to the City's budget. She asked to receive information in advance regarding this item and give Council the opportunity to look at what other cities have done. If Laredo has never offered the City Secretary a contract, then she noted her shock at the sudden nature of considering one now.

Mayor Saenz asked if this decision would have a budget impact; if so, it needs to be added to the agenda. Mrs. Hale stated that the notice was for budgetary items; if the terms of the proposed employment contract were to impact the budget then it would be relevant. She informed Council that they can direct staff to bring more information to be considered at a later time.

Cm. Altgelt cautioned Council from acting too hastily and perhaps violating the Texas Open Meetings Act. He asked counsel for the most conservative advice regarding this motion. Mrs. Hale advised that Council direct staff to bring back more information at a later time.

Mayor advised adding this item to the next Council agenda. Cm. Altgelt and Cm. San Miguel voiced their agreement.

Mrs. Hale clarified that the Municipal Court Clerk is also a position that is subject to Council confirmation for selection and removal. She confirmed to bring back information regarding other cities' employment contract terms and how that might relate to the aforementioned City officials list.

Horacio De Leon, City Manager, asked what terms Council wishes to discuss. Cm. Altgelt noted that this question would be up for discussion.

Motion to place appointed City officials who are subject to Council confirmation under an employment contract and direct the City Manager's Office and the City Attorney's Office to prepare such contract that would be negotiated in the same manner as the City Manager's employment contract.

Moved: Cm. Balli
Second: Cm. Torres
Motion withdrawn.

Cm. Balli asked staff to add this item to the next Council agenda.

PROPOSED BUDGET & GENERAL FUND HIGHLIGHTS

Martin Aleman, Executive Director of Finance & Technology, reported that the current budget has a shortfall of about \$875,861. This includes the shortfall of \$410,000 after Council voted to lower the tax rate. He reported the consolidated operating revenues as \$661,829,694, most of which come from Enterprise Funds (\$257,004,789) and General Fund (\$197,424,126). Consolidated operating expenditures total \$661,829,694, most of which again come from Enterprise Funds (\$253,738,110) and the General Fund (\$197,424,126). When all of the funds are considered, any cost savings gathered this past year are allocated throughout the totals.

Cm. Altgelt reminded Council that it would seem financially wise to defease the sports venue tax debt in anticipation of the upcoming legislative cycle to transition to a 4A/4B.

Cm. Vielma displayed a visual aid from Mr. Noe Hinojosa depicting debt service post-defeasance of the sports venue debt. As it stands, the sports venue debt accumulates \$7 million, but defeasance of the debt now can save the City about \$13 million to transition to 4A/4B.

Cm. Balli agreed with the wisdom of defeasing the sports venue tax debt, but he voiced his issue with the referendum on the November 2018 ballot. Currently, the City has a reserve that it can use without having to bond out. If the City uses its money to pay off this bond now and then borrows bonds next year following the approval of the referendum to build the sports complex, then it might not be cost effective after all. He advised that the wiser choice might be to wait to see what happens in November and decide accordingly. There is little risk and more benefit to wait until the results of the election.

Horacio De Leon, City Manager, noted that there is no urgency at this time to make a decision to pay off the debt or build anything at this time. Mayor Saenz asked about the legislative component to this issue.

Cm. Rodriguez voiced his agreement with Cm. Balli's statements as the referendum was promised to the people years ago and is back on the ballot. He voiced his preference for paying cash with no interest rather than bonding and accumulating new interest.

Mayor Saenz noted that if the City misses this legislative window, they will have to wait another two years.

Cm. Altgelt countered that if the City defeases this sports venue debt now, then there will be no need to go to the legislation. The City can instead go back to the voters on a referendum for permission to get a 4A/4B tax.

Cm. Vielma reminded Council that the City would not be defeasing completely, only the 2016 series of the sports venue debt. If the City builds another sports complex before defeasance, then it will eat up all the money in reserves and the City will never be able to adopt a 4A/4B system. The legislative session was to try to transition to a 4A/4B at half of the percentage to continue maintenance on the sports venue debt prior to going to the voters with a referendum.

Mr. De Leon clarified that the City could not put the 4A/4B issue on a referendum without legislative authority.

Cm. Rodriguez stated that he is not opposed to a 4A/4B, but the sports complex was already approved by the voters as a quality of life improvement. He cautioned Council from making a decision that would take money away from purposes that the public have already approved.

Cm. San Miguel asked how many Departments are subsidized through the sports venue tax.

Mr. De Leon stated that the arena is subsidized \$1.6 million in sports venue tax for operations, and Uni-Trade Stadium is subsidized \$800,000. Cm. San Miguel reminded Council that if the debt is defeased right now, that means that \$2.4 million is no longer available to support these venues. Then, the voters can always reject the referendum, which will mean that the \$2.4 million will have to come from the General Fund to subsidize the venues' operation. He voiced his agreement to the recommendation to wait until after the election.

Mr. Aleman referenced a memo with the procedures for which Council can convert to a 4A/4B tax: "The City of Laredo does not have the legal authority to convert from a sports venue sales tax to a 4A/4B economic development sales tax...The City must get special legislation enacted at the next session of the Texas legislature...Even if legislation is duly enacted and the election successful pursuant to such legislative authority, a sales tax conversion will not be effective until such time as all bonds payable from the 2016 venue sales tax are paid."

Cm. Torres voiced his agreement with Cm. Altgelt and Cm. Vielma's intentions but

also agreed with Cm. Balli regarding the timing. He noted his concern for the operations of the arena and the baseball stadium. He asked where the City will get the \$2.5 million for the operations expenses.

Mr. De Leon noted that the operations of the two venues is an allowable expense under the 4A/4B tax. Mr. Aleman cautioned Council that the City only allocates about \$3 million for these expenses if the sports venue tax were no longer available. He added that the City expects to bring in \$8.3 million from sales tax this year and \$8.463 million the next year.

Cm. Altgelt stated that if the City does not defease its sports venue tax and continues to build sports venues, then it will never achieve a 4A/4B tax.

Motion to defease the sports venue debt and, upon defeasance of the debt, earmark and dedicate the remaining money for the sports complex in the event that the referendum is passed.

Moved: Cm. Altgelt
Second: Cm. Vielma
Motion withdrawn.

Cm. Vielma asked for a funding cap for the public's sake. Cm. San Miguel asked for the wording of the referendum.

Mr. De Leon cautioned that the funding cap is problematic because there is not a scope or a number of fields going into the sports complex. Cm. San Miguel countered that it would be prudent to include a cap anyway. He asked for staff to bring that information back to Council before the deadline to edit the referendum item for the ballot. Mr. De Leon confirmed that staff could bring a finance cap amount to Council at a special meeting on Monday afternoon.

Motion to direct staff to bring a plan for achieving a 4A/4B economic incentive tax along with staff's recommendation for which option to pursue.

Moved: Cm. Altgelt
Second: Cm. Torres
Motion withdrawn.

Mr. Aleman continued that the General Fund revenues total \$184,077,430 while the expenditures total \$198,835,629 for a FY2018-2019 shortfall of \$14,758,199. The budget was balanced by staff asking all departments to cut 5% from their operational expenditures, excluding personnel, which generated \$807,500 in savings.

Cm. Altgelt noted that Council has been pursuing renewable energy for cost savings but voiced his understanding that any savings retained this year were simply swallowed up into the General Fund. He asked why the City is not using its savings to synergize additional savings.

Mr. Aleman clarified that the City is utilizing renewable energy at a lower rate per kilowatt.

Cm. Altgelt asked for more information regarding the proposed solar energy conversion to electricity that the City was considering recently. Mr. Aleman confirmed that he would bring that information back to Council.

Mr. Aleman continued that unfunded positions saved \$1,994,048, and if the opportunity to fund any of them arises next year, management will provide the Departments the option of funding and filling those positions at that time. The total expenditure reduction achieved was reported as \$1,533,468, which brings the total FY2018-2019 General Fund shortfall to \$13,224,731. To balance this shortfall, the following revenues were realized:

Update franchise fees projections	\$302,668
FCC Universal Service Program	(\$313,480)
Property Tax update	\$625,865
Bridge and General Savings	\$12,609,678
Total	\$13,224,731 (balancing the General Fund budget)

Mr. Aleman reported that over the past eight years, staff has performed budget expenditure reductions ranging from \$3.1-\$8.5 million.

Cm. Torres asked for the information showing how the reorganization of the City Manager's Office, which created Executive Directors, reflected savings. Mr. Aleman displayed an estimated cost table which showed that after creating Executive Directors and accounting for their and other Department Directors' salaries, the savings totaled \$165,271 for the current year.

Cm. Torres asked for the savings for the upcoming budget year. Mr. Aleman confirmed that he could bring that information back to Council. Cm. Torres also noted that it took him a while to find the salaries of the Executive Directors because of the breakdown. He had to go through each Department to determine that information. He asked if Departments were asked to cut additional expenses to compensate for the adjusted salaries of Executive Directors. He voiced his opinion that Council and management have had difficulty defining the Executive Directors; they are not defined in the City Charter and recommendations to do so during the 2018 election did not go through. Council had the opportunity to pass ordinances after a presentation by the City Attorney's Office following no initiative or recommendation from the City Manager's Office, and no action was taken. Cm. Torres noted his surprise that these positions were not listed under the City Manager's itemized budget despite staff stating that Executive Directors are an extension of the City Manager's Office. Instead, they were scattered across other Departments. Cm. Torres stated that the common civilian would have great difficulty making sense of these positions and their salaries, and information regarding the budgetary impact of these salaries as opposed to the two Assistant City Manager positions is unavailable.

Mr. De Leon explained that the Executive Director positions are funded in proportion to where they serve. This is a common accounting reporting method, which is also how the City reports grant funding. Cm. Torres voiced his opinion that these positions add an additional layer of bureaucracy in the City's government, making communications more difficult. Mr. De Leon noted that the Airport Director position is funded for the upcoming fiscal year, but depending on the need it may or may not be

filled. He confirmed that staff will continue to evaluate the vacant Director positions to determine if they need to be filled or unfunded. Based on Council action, he confirmed that staff will reduce its Executive Director staff from five to four Directors. The eliminated Executive Director will transfer to the Human Resources Director position with some potential savings.

Cm. Torres requested a new cost table that reflects the proposed budget with Executive Directors and funded positions with the proposed transfer of one ED position to the Human Resources Director position and the calculated potential savings. He also requested the positions that were reclassified this fiscal year and the financial impact on the upcoming fiscal year. He noted a discrepancy between the reported salary of an Executive Director across the cost table and asked for a confirmation.

Mr. Aleman confirmed that he would provide the information requested but informed Council that if an Executive Director underwent a performance evaluation that merited a raise, that might explain the discrepancy as noted by Cm. Torres.

Cm. Torres assured Mr. De Leon that he did not intend to overstep his boundaries as a Council Member or telling the City Manager who to hire or not to hire. He iterated that the budget workshop is the opportunity for Council to have a say in the operations of the City's personnel and staff and provide the City Manager with a roadmap for operating the next fiscal year.

Cm. Altgelt noted that it has taken the City 10 years to get to the state that it is in today, but he voiced his confusion as to why the City does not have any certified Planners in the Planning Department or accredited and certified heads in the Human Resources Department. He asked why the City has not filled the Economic Development Director position especially after Council was so enthusiastic for the knowledge gleaned from the Bloomberg group. He also noted that having a Traffic Director and Assistant Traffic Director seem duplicative.

Mr. De Leon countered that the Assistant Traffic Director is a Traffic Engineer, and the Traffic Director runs the operations with his management skills.

Cm. Altgelt voiced his opinion that the budget can realize a lot more savings than what is presented. He encouraged staff to ask how much *more* can be saved rather than simply balancing the budget each year. He reiterated previous sentiments that the business and development community have found the City of Laredo to not be business-friendly. Processes take way too long, but if the City can approach this problem the way that other cities have done, then Laredo might accelerate timelines and bring more businesses, properties, and accounts online. He encouraged staff to keep up their good work and consider his comments moving forward.

Cm. San Miguel recalled the last budget workshop in which the Executive Director positions were listed clearly (without being divided up between departments) and the calculated savings objective. He stated that his experience with the Executive Directors has been positive, and he has noticed a great improvement in communication. Executive Directors have a very intimate knowledge and relationship with their departments, and they have always responded to his communications. The Assistant City Managers had too many departments to manage at the time, and Cm.

San Miguel voiced his optimism for Executive Directors moving forward.

Cm. Vielma encouraged staff to create and hire the Economic Development Department because it will be a true asset to the City. She also noted that the Airport needs to market the fact that Laredo is the only city with a pre-inspection in cargo in order to bring more jobs and business to Laredo. An Airport Director will help bring more profit to the City as well. As a business owner, she noted that the Executive Director positions are very logical. They bring a more direct supervision of operations and accountability to each Department they serve. She thanked the City Manager for making that improvement.

Cm. Torres voiced his concerns with the reporting of Executive Directors and Department Director savings, as he believes the savings are misrepresentations.

Mr. De Leon noted that staff tried to work with the same or as similar salary numbers as possible, but the salary needs to reflect the different services or duties provided. Cm. Torres reiterated his belief that the numbers are misleading.

Cm. Balli commended Mr. De Leon's management as he has seen improvements to problematic Departments.

BUILDING DEVELOPMENT SERVICES

Victor Linares, Acting Building Development Services Director, informed Council that the Building Development Services Department is composed of five diverse divisions tasked with the mission of public health and general welfare assisting homeowners, business owners, developers, and contractors with their building, remodel, or demolition needs to ensure compliance with local, state, and building codes. As the City grows, the services provided by Building grow as well. Total permits issued have increased from last year, and the Building Development Services Department conducted 494 building inspections in one week alone from July 9 to July 13, 2018. However, the specific types of permits issued have not all increased; amusement redemption machine permits have decreased since last year. New constructions have an average of 15 inspections involved from start to finish. Remodels have fewer. The amount of time spent on customer service for client depends on the types of service or the size of the project; the Department sees an average of 450-500 walk-ins per week. The lobby in the building at Bruni Plaza is also very small, making for very cramped quarters while customers wait to receive service.

Mr. Linares noted that the Department is requesting resources for telephone queuing software as well as two additional staff positions to assist with their customer service.

Horacio De Leon, City Manager, noted that staff supports the Building Department's request for two additional staff positions.

Mr. Linares reported that the Building Department's operation costs close to \$2.7 million, and the Department generates about \$6.6 million per year. This has mainly been due to the amusement redemption device permits.

Cm. Altgelt asked if the Department has considered outsourcing some of their inspections to certified organizations. Mr. Linares noted that the Department receives

a third party inspection report on their staff, but third party inspectors have only been dispatched on certain, specific items from the Department. Nearly all inspections are performed in-house.

Jerry Pinzon, Acting Building Official, reports that the International Code Council establishes model codes and standards used by various cities, counties, and states in the United States to develop the legal building codes in their jurisdiction, which is updated every year. The codes apply to buildings, residential buildings, fire, mechanical, plumbing, electrical, and energy. Laredo has adopted the 2012 ICC codes in 2012 but not the valuation fees attached to it. Some cities, like San Antonio and El Paso, have adopted the 2015 code; Brownsville and McAllen are still using the 2012 code. These cities have all adopted the valuation fees associated with the code. Mr. Pinzon noted that the amusement redemption machine permit fees generated a significant portion of the Building Department's revenues. Since Council took action to raise the permit fees, the Department has issued fewer permits than expected, which resulted in fewer revenues than expected. A new ordinance will direct staff to place tamper-free stickers on all of the devices that they permit to better track the permitted machines in each establishment.

Mr. Pinzon explained that fees are calculated via a two-way process. Plan examiners first conduct a review and determine the house valuation cost based on the square footage per the ICC code. From there, staff determines their own house valuation cost and plan review fees or the building permit and inspection fees. By updating the valuation rate table as per the 2015 ICC, the Department can potentially increase revenue by 30%, or \$300,000.

Cm. San Miguel noted that the 2018 ICC code is already established; if staff adopts only the 2015 version, then the City is still behind the current code. Mr. Pinzon countered that staff is currently using the 2001 ICC code, so any update is an improvement. Updating to the 2018 code would be a 2% increase, which is not much.

Mr. Linares added that staff needs to prepare the public for the jump to the 2018 code itself, but the fees could be implemented more easily. Mr. Pinzon continued that the Department suggests implementing a fee for pre-development meetings for commercial plans. Building receives approximately 250 commercial plans per year, but only about 30% of those submitters request meetings. He suggested that the Department charge \$100 per hour per discipline, noting that the Department would coordinate with other departments to make the meeting a "one stop shop" with all pertinent departments. Most of the meetings described are with out-of-towners, who usually come prepared to pay a fee.

Cm. San Miguel emphasized that nothing residential would be impacted by this fee proposal. This proposal is in regards to big commercial development with many engineers and questions involved, which consumes a lot of the Building Development Services Department's time and resources.

Mr. Linares added that staff have provided a service and advice free of charge to this point, drawing from their experience and qualifications. He noted that the fee would compensate for that service provided by the Department's engineers. He added that the Fire Department charges \$50 for their one-stop-shop review.

Mr. Pinzon noted that the meetings described usually only take an hour to 90 minutes. There are sometimes second meetings.

Cm. Vielma voiced her opinion that the City has been striving to become more business-friendly. She noted that the Department should provide a visual flowchart for developers that display the steps of their permit process along with any fees or variances that may occur. She recalled her difficult experience when she opened her law firm, which took a year to complete with surprises at every step without explanation. She encouraged the Department to implement their changes in a way that is more business-friendly.

Mr. Linares agreed, noting that staff intends to add training videos to their website to assist the customer with the permitting process and other services offered by the Building Development Services Department.

Cm. Vielma also noted that many “one stop shop” options are only available every few weeks or so. She recommended that if the Building Department were to add this fee, that the meetings would be made available as soon as possible. Mr. Linares explained that the “one stop shop” meetings works in cycles with the Council Meetings and Planning & Zoning Commission meetings. While the calendar can be complicated, the developer starts the process with the Planning & Zoning Commission, then applies for the one stop shop meeting. If they receive their approvals within that two-week cycle, then they can receive their final letter of approval in time for the Council meeting the next week.

Mr. Pinzon confirmed that the visual representation of the permitting process was created to assist the customer with the process; it is not included in his presentation to Council, but he confirmed that he would make it available to Council shortly. It will be printed on posters and will be posted on the Department's website. Mr. Pinzon also reported that the Department is requesting to increase the base permit fee (building, electrical, plumbing, new business, and right-of-way inspections) to \$100, which would generate 33% additional revenue for a total of approximately \$330,000. He summarized the requested new permit fee schedule as follows, adding that these changes would generate additional revenues of about \$50,000:

- Signs - \$100 flat fee per sign plus \$10 per sq. ft.

- Special investigation - \$75 per investigation

- Re-inspection – Once an investigation is disapproved, charge additional \$75 for re-inspection

Mr. Pinzon also requested a penalty fee for failure to obtain a permit. The penalty fee would be \$200 for owners and \$300 for contractors. After the third penalty fee offense for any contractor, that contractor would be banned from doing business. This change would generate additional revenues of about \$30,000. He noted that these requests are consistent with other Texas cities.

Cm. Altgelt asked if the Department could provide any assurances that the new fees would provide customers with an enhanced service, such as shortening the wait time or process timeline or a heightened level of customer service. He voiced his agreement with being consistent with other Texas cities, but he is hesitant to raise fees without offering a comparable service or feature to justify that fee increase. He also asked about the training of inspectors.

Mr. Linares noted that the Department offers in-house training on data input and tracking during the permitting process. The Risk Department has also provided training on dealing with difficult customers and managing frustration during customer service. Staff co-trains as well.

Mayor Saenz stated that there is a missing component presented regarding the private sector. He noted that he would like to hear feedback from the private industry regarding these proposed changes. Mr. Linares noted that there have been some informal discussions with some private entities, but he agreed that public comment is welcome and encouraged to help formulate the Department's proposed changes. Mayor Saenz noted that public feedback might help make the Department's operations more efficient. He cautioned staff and Council not to rush through implementing changes without weighing the impact that these changes will have on the citizens and customers of the City.

Mr. Pinzon noted that the proposed increase to the permit base fee is consistent with other Texas cities, and there is informational data that shows these fees benefit the services provided.

Cm. Rodriguez voiced a concern with the re-inspection fee of \$75, noting that in older parts of Laredo, Council is trying to incentivize low-income homeowners to build new houses or beautify their current ones. These individuals are being encouraged to make their repairs and improvements the right way, and adding a \$75 fee for something that is necessary to make those changes would discourage them from going through the proper channels to make home improvements. He noted that he does not support adding a re-inspection fee.

Mayor Saenz added that the City is not growing that much, and raising fees may not be the answer to increasing the Department's efficiency. He voiced his support of applying penalty fees for failure to go through the proper channels, like obtaining a permit.

Mr. De Leon noted that the Deputy City Manager has been working with the Department, who certainly need more inspectors. The Department needs investment to meet the demands from the public.

Cm. Rodriguez reminded Council that the economic status of many South Laredo residents will be hurt by these additional fees. Additional fees will only convince them to work without permits or inspections or discourage them from making improvements altogether.

Cm. San Miguel suggested charging inspection and/or re-inspection fees on a scale depending on the size of the construction. Therefore, a room addition would have a smaller fee than new construction on a brand-new house.

Mr. Linares confirmed that staff can entertain this option, and staff can make fees more flexible for residential home projects as opposed to commercial construction.

Cm. San Miguel suggested that the Building Development Services Department could greatly improve its communication with regards to customer service. Inspectors can

make their cell phones available to the contractor for faster communication if needed and to help coordinate more specific windows of time for inspection appointments.

Mr. Linares noted that building inspectors' cell phone numbers are given to the contractors upon request.

Cm. San Miguel voiced his agreement that the Department's building is too small, especially considering all of the operations taking place inside. He added that he would like staff and Departments to make use of a software that alerts staff when a project has not progressed as per expectations so that staff may address the reason for the delay.

Mr. Linares confirmed that staff is working on utility coordination. Staff has also preliminarily researched buildings that would better serve the Building Department's needs. He noted that the Sanchez building on the base would be a good building.

Cm. San Miguel stated that the Sanchez building is only a few blocks away from the Utilities building, which would be beneficial as the two departments work closely together. He recommended that Council consider providing for the Department's move to that building.

Mayor Saenz asked what sort of funding could be used for this suggestion. Mr. De Leon confirmed that CIP funding, which has been exhausted for the year. He reminded Council that the first day of the budget workshop, staff and Council agreed that keeping the Building Development Services Department downtown would best serve the community. Mayor Saenz countered that the "one stop shop" aspect of the Department is worth considering as well.

Cynthia Collazo, Deputy City Manager, confirmed that staff will continue to look for opportunities to resolve this issue, either this year or in the next year. If a good offer comes before the City, staff will bring it to Council for consideration.

Cm. San Miguel stated his willingness to provide some of his district priority funds to improving the Department's services.

Mr. Pinzon added that the Department is requesting six new vehicles to replace some old vehicles in the fleet. Staff puts a lot of mileage on each vehicle with daily inspections.

Mrs. Collazo explained that the City Manager had already authorized six vehicles, but it is pending Council approval. She noted that the Department intends to meet with stakeholders and discuss the proposed new fees.

Cm. Vielma reiterated the same sentiments of Cm. San Miguel regarding customers spending a lot of time wasted waiting for inspectors due to a lack of communication. She asked staff to work on improving communication for the end user.

Mr. Pinzon gave an example of the new fees associated with the 2015 ICC rate: whereas staff would charge a plan review fee of \$240 for a home valued at \$100,000 under the 2001 ICC code, now staff would charge \$413.13 for the same home. Staff would waive the fees for homes in a Neighborhood Empowerment Zone (NEZ).

Cm. Vielma cautioned Council from reverse discrimination by implementing a Robin Hood type of tax in which customers of higher incomes are taxed to the maximum amount to those in the lower-income sector. She noted that many middle class customers do not qualify for CDBG funds or other funding sources but still pay a lot of money into the system. She asked what the standard amusement redemption machine permit fee is across other Texas cities. Mr. Linares could not confirm the amount.

Cm. Rodriguez reminded Cm. Vielma that the permit fees do not discriminate individuals based on their income but on the square footage of the building or house.

Mr. De Leon confirmed that staff will bring the Building Development Services Department's proposal to the stakeholders and come back to Council with an ordinance for approval.

No action taken.

PARKS & LEISURE SERVICES, CONT'D.

Graciela Briones, Assistant Parks & Leisure Services Director, recognized the Parks staff for their hard work during the past year. She reported that the Parks & Leisure Services Department has 236 full-time equivalent (FTE) positions funded.

Cm. Altgelt asked if the City has given thought to the investment in its cemeteries for future decedents and opening the possibility of privatizing the cemetery industry.

Horacio De Leon, City Manager, confirmed that the privatization of cemeteries is a long-term goal of the City. He stated that staff has requested proposals in the past, and the private sector's responses have shown that the fees are so low from the Catholic and City cemeteries that the private sector cannot compete. The City is running out of cemetery space and will have to decide at some point what to do. He asked for direction or intention from Council so that staff can take the necessary steps to increase the fees or gather proposals for this issue.

Mayor Saenz added that the veteran community has approached Council with questions about the veterans' cemetery.

Mrs. Briones noted that the Parks Department has 101 established facilities over 854.5 developed acres and 176 undeveloped acres. Currently, the land-to-employee ratio is 12 acres per employee; the National Recreation and Park Association recommends a ratio of 8 acres per employee. She noted that the Department requests 10 additional groundskeepers. Five FTEs have been unfunded by management due to the hiring freeze, and those five positions include a superintendent, a supervisor, and a Director. She noted that the Department is struggling without those positions.

Mr. De Leon stated that the Department has utilized seasonal temporary workers for maintenance during peak seasons. He conveyed staff's position that the Department has enough money to operate and that management will evaluate their staffing needs throughout the year as the needs arise. The unfunded positions are upper management positions, which the two Assistant Directors have been supplementing

well.

Cm. Torres noted his satisfaction with the work performed by the Parks & Leisure Services Department, particularly the work done by the two Assistant Directors. He suggested eliminating the Parks Director position and renaming the two Assistant Directors as Parks Director of Recreation and Parks Director of Operations. He also recommended giving each Director a \$10,000 supplemental pay. If this motion does not succeed, then the City can also reverse the decision.

Cm. Balli asked to what extent Parks maintenance must replace artificial surfaces. Mrs. Briones stated that staff has considered that in the past, and one park has synthetic turf. She noted that staff will need to do more research to report back to Council on the cost effectiveness of moving toward synthetic turf and surfaces and their upkeep.

Cm. Gonzalez recalled a quote for returfing Independence Hills with artificial turf about two years ago; he reported that the quote for both fields in that park was about \$1.2 million. Mr. De Leon added that some fields are specialized in a way that makes artificial turf a good investment over time. Uni-Trade Stadium might be a good candidate for artificial turf in the long term. However, practice fields may not be worth the investment. He confirmed that when Mrs. Briones and Mrs. Stanley were promoted to Assistant Parks Directors, they received an increase in pay for that move.

Martin Aleman, Executive Director of Finance & Technology, reported that Anita Stanley received a salary increase from \$78,624 to \$80,205. Graciela Briones received a salary increase from \$74,880 to \$78,624.

Mrs. Briones reported that the Parks Department's Construction Division is responsible for reviewing the Master Plan and analyzing residential plats for parkland dedication compliance by ordinance. Staff reviews the plans and designs for proposed parkland areas, amenities, and estimates, then staff coordinates with various City departments, developers, and engineering firms for plat approvals. Following that, staff presents to the Parks Advisory Committee for recommendations of the proposed parkland and Neighborhood Park Improvement Fee (which is currently \$314 per lot), then the proposal is brought to Council for final approval. She reported that in the upcoming fiscal year, staff will receive about \$80,000 cash in lieu of land. To-date, three subdivisions have paid more than \$220,000 for park improvements in those subdivisions (Lomas del Sur, Cuatro Vientos East, and Phoenix Village). She requested a Park Development Planner position to help oversee this division. Another member of the team is needed to assist with this operation. This past year, the Parks Department facilitated over 70 special events.

Cm. Rodriguez suggested allowing the private sector to help support the City's parks by providing opportunities for individuals to donate money to the park of their choosing that is in need of repairs or improvements. While some neighborhoods have Homeowners' Associations (HOAs), the organizations do not always use their fees to support the parkland. He clarified that the opportunities to support the parks would be voluntary for residents.

Cm. Altgelt asked Mrs. Briones to clarify the duties of the requested Park Development Planner. She stated that the Park Development Planner would assist

with the parkland dedication process and implement and enforce the parkland dedication ordinance. This planner would also help with any potential amendments to the ordinance.

Mr. De Leon added that the planner would be an urban planner to understand subdivisions and park dedications and the planning process.

Cm. Altgelt recalled a discussion regarding an Alternative Sports Program Coordinator and asked for a status update on that position. Anita Stanley, Assistant Parks & Leisure Services Director, confirmed that this position is not filled. The Department has certified individuals in the past, but only for biking or archery. Staff would like to consolidate those certifications into one position, and the Department hired a Recreation Superintendent with experience in sports and outdoor activities. This staff member will serve in the alternative sports program coordination capacity, as well.

Cm. Altgelt stated that a developer intends to donate about 20 acres of parkland space near the Deerfield Subdivision along the creek and asked for a status update. Mrs. Briones answered that this issue went to the Parks Advisory Committee a few years ago, and staff needs to process the actual dedication.

Mrs. Stanley confirmed the original funding source for additional mountain bikes was no longer available, so that purchase is still in the system. She also voiced her opinion that the requests made by the Parks Department are reasonable given the deficiency of employee to parkland. More staff and resources are needed to meet the growing needs of the Department.

John Porter, Environmental Services Director, confirmed that creeks fall under the purview of the Environmental Services Department. If a creek extends into a park, its maintenance generally becomes the responsibility of the Parks Department.

Cm. Vielma reiterated comments made by Cm. Rodriguez about adding security cameras around City parks and pointed out the need of the Aquatics Department to have automatic chlorination systems and automatic water levelers and UV sanitation systems in its pools.

Mrs. Stanley confirmed that the Department is looking at the provisions for its pools as noted by Cm. Vielma. Natural heating systems seem to be the best options, and staff intends to slowly implement the UV sanitation systems in all pools. While it is costly, it is the most effective solution for the Department.

Cm. San Miguel asked if Council can use district priority funds to help the Parks Department automate its equipment in its parks or pools.

Kristina L. Hale, City Attorney, explained that district priority funds cannot be used for equipment. They can only be used for brick and mortar.

Mr. De Leon recommended against Cm. Torres's motion to restructure the Parks Department's management and add supplemental pay to the two Assistant Directors.

Motion to eliminate the Parks Director position and give both Assistant Parks & Leisure Services Directors a \$10,000 supplemental pay and rename their positions to

Parks Director of Recreation and Parks Director of Operations.

Moved: Cm. Torres
Second: Cm. Altgelt
Motion withdrawn.

No action taken.

PRESENTATION OF CAPITAL IMPROVEMENT PROGRAM (CIP), CONTINUED

Cm. San Miguel reported that while driving through International earlier in the day, he saw Armadillo Construction performing a lot of work around the Springfield extension. Those homes will soon come online and have a positive impact on the City's tax rolls and revenues. He recalled that during the CIP discussion, an item described a project around the Springfield extension that required the City's participation of around \$300,000. He asked for staff clarification.

Nathan Bratton, Planning Director, explained that the City is looking for participation from both the City and the developer at a local street. Right now, that street is not going to connect to Shiloh. Armadillo Construction gave what little right-of-way they had at that time for one-half of that street as per the subdivision ordinance. Once the developer on the other half builds their half of the street, then the street will be complete, and the City will be in a position to widen the street. The street was presented with the CIP to show Council that it is a project that can be done, but the other half of the right-of-way is needed. Also, what Armadillo Construction allocated is the full length of their property. They moved their intersecting street farther south. Therefore, there is possibly enough right-of-way to build the local street up to that intersection. The abutting landowner has expressed that they have no intention of developing at this time and are not interested in participating in roadway construction.

FUNDING AND OPERATIONS OF THE DEPARTMENTS, CONT'D.

Mayor Saenz reported that the Blue Ribbon Committee for People with Disabilities has asked that the City reverse or reconsider its fee increase for EI Lift services. He recalled the pushback from many citizens at Council meetings who would be impacted by the fee increase.

Cm. Torres suggested that the City provide three retirement incentive options to employees so that they may make the decision that best fits their individual needs. He recommended that the City offer the following options to employees eligible to retire:

- Option 1: Payout of no more than 480 hours of annual leave, 720 hours of sick leave, and a lump sum payout of 25%
- Option 2: Health insurance at the employee rate for five years plus the annual and sick leave payout
- Option 3: Health insurance at the employee rate for two years, a lump sum payout of 20%, and the annual and sick leave payout

Cm. Torres also suggested that the City give employees two weeks to decide if they

will buy into the retirement incentive options and notify the City. He asked for a report of the retiring employees and the financial impact at the first September 2018 Council meeting. He requested that the City offer this to employees contingent on the approval of the retirement incentive program at the first September 2018 Council meeting. He clarified that the employees must meet the 80 total of combined service years and age; he asked if the City can lower the total number to 75.

Motion to offer three retirement incentive options as suggested by Cm. Torres (using the retiree rate rather than the active employee rate) to employees, contingent upon Council's approval of the retirement incentive program at the first September 2018 Council meeting, lowering the total number of combined service year and employee age from 80 to 75, and directing staff to bring a report to Council the first September 2018 Council meeting of employees committing to retirement and the financial impact of those employees, as amended.

Moved: Cm. Torres

Second: Cm. Gonzalez

Monica Flores, Executive Director of Personnel, Risk & Civil Services, confirmed that the City can change the total. She noted that Webb County uses the total number 75 rather than 80. She explained that there are two different health insurance plans depending on the status of the employee. Active employees have the tier options, but retirees are given a different rate and a different coverage plan. If the 3.5% increase is allowed, then effective October 1, 2018, the retiree rate is \$516.83 per month.

Horacio De Leon, City Manager, stated that the Council would not want to give the retirees the active rate, because the City pays that and it would be more expensive.

Cm. Balli noted that the retirees already currently receive health insurance at the retiree rate for as long as they pay the premiums. Therefore, there is no need to put health insurance coverage in the form of a motion because it is already set.

Cm. Torres suggested instead that the City offer some lump sum payout since the annual and sick leave payouts and health insurance coverage at the retiree rate is already offered currently.

Cm. Altgelt noted that it might make more sense to incentivize a potential retiree with health insurance concerns by covering the cost of insurance at the retiree rate for a certain amount of time in lieu of the lump sum payout.

Mrs. Flores noted that the lump sum payout is typically offered when the retiree is not going to be offered health coverage so that they may shop for their own health coverage.

Cm. Altgelt noted that the lump sum payout is equivalent to a three-month severance payout. He recommended offering slightly more to make the lump sum payout more enticing.

Mr. De Leon confirmed that by ordinance, the City must pay out any annual leave and sick leave that an employee has accrued up to the maximum amount. Cm. Torres noted then that it would be simpler to keep the incentive as offering a lump sum

payout.

Motion withdrawn.

Cm. Torres asked what Laredo Community College offers as its lump sum. Mrs. Flores confirmed that LCC offers 50% of the base salary lump sum. Cm. Torres noted that the college gives retirees the option of having their lump sum payout split into two payments for tax purposes.

Cm. Altgelt suggested offering a lump sum payout of 50% over a two-year period.

Motion to offer a retirement incentive program of a lump sum payout of 50% of the employee's base salary in two payments, the first being offered in the 2018-2019 fiscal year, and the second payment offered in the 2019-2020 fiscal year and lower the combination of service years and age from 80 to 75 and direct staff to give employees 10 days to decide whether they will participate in the incentive program and report back to Council at the first September 2018 Council meeting as to the financial impact of those employees participating and direct staff to include an agreement in the incentive proposal to be signed by the employee committing to retire contingent upon the approval of the retirement incentive program at the first September 2018 Council meeting and stipulating that the retiree cannot work for the City for five years after retirement, as amended.

Moved: Cm. Torres

Second: Cm. Altgelt

For: 8

Against: 0

Abstain: 0

Mr. De Leon confirmed that staff is not recommending merit or cost of living adjustment (COLA) raises for the upcoming fiscal year.

Cm. Torres voiced his opinion that the City can offer employees a lump sum or performance incentive in December 2018 and another payment in June 2019 in the amount of \$500 per payment, regardless of the employee's pay rate. He also asked the City to consider a COLA raise of 1.5% and determine the financial impact of that 1.5% adjustment and divide that number equally among all City employees to see if that would be a less expensive lump sum payment.

Mrs. Flores confirmed that the City currently has about 2,000 employees, not counting Police and Fire.

Mr. De Leon noted that the City cannot call this lump sum payout a bonus.

Kristina L. Hale, City Attorney, confirmed that the City can offer a lump sum payout as suggested by Cm. Torres, as long as the payout is in the next fiscal year. The City cannot pay lump sum payouts retroactively.

Cm. Rodriguez asked how many employees make less than \$11 per hour. Mrs. Flores could not confirm that information but stated she would bring the information back to Council. Cm. Perez also asked for the financial impact of a 2% COLA raise.

Cm. Torres agreed that for employees making six figures, 2% is a significant raise.

However, for employees making less than \$11, a 2% raise is not much at all. He asked for the financial impact of offering all employees a 2% raise and suggested that the City split that amount equally among all qualifying employees. This would mean that the financial impact stays the same but the money is equally distributed among all employees and would be a more substantial raise for the employees at the lower end of the pay grade.

Cm. Rodriguez noted that the City loses employees to other organizations that pay better. He stated his intention to match the cost of living that is realistic. He reminded Council that the employees are the backbone of the City and need to be taken care of.

Martin Aleman, Executive Director of Finance and Technology, confirmed that the financial impact of a 2% COLA raise totals \$1,840,000 among all funds. The impact to the General Fund alone is \$722,000.

Cm. Torres asked for the financial information requested before the end of the meeting for a Council decision. Mr. De Leon stated that staff could post an agenda for Monday, August 20, to discuss this information if it is not available by the end of this meeting.

Cm. San Miguel stated that Council prioritizes a living wage. He encouraged Council to help set the example in Laredo by offering wages on which employees can support their families. This would help the City convince businesses investing in Laredo to support their employees with a living wage.

Cm. Altgelt voiced his agreement, noting that the last year, Council attempted to bring the living wage closer by raising the floor of minimum wage offered by the City. He asked staff to consider raising the floor again to target the lowest-paid employees and bring them closer to a living wage.

Mrs. Flores confirmed that after that study, the City brought the minimum wage from \$8 per hour to \$10 per hour.

Mayor Saenz voice his understanding that raising the minimum wage is not like a COLA raise. He noted that bringing the financial information to a special meeting on August 20 would be most helpful.

Cm. Balli voiced his agreement with all of the suggestions made that would greatly benefit the employees at the bottom of the wage scale. Last year, Council took great strides to improve the wages of those employees. He asked staff to determine the impact of raising the minimum wage to \$11 per hour, with the same adjustments that were made last year in which employees close to the \$11 per hour scale also received a small raise to compensate for their experience. He also noted that he and Council are still concerned about the cost of living for the other employees, as well. He clarified that at the next Council meeting, he wants to be informed on what it would cost the City to bring all employees up to \$11 with a sliding scale of raises for employees at the same or similar wage; he also noted that he wants to be informed of the financial impacts of a 1.5% COLA raise for all City employees. He specified that his intention is to proportionately move the floor up for the lowest-paid employees.

Cm. Torres reminded Council of the need to differentiate the COLA adjustment (1.5%) that could potentially be split into two lump sum payments or apply to the employees' wages from the raising of the City's minimum wage to bring the lowest-paid employees to \$11 per hour. He reiterated to staff to bring all of the options suggested to Council in order to best inform their decision on Monday.

Mayor Saenz asked for clarification on whether the employee wage decision is contingent on anything. Mr. De Leon confirmed that staff will put the item on the agenda and will be able to advise Council of the different options' impacts and address the tally of the total budget.

Mr. Aleman cautioned Council that the budget is in the red as it is, but he will gather the information as requested and bring it to Council.

Cm. Vielma asked about the separation of the pay grades and qualifications of employees whose wages hover around the \$10-11 point.

Mrs. Flores informed Council that staff took qualifications, experience, and seniority into account when adjusting the lowest-paid employees' salaries last year. If the City raises the minimum wage to \$11, but an employee is already making \$11, then that employee will have his or her salary increased as well to account for their qualifications and pay grade. This will ensure that there is a spread across the pay grades. A lot of work goes through it. She informed Council that finding this information is time-consuming because staff has to request IT to pull the pay grade information, then staff determines what each employee is making and recommend a spread.

Cm. Torres asked if the City's pay scale is up to date, as he has heard comments about it being outdated in terms of the local economy, the cost of living, and other entities. Mrs. Flores reported that the wage scale was not updated for seven years before last year. Since last year, the pay scale was updated when the minimum wage was adjusted to \$10 per hour. Therefore, the scale is up-to-date. If Council increases the minimum wage again, the pay scale will be updated again.

Cm. Rodriguez noted that City employees have done more this last year with a smaller workforce, and he voiced his opinion that they should be rewarded for their effort. The City should give employees the incentive that keeps them working hard. He asked for staff to bring self-sustaining enterprises' recommendation for a starting pay wage for employees. Many employees receive their training at the City but leave as soon as they find a position elsewhere, which offers better pay.

Mrs. Flores confirmed that the City goes beyond the typical wage scale for specialized enterprises, like truck drivers.

Motion to direct staff to bring a report to the August 20 Council meeting of the financial impact of offering a 2% raise to all eligible employees and the amount that would be equally distributed to those eligible employees and to direct staff to provide the financial impact of offering a living wage as determined by the federal government for Webb County and present recommendations from self-sustaining enterprises as per a livable starting wage for employees, as amended.

Moved: Cm. San Miguel

Second: Cm. Torres

For: 7

Against: 0

Abstain: 0

Cm. San Miguel was not present.

Cm. Altgelt asked staff to bring a report of the potential cost savings if the City removed all vehicle allowances except those for the City Manager's Office.

Cm. Torres asked how many employees have car allowances. Mr. De Leon reported that only Department Directors had car allowances, and not all Directors have one. Mr. Aleman confirmed that he would have to extract that information as it was not readily available. Whoever has a car allowance does not also have a City vehicle. Cm. Torres reiterated his request for the impact on the budget by the number of employees who have a car allowance.

Motion to direct staff to report back to Council the financial impact on the budget by the number of employees with vehicle allowances.

Moved: Cm. Torres

Second: Cm. Altgelt

For: 7

Against: 0

Abstain: 0

Cm. San Miguel was not present.

Dr. Hector Gonzalez, Health Director, reported that the Blue Ribbon Committee for People with Disabilities submitted a letter last year voicing concerns for raised fees, particularly the EI Lift services. The Committee met earlier today and reiterated their concerns. They asked Council to reconsider the raised fees. Dr. Gonzalez reported that the Committee has met with Claudia San Miguel of the Transit Department and remain adamant that the increased fees will be a hardship for the EI Lift users. Despite staff's explanations that EI Lift is not a medical service but a part of the public transportation system, the Committee explained that EI Lift is the only method of transportation for many users with disabilities and individuals with fixed incomes.

Mayor Saenz noted that many Lift users protested at Council meetings and appealed to Council not to raise the fees. He asked staff to determine the financial impact on reverting back to the previous EI Lift fee.

Mr. Aleman informed Council that staff will determine the exact financial impact, but lowering the EI Lift fees would further the City's deficit. Transit is already operating in a deficit which the City is subsidizing by \$500,000.

Mayor Saenz voiced his understanding about contributing to the deficit, but he emphasized that public transportation users are among the poorest citizens and need the most help.

Claudia San Miguel, Transit Director, confirmed that staff can reevaluate the fare structure to determine the most effective fee to apply. She clarified that under the Federal Transportation Administration (FTA) guidelines, Transit must give notice of

any changes to the fare structure. Therefore, staff will have to post and publish that changes according to the guidelines for at least 21 days and go through the public hearing process. She noted that the City's subsidies and issuance of new vehicles have greatly helped the Department run more efficiently and save on costs and fuel. Therefore, she voiced her optimism that staff can bring good news back to Council regarding the fee, but she asked for Council's patience as the process might take no less than 21 days. There is a guideline that Transit cannot assess fees based on low income, but staff can research other avenues. She confirmed that staff can coordinate within an hour and bring more information to Council.

Cm. Altgelt noted that Council can approve the decreased fee structure contingent upon the approval of the FTA and public hearing process.

Motion to reconsider the adjustment of EI Lift fees and direct staff to determine the financial impact of reverting back to the previous EI Lift fee.

Moved: Cm. Torres
Second: Cm. Altgelt
For: 5
 Cm. Gonzalez
 Cm. Rodriguez
 Cm. Torres
 Cm. Altgelt
 Cm. Balli

Against: 0

Abstain: 1
 Cm. Vielma

Cm. Perez and Cm. San Miguel were not present.

Cm. Vielma stated that taking examples from other cities lowering tax rates and facilitating growth, she reported that she met with the Tax Assessor-Collector to see how much it would cost the City to have the County collect the City's taxes. She was told that it would cost between 0.25-0.35% of the levy, depending on several factors. This would result in an annual financial savings of \$200,000-250,000. This savings would bring the City's deficit from \$1.3 million to \$1.1 million, which will help significantly. She asked Council to consider as a substantial way to save money and automate services.

Cm. Balli commended Cm. Vielma for doing this research and determining the cost savings on behalf of the City. He noted that there should not be a problem with entering into an agreement with the Tax Assessor-Collector, but he voiced a concern that this might risk City employees in the Tax Department. He asked if the City can safeguard its Tax employees by placing them in other departments if the Tax Department is closed.

Mayor Saenz noted that the Tax Department employees perform other functions besides tax collections. They also accept utility payments among other duties. Therefore, it is worth exploring.

Cm. Altgelt asked if there is a breakdown of how many Tax FTEs are allocated only for tax collection. He recommended that employees with multiple functions would not be affected because they are also needed to collect payments for utilities and alarms. If all tellers receive multiple payments and would not be affected, then the cost

savings may not be as substantial as first believed.

Cm. Torres also commended Cm. Vielma for bringing this item forward, adding that the initiative is of merit. He noted that he would like to see the operational cost and savings, besides personnel. However, the Tax employees should not be left without jobs; he noted that he would like to see those employees redirected to some vacant positions that would serve as a lateral transfer.

Dora Maldonado, Tax Assessor/Collector, reported that there are 21 employees in the Tax Department, two of which are security personnel. Of the remaining 19 employees, five employees work strictly with taxes. The rest collect the other account receivables like utilities, hotel/motel, and alarm systems. The Department has a total of nine tellers, and the majority of payments received are for utilities and property tax. These tellers also take payments for the other miscellaneous receivables.

Cm. Torres stated that Council should see what the financial impact or savings is for those five employees and whether the savings is substantial enough to justify the savings as presented by Cm. Vielma. He voiced his opinion that the savings will still be substantial because of the fringe benefits that need to be added to the calculation.

Cm. Balli noted that the more employees on staff, the more real estate is needed to accommodate them. If the number of employees is reduced, then there is less of a need for space and the City will not outgrow its accommodations.

Cm. Altgelt stated that the Tax Department seems to be a separate branch of the Finance Department and asked why the Finance Department does not handle matters with regard to the budget and accounts receivables. He asked for clarification on the methodology of having multiple departments under the umbrella of Finance.

Mr. De Leon explained that the budget has been in the Finance Department and the City Manager's Office as per the Charter, which states that the City Manager is responsible for the budget. The Tax Department has a specialized role that must meet state law requirements. Therefore, the Finance Department focuses on accounting and accounts receivables or payables while the Tax Department focuses on its specialized functions.

Cm. Altgelt countered that by splitting up the Finance Department into multiple departments, the City needs a Director and Assistant Director in each department. The additional bureaucracy of each department results in more costs; in the spirit of cost savings, he noted that the logical move would be to avoid duplicating services. He noted that citizens can pay their water bill at HEB grocery stores or online, so Tax Department utility tellers does not seem to be a necessary cost. He asked if the Chief Innovations Officer has been tasked with analyzing this situation and determining suggestions for saving money. He also asked if Council will receive a Chief Innovations Officer presentation during the budget workshop as now is the time when such a presentation is greatly needed.

Mrs. Maldonado explained that not only does the Tax Department take payments for the miscellaneous receivables, but the Department also performs all of the valuation increases or decreases behind the scenes that are provided by the Webb County Appraisal District. Webb CAD provides the Tax Department with supplemental

valuation changes, and the Tax Department adjusts accounts accordingly and bill the taxpayers. The Department also issues tax certificates.

Cm. Altgelt suggested that Council direct the Chief Innovations Officer to analyze the information presented on this issue and to report back to Council with a recommendation.

Cm. Torres reminded Cm. Altgelt that Council has not yet heard the Chief Innovations Officer's presentation and may not want to act prematurely with a decision. He asked if the CIO was ready to present on this matter.

Mr. De Leon explained that the Tax Department Director has certifications on the Department's operations. He agreed that the services could be consolidated with another department, but those employees would need to be certified. Consolidating would require an analysis to consider all of the moving parts between the City and the Tax Department.

Cm. Vielma reminded Council to consider the private sector: throughout Laredo, businesses have reduced their staff and consolidated services to save money. Automation and consolidation are realities of the economic climate.

Mr. Aleman informed Council that staff are analyzing the proposals received by two merchants on credit card vendor automation. Staff should bring a recommendation to Council in the next two weeks. That intent is to provide the ability to pay via credit card on any Internet-capable device, including smartphones. Staff is hoping to secure a vendor that will also provide a call center with personnel to assist with customer service and troubleshooting. He cautioned Council that once Council awards the contract, it will take about six months to implement the system; it is a time-consuming process.

Cm. Torres clarified for the public and staff that Council's intention is not to lay off or fire any employees; the intention is to transfer any employees to new departments or divisions as the City Manager sees fit where they can be accommodated to ensure that the City receives a cost savings. He assured City employees that Council is not pushing for a layoff.

Mr. De Leon cautioned Council that the analysis they are requesting will take some time; it is not something that staff can bring back to Council by Monday. Cm. Altgelt reiterated that Council is requesting the report in 30 days, not by Monday.

Motion to direct the Chief Innovations Officer to analyze the information presented on the Tax Department and potential collaboration with the Webb County Tax Assessor-Collector and to report any savings to Council in 30 days with a recommendation and to direct the Chief Innovations Officer to report to Council on whether incorporating online payment and contract systems will result in a need to reduce personnel for cost savings, as amended.

Moved: Cm. Altgelt

Second: Cm. Balli

For: 5

Against: 0

Abstain: 0

Cm. Perez, Cm. Torres, Cm. San Miguel, and Cm. Balli were not present.

PRESENTATION BY CITY MANAGER'S INNOVATION DIVISION CONCURRENT WITH THE POLICE DEPARTMENT PRESENTATION

Rosario Cabello, Chief Innovation Officer, explained that the City Manager asked her to focus on the Police Department since taking on the role of CIO, as it is the largest department in the City's General Fund. She noted that it was difficult figuring out where to start with such a large department. After speaking with other cities and polling them about what their processes are and how they operate, she honed in on two main objectives for the Police Department: process improvements and smart city initiatives. Among the goals she compiled, the first step is to enable employees to do a better job on their own and giving them responsibility for their performance, creating efficiencies to listen to the customers' voices (both internal and external) and practice cost savings. Also, the City must foster innovation among its employee and through citizen involvement.

Mrs. Cabello reported that the building on which the Police Department operates is owned by the airport, and the City pays for the lease of that land at a total cost of about \$275,000 per year. The lease does not terminate until 2025, so by the end of the lease term the City will pay almost \$6 million. The appraised value of that land two years ago was under \$2 million. By the end of the lease term, the City will have paid almost three times the value of the land. If the City purchases the land, either through debt or with payments, it would result in a potential cost savings of about \$3.4 million. She noted that the airport is willing to sell the land, but the airport also depends on leases to counter their deficit. However, Mrs. Cabello clarified that she is acting in the best interest of the General Fund as the CIO and believes that purchasing the property outright would be most beneficial to the City. She added that the same situation is taking place in the building across from the Police Department, a building known as "Building 60." The City pays about \$750,000 in lease payments annually. Similar properties in the area are valued at less than \$1 million; buying the land outright could potentially save the City \$800,000-\$900,000 annually. Mrs. Cabello explained that the Police Department took her to all 13 PD substations, which are being underutilized. She recommended closing three substations.

Cm. Rodriguez voiced concerns with shutting down substations, because citizens want to see the officers at their substations rather than going to headquarters.

Mrs. Cabello explained that one of the substations (located on Hidalgo Street) being recommended for closing is one that Chief Treviño was already planning or hoping to close anyway. There are three Downtown substations in a close vicinity. The Hidalgo Street substation is being rented from BBVA, and PD was only using it to store bicycles for the bike patrol. The building itself is in bad condition. Closing the substation will eliminate the cost for electricity, water, and other incidental costs. She also recommended closing the Sierra Vista substation in South Laredo because it is very close to another substation. The City would save about \$20,000 by closing this substation, and the land can be repurposed for other City departments, leased to someone else, or sold.

When asked if the proceeds from the sale of the land could be used to buy more PD units, Mr. De Leon confirmed that it could.

Claudio Treviño, Laredo Police Chief, reminded Council that substations are used to spread officers across the City. Citizens that need to see an officer at the substation need to call either 9-1-1 or the non-emergency number to send an officer to a substation. He clarified that the substation on Hidalgo Street is already closed, and the Sierra Vista substation's status is pending Council's approval. He noted that officers brief together at headquarters before being dispersed to their beats because previous attempts to brief at the substations was very inefficient and chaotic.

Cm. Rodriguez, Mayor Saenz, and Cm. Altgelt all noted their constituents' desires to see police officers at the substations. Cm. Altgelt conceded that Chief Treviño made a good point about how manned substations have proven to be ineffective. The public wants community policing, but the data shows that it hasn't been successful.

Cm. Balli recalled that during the time of community policing, officers were showing up to the substations almost an hour late and missing the briefing. They essentially went straight to their patrol without the appropriate information or without the proper management.

Chief Treviño confirmed that the City has stopped paying rent at the Hidalgo Street substation that is already closed.

Mrs. Cabello reported that a third substation is not being utilized by the Police Department on Santa Maria. Currently, the City is lending it to the Texas Alcoholic Beverage Commission, but the City is paying for the water, electricity, and incidentals. She recommended that the City renegotiate that contract so that TABC would pay its own utilities and rent. This would save the City about \$15,000-\$17,000 per year.

Chief Treviño noted that the substation is sometimes used by officers in the area, but the City has an understanding with TABC from the former Police Chief's tenure. Chief Treviño agreed that the City needs to renegotiate to determine if TABC is going to pay utilities or rent. TABC will need to be notified ahead of time so that their headquarters can decide to participate.

Cynthia Collazo, Deputy City Manager, reported that this agreement was made at the time that TABC was considering leaving Laredo completely. This agreement was made so that TABC could continue providing a benefit to the businesses of Laredo, and the City would provide a benefit to TABC by giving them access to the space rent-free.

Mrs. Cabello reported to Council that she found 33 telephone lines that were not being utilized. Staff closed those lines to save some money. She reported other findings of cost-saving opportunities within the Police Department:

Electricity	\$30,000 annually
Water	\$19,000 annually
Landscaping	\$7,000 annually
Janitorial Services	\$10,000 annually

Mrs. Cabello noted that if the City intends to utilize these substations, then the

buildings will need some maintenance as they have fallen into some disrepair. Therefore, there will be some upfront costs associated with that. She confirmed to Cm. Altgelt that the substation on Mines Road is not utilized very much.

Cm. Altgelt stated that the Mines Road substation could be used and the proceeds allocated for cameras in the City parks. Chief Treviño countered that this substation is built alongside the Fire station, and it is actually used to house the Port Police.

Mayor Saenz noted that the land purchase for the Police Department should be the priority as it has the largest potential cost savings.

Mr. De Leon explained that staff would need to make a request with the Federal Aviation Association (FAA) for the sale of the property. Once that is approved, the City can purchase the land.

Chief Treviño noted that the Department intends to build its annex on the land where the "Building 60" is located across from the Police Department.

Motion to negotiate with the Federal Aviation Association on transferring the airport-owned land upon which the Police Department headquarters is built to the City for the Police Department use as opposed to leasing the property and to negotiate the sale of the Police substation land across the street, as amended.

Moved: Cm. Balli

Second: Cm. Rodriguez

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Mrs. Cabello noted that she did not do research to determine how the Santa Maria substation property was purchased; depending on how it was purchased, the City may not be able to put the land up for sale.

Mr. De Leon cautioned Council that selling the Santa Maria substation property may be difficult because it sits on the same property as the recreation center. To carve out the separate plats for sale would be difficult. He suggested that Council consider leasing the property as well.

Motion to put the substation building on Santa Maria currently being shared with the Texas Alcoholic Beverage Commission on the market for sale or lease or to find an alternate use for the property and relocate the TABC office to Highway 359 with proceeds allocated for the purchase of cameras in District II and District VII, as amended.

Moved: Cm. Altgelt

Second: Cm. Torres

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Mrs. Cabello reported that she also reviewed the Police Department's Records

Division along the entire process from the time a ticket is issued to the time the record is stored. She made some recommendations to the Chief following her review, which he has begun to implement. She noted that one of the Department's software packages in which customers pay online for records, was not paying the Department for purchases over the span of a year and a half. Through this discovery, the Department was able to collect \$25,300 in revenues for those missed payments. She is also reviewing the PD personnel. Mrs. Cabello noted that she is also reviewing the Information Technology Division's processes and personnel, explaining that the IT Division is a standalone division that is not part of the City's IT Department. She is evaluating this division for areas of improvement or consolidation.

Mrs. Cabello stated that for the last seven years, the City has paid \$13,700 for Chief Maldonado's Mi-Fi. She already made the recommendation to stop paying for this service. She is reviewing records for the Police Department's equipment like cell phones and cellular plans, vehicle equipment, computer equipment, and copiers. She noted that the vehicles' equipment inventory records matched perfectly with all of the equipment actually installed in the Police units. She stated that a recommendation is forthcoming regarding the Department's computer equipment; there will be some costs associated with those recommendations, but it will make the computers more efficient and benefit the Department's services to the community. Some copier machine leases have been cancelled or discontinued.

Mayor Saenz stated that given the information presented by Mrs. Cabello on the Police Department, other Departments Directors should take note and voluntarily apply those recommendations to their departments to save time and money.

Mr. De Leon confirmed that some Departments have begun that process, like the Health Department.

Mrs. Cabello noted that in order to understand the IT processes and update her knowledge on cybersecurity, she attended online trainings and conferences. She is working closely with the IT Division to ensure that the City is not vulnerable to hacking. She conducted salary surveys and a comparable pay scale and performed research on towing ordinance fees and auto dealership fees.

Chief Treviño noted that the 9-1-1 Division is problematic because of the stress, shift hours, and requirement to work during holidays. These factors contribute to the high turnover rate in the division. He noted that the Department performed a study a few years ago, and the Department is about 21% under the industry standard. The Department has a shortfall of about 10 9-1-1 positions. PD starting salaries for these operators are \$14.23, whereas the average of other cities' starting salaries are over \$20. He clarified that 9-1-1 operators are state-certified.

Cm. Vielma requested the comparable starting salaries for other cities' 9-1-1 dispatchers. Chief Treviño reported that if the dispatchers' salaries are increased to \$18 per hour, then there will be some dispatchers making more than telecommunicators.

Monica Flores, Executive Director of Personnel, Risk, & Civil Service, noted that some employees in a higher pay grade have a starting salary lower than \$18.00 per hour. She confirmed that staff can look at all of the levels and ensure that the

supervisory positions are not surpassed by the change.

Cm. Vielma asked if 9-1-1 dispatchers receive counseling for any secondary PTSD that might be a result of their work. Chief Treviño confirmed that they do receive counseling during any major incidents, along with the police officers.

Motion to instruct staff to bring a recommendation on the potential increase of the starting pay of the Police Department's certified 9-1-1 dispatchers to \$18.00 per hour.

Moved: Cm. Rodriguez

Second: Cm. Altgelt

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Mrs. Cabello reported that she researched real time crime centers in other cities and noted that the Police Department has the situation well under control. There were also no issues with the Police fleet's insurance. She informed Council that she is already working with the Health Department's innovations committee, focusing primarily on customer service. She also helped draft the mobile device policy and will soon deliver it to the City Manager for his approval. For the last 15 weeks, Mrs. Cabello has been getting certified with the Lean Six Sigma program, which targets process improvement. The program combines two business philosophies that began in manufacturing and grew outward to hospitals, finance, business, and governments worldwide. She asked for Council's support in implementing this model to the City. Several Texas cities use the Lean Six Sigma model and experienced millions of dollars' worth of savings as a result.

Mrs. Cabello explained that the Lean portion of the model focuses on the people, tools and equipment, and processes. The program is the basis for many other leadership programs like What Works Cities. The Lean philosophy empowers employees to provide insight and direction, allowing them to help manage positive and continual change towards better processes while eliminating waste. The process starts by asking what the City's biggest problem is and what the customers or citizens are complaining about. Lean processes are shorter, faster, efficient by doing more with less, performed correctly the first time, and create more time for employees to focus on the customer. Mrs. Cabello explained that she would provide the trainings to City employees.

Mr. De Leon informed Council that management supports the implementation of the Lean Six Sigma program.

Motion to support the Chief Innovations Officer's proposal of the Lean Six Sigma program for the City.

Moved: Cm. Torres

Second: Cm. Altgelt

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Torres commended Mrs. Cabello for a good job piloting the first review of a City Department. He also commended the City Manager for bringing the Chief Innovations Officer initiative to Council, adding that he hopes the CIO would periodically report to Council much like the Internal Auditor in future Council meetings.

Mr. De Leon noted that the Building Development Services Department has been discussed as the next department for CIO evaluation.

FUNDING AND OPERATIONS OF THE DEPARTMENTS, CONT'D.

Council requested a copy of the City holiday schedule that is distributed to City employees.

Cm. Gonzalez suggested that Council add an extra holiday to the FY2018-2019 for staff members. He recommended Columbus Day, the Monday after Easter, or the Friday of Spring Break. He asked for Council feedback to select one of these days. The general consensus of Council preferred the Friday of Spring Break.

Motion to add an extra holiday to the City of Laredo FY2018-2019 holiday schedule for the Friday of Spring Break.

Moved: Cm. Gonzalez

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Altgelt requested a list of the FTEs that are funded but unfilled at this point. Mr. De Leon clarified that that information changes on a regular basis as needs arise in departments. He noted that staff has a list of positions that are frozen. Cm. Altgelt recalled an Assistant Library Director position that is funded but unfilled.

Gilberto Sanchez, Acting Budget Director, clarified that the Assistant Library Director is 50% unfunded. Cm. Altgelt asked if these types of positions are necessary to even fill if the City has operated without them to-date.

Mr. Aleman informed Council that when the Library budget was being prepared, the Library Director agreed to unfund the position by 50% and delay hiring for six months.

Analiza Perez-Gomez, Librarian, confirmed that the position has been vacant since Homero Vazquez-Garcia was transferred out of the position in February 2016. She voiced her opinion that the Library Director is doing a fantastic job but made the decision to not fill the position as a sacrifice so that the Library would not have to cut any of its services. However, she noted her understanding that there was a division between the internal and personnel management and the management of the external operations, funding, and collaborations. Because there was a division of labor between those two positions, Ms. Perez-Gomez could not confirm that the Department would eliminate the position without reservations or issues.

Motion to unfund the Assistant Library Director for the FY2018-2019 year and add those \$43,836 to the cost savings of the City.

Moved: Cm. Torres
Second: Cm. Gonzalez
For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Torres asked about the Public Access Channel Audio Visual Technician II that is listed as 50% funded/unfunded under the City Manager's Office. Blasita Lopez, Executive Director of Communications, Marketing & Tourism, explained that she asked for the position to be unfunded by 50% so that the Department could hire a part-time employee. It was originally a full-time position, but because staff was asked to cut its budget, she requested that the position be unfunded 50% so that it would not be lost entirely. The Public Access and Public Information Office consolidated and is now the Communications Division under the City Manager's Office for the new budget year. The Audio Visual Technician II would shoot videos and work on TV packages and in the TV studio, upload videos, and work in the Council Chambers control room. Three other employees perform these functions: a supervisor and two other AV Technicians. The previous AV Technician II was transferred to the City Manager's Office under the Mayor and City Council Assistant Division. He has been in this new position for four months.

Motion to eliminate the Public Access Audio Visual Technician II position from the FY2018-2019 year budget and add the \$22,803 to the City's savings.

Moved: Cm. Torres
Second: Cm. Gonzalez
For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Torres noted that the City Manager voiced his intentions to make an adjustment for the Executive Director of Personnel, Risk, and Civil Service. He voiced his opinion that there is no need for the position if it is to be adjusted and suggested that the City eliminate the position for the upcoming fiscal year.

Motion to eliminate the Executive Director of Personnel, Risk, and Civil Service position from the FY2018-2019 budget.

Moved: Cm. Torres
Second: Cm. Balli
For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Mr. Aleman advised that Council reclassify the position back to a Human Resources Director rather than removing it entirely from the budget. Cm. Torres countered that the HR position is still available with funding.

Mr. Sanchez corrected Cm. Torres, clarifying that Mrs. Flores was reclassified from the HR Director to the Executive Director, and there is not a separate position for HR

Director with funding at this time. By eliminating the Executive Director position, that budget will go to the HR Director.

Cm. Torres stated that on the itemized budget, the HR Director position is listed as funded. Then the Executive Director position is a certain percentage under that division. He clarified his intention to eliminate the Executive Director position and allow staff to make the adjustment with the salary.

Mr. De Leon explained that staff needs to confirm if funding was allocated in both positions. Mr. Aleman agreed that verification is needed, adding his understanding that there were not two positions as suggested by Cm. Torres.

Cm. Torres emphasized that if the position were unfunded, it would be reflected on the list of unfunded positions, which is not the case. Therefore, the City should eliminate the position to reflect those cost savings and transfer that director back to the Human Resources Director position.

Mr. De Leon confirmed that staff will report the savings back to Council from eliminating this position.

Cm. Altgelt asked if Ramon Chavez was a professional engineer. Ramon Chavez, Executive Director of Public Services, confirmed that he is a licensed Professional Engineer. In his capacity as an Executive Director, he oversees the Parks & Leisure Services, Engineering, Traffic, and Public Works Departments. Cm. Altgelt voiced his opinion that there are multiple instances of duplicate managers or management functions and questioned the logic of the situation.

Mr. De Leon explained that there is much coordination between the Departments regarding project management. He cited the example that the Parks Department has a lot of construction projects which involve the Engineering and Public Works Departments. The Executive Director, being an engineer, is well-equipped to facilitate those communications to expedite the projects. When the Executive Director position was created, it was designed to group overlapping departments together for expedited and specialized attention and management.

Cm. Vielma voiced her support of Executive Directors with the specialized knowledge to better provide guidance and expertise to staff and assist the City Manager with his decision-making.

Cm. Balli agreed with the wisdom of placing Executive Directors over similar departments. Given the coordination needed between the aforementioned departments, he voiced his opinion that the Executive Director of Public Services should remain as it is.

Mayor Saenz echoed the same sentiments as Cm. Vielma and Cm. Balli, adding that the Executive Director adds value to the departments which he supervises.

Cm. Gonzalez noted that reaching management has been faster and more efficient since the Executive Director positions have been implemented.

Cm. Altgelt conceded to the sentiments of his colleagues. He noted that the Parks &

Leisure Services Department requested an Administrative Assistant II position.

Anita Stanley, Assistant Parks & Leisure Services Director, confirmed that the position was requested to fill a vacancy following a promotion of an employee. The Administrative Assistant II would be responsible for a lot of administrative duties regarding the workflow for the Recreation Center Division, Aquatics Division, and Uni-Trade Stadium. This assistant would also maintain the website that the Department will implement in the upcoming year. The qualifications include a Bachelor's degree and four years of experience. The position is a paygrade R35 with a pay rate of \$17.44 per hour. She voiced her opinion that the position is a necessity; the Department will not be able to function without the position being filled.

Monica Flores, Executive Director of Personnel, Risk, and Civil Services, corrected information about the position. The position is an Administrative Assistant I in paygrade R32, and the starting pay is \$14.23 per hour. Mrs. Stanley clarified that the Administrative Assistant II is already vacant and is necessary. The Department is also requesting an Administrative Assistant I position as described by Mrs. Flores which has not been authorized yet. She informed Council that the Department can function without the Admin. I position but not without the Admin. II position.

Cm. Torres suggested that the City Manager reclassify the eliminated Executive Director of Personnel, Risk, and Civil Services back to the Human Resources position as it was before Executive Directors were created. He also suggested transferring the current Executive Director back to the Human Resources Director position.

Cm. Vielma asked if the Director's salary would go back to what it was before she was promoted to an Executive Director or if she would keep her Executive Director salary.

Mr. De Leon explained that staff performed a 10% reduction from the Executive Director salary and then performed a cost of living calculation and applied that. There is a difference of a couple thousand dollars. To Cm. Vielma's question of whether this calculation was performed when one Assistant City Manager was transferred to a Department Director position, Mr. De Leon confirmed that the calculation was not performed. Cm. Vielma stated that the City should be fair and noted some gender bias between the two situations.

Cm. Torres noted that now that particular positions are being discussed, Council is getting into technical personnel matters, cautioned Council Members from implying that Council is doing something that it should not be doing. Cm. Vielma reiterated her opinion.

Cm. Balli reminded Council to be careful not to talk about any particular employee in open session. Council should speak generally about positions rather than specific employees.

Kristina L. Hale, City Attorney, confirmed that reclassifying a position is a policy matter, which the Council has the authority to act upon.

Motion to instruct the City Manager to reclassify the Human Resources Director position as it was previously reflected in the budget before the City created Executive

Director positions and to transfer the Executive Director of Personnel, Risk, and Civil Services to the Human Resources Director position, as amended.

Moved: Cm. Torres

Second: Cm. Altgelt

For: 5

Against: 1

Abstain: 0

Cm. Gonzalez

Cm. Vielma

Cm. Rodriguez

Cm. Torres

Cm. Altgelt

Cm. Balli

Cm. Perez and Cm. San Miguel were not present.

Cm. Altgelt noted that the Executive Director of Transportation oversees the Airport, Bridge, Transit, and the Fleet Departments. While there is a strong Director in the Transit Department, the Airport does not have a director. He asked the City Manager to justify why the Executive Director position was deemed necessary and how it has borne fruit in the last year.

Mr. De Leon explained that in big departments, there are day-to-day operations and administrative operations, both of which require a lot of attention. In the absence of an Airport Director, the Executive Director has been able to fill that role while also overseeing bridge expansion and transportation issues and performing administrative operation management. The Department Directors are able to focus on the day-to-day operations of each Department, as well. He noted that the Executive Director has facilitated constant communication with the City Manager's Office.

Cm. Altgelt suggested that there is now an extra person or step to go through between the City Manager and the Department Directors, which introduces the opportunity for information being lost in translation or disconnection. Mr. De Leon reiterated that the position is a benefit to the management team.

Cm. Altgelt asked what performance metrics can be used in the next year to measure the success or deficiencies of the Executive Director positions. Mr. De Leon noted that the answer to that question can be further discussed during his evaluation, in which management and Council can establish goals to work toward throughout the year for progress reports. He iterated that the direction needs to come from Council as to what the priorities are in the Department.

Cm. Altgelt suggested adding a Mexican air carrier and Southwest Airlines were among his priorities, along with realizing cost savings that the City has not yet taken advantage of.

Mr. De Leon noted that there are additional grants that staff has been working on that have not been tapped into in several years.

Cm. Altgelt added that he would like the Fleet Department to operate like El Metro following FTA requirements, accounting for every single piece of inventory and every second of time spent working on a vehicle. He recommended taking advantage of every possible innovation that can improve the Fleet Department. He commended the

Traffic Department for fully embracing the Comprehensive Plan to-date and encouraged them to continue to do so.

Cm. Rodriguez suggested that Mr. Maldonado, with his knowledge of the transportation needs and circumstances of the City, to participate in and provide feedback for the economic development of Laredo. Mr. De Leon agreed that the two fields will work very closely together, especially once an Economic Development Director is hired.

Mario Maldonado, Executive Director of Transportation, thanked Mr. De Leon for appointing him as an Executive Director; it has been challenging work, especially considering that he was the Acting Airport Director after it had not had a Director for about a year with most of the administrative staff retiring. However, upon becoming the Executive Director, he restructured the Department and ensured that the airport complied with TSA regulations. Staff changed security measures after meeting with TSA, and the Administration no longer visits the airport weekly to check on its compliance because of its increased confidence in the Airport staff and procedures. Mr. Maldonado noted that staff has been in communication with the FAA to convince them that the airport needs more cargo apron space, as cargo means more business and revenues for the City. FAA has agreed and will allow the City to receive funding for cargo aprons. In 2017, cargo operations increased 30%, and the Laredo International Airport moved from #53 to #42 in all-cargo airports in the United States. Statewide, the Airport moved up from #7 to #5. He estimated that in 2018, cargo figures will increase an additional 37% and more in 2019. He noted that the Federal Inspection Station (FIS) has been a concern since it was initiated as a pilot program. He voiced his intention to expand the FIS's access to other airports in Mexico.

Mayor Saenz vouched that Mr. Maldonado is well-equipped for his role in the City's transportation services and noted that he has been an asset to the City. Cm. Vielma voiced her agreement.

Mr. Maldonado reported that the Airport's Tower Manager recently received notice that the airport can extend its flight services to midnight seven days a week, meaning that all commercial flights in and out of Laredo are now covered. If the City receives any additional military operations, he voiced his optimism that the City can operate the Airport 24 hours a day.

Cm. Torres voiced his opinion that Council would support keeping the Executive Director of Transportation position in place. He asked that the City Manager to place all of the Executive Director positions under his budget with the salaries reflected there or, alternatively, creating a different department with the Executive Directors with the salaries completely reflected like most of the positions reported in the budget.

Cm. Vielma recalled submitting an ordinance or resolution that clarifies the positions. Cm. Torres countered that there should be some validity to Mr. De Leon's statement that Executive Directors are an extension of the City Manager's Office. However, he suggested that if Council wishes to propose an ordinance, then someone should introduce it at the next Council meeting.

Mr. De Leon countered that an ordinance would be to create a new Department, and

in this case, the Executive Directors are to be incorporated into the City Manager's Office. He agreed to put them under the City Manager's Office budget. The idea of Executive Directors was to greater serve the citizens and Council with an extension of management.

Mayor Saenz asked if the City Charter needs to be changed for Executive Directors to be considered part of the City Manager's Office, as the Charter states that the City Manager is the sole member of management. Mr. De Leon noted that if the Charter requires clarification, the City can provide that clarification when the issue arises.

Kristina L. Hale, City Attorney, noted that she could bring a recommendation back to Council at the next meeting, as there is a matter that she would need to disclose to Council in executive session.

Motion to direct the City Attorney to bring a recommendation back to Council regarding whether to direct City Manager to place the Executive Director positions under his budget with the salaries reflected there or, alternatively, create a different department for the Executive Directors with the salaries completely reflected as is done with most positions reported in the budget or, alternatively, create an ordinance based on the City Attorney's recommendation, as amended.

Moved: Cm. Torres

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

THIRD PARTY FUNDING

Arturo Garcia, Community Development Director, commended the Third Party Funding Advisory Committee on their work this year compiling funding recommendations to Council. The Department followed the same application process as in previous years, but this year five organizations did not apply for funding: Big Brothers Big Sisters, Boys & Girls Clubs of Laredo, Laredo Regional Food Bank, Laredo Veterans Coalition, and Serving Children and Adolescents in Need (SCAN). He could not confirm why these organizations did not apply for funding this year.

Manuel De Luna, Jr., Community Development Non-Profit and Volunteer Coordinator, noted that he had been contacted by the Laredo Regional Food Bank and was told that they simply missed the deadline to apply. Cm. Balli noted that this organization has a new board.

Mr. Garcia reported that while five incumbent organizations did not apply this year, five new organizations applied. He summarized the recommendations made by the Third Party Funding Advisory Committee to fund \$298,039.00 in funding, which reflects the applied 5% reduction (\$15,686.00) as directed by management.

Cm. Balli presented a motion to accept the funding as recommended by the advisory committee and also to fund \$25,000 to the Boys & Girls Clubs of Laredo and \$3,000 to the Laredo Regional Food Bank, as those are the amounts funded to these organizations last year.

Cm. Vielma recommended adding funding to SCAN since they provide much-needed services to the community. Cm. Balli voiced his understanding that SCAN is going through a transition over the past few years and asked why they did not apply.

Mr. Garcia responded that applying for funding is the responsibility of the organization; he could not confirm why they did not apply. Staff does not solicit reasons why organizations do not apply.

Cm. Balli noted that he would not amend his motion at this time since he does not know the circumstances of why SCAN did not apply for funding.

Motion to approve the funding for Casa de Misericordia as per the recommendation of the Third Party Funding Advisory Committee.

Moved: Cm. Balli

Second: Cm. Gonzalez

For: 5	Against: 0	Abstain: 1
Cm. Gonzalez		Cm. Vielma
Cm. Rodriguez		
Cm. Torres		
Cm. Altgelt		
Cm. Balli		

Cm. Perez and Cm. San Miguel were not present.

Motion to approve the funding of \$25,000 to the Boys and Girls Clubs of Laredo.

Moved: Cm. Balli

Second: Cm. Gonzalez

For: 5	Against: 0	Abstain: 1
Cm. Gonzalez		Cm. Torres
Cm. Rodriguez		
Cm. Vielma		
Cm. Altgelt		
Cm. Balli		

Cm. Perez and Cm. San Miguel were not present.

Motion to approve the recommendations of the Third Party Funding Advisory Committee (excluding Casa de Misericordia and the Boys & Girls Clubs of Laredo).

Moved: Cm. Balli

Second: Cm. Gonzalez

For: 6	Against: 0	Abstain: 0
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Cm. Perez and Cm. San Miguel were not present.

Motion to approve the funding of \$3,000 to the Laredo Regional Food Bank.

Moved: Cm. Balli
Second: Cm. Gonzalez
For: 6 Against: 0 Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Balli asked staff to add these totals to the running tally for the budget.

Mr. Garcia reported the Hotel-Motel Occupancy Tax recommendations as per the Third Party Funding Advisory Committee for a total amount of \$514,909.00, which reflects a 5% reduction for the City's FY2018-2019 savings.

Motion to approve the FY2018-2019 Hotel-Motel Occupancy Tax recommendations as per the Third Party Funding Advisory Committee.

Moved: Cm. Torres
Second: Cm. Gonzalez
For: 6 Against: 0 Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Balli asked why Laredo Main Street/Artesian Bazaar did not apply for the Hotel-Motel Tax funding. Mr. Garcia reported that Laredo Main Street submitted applications for other programs, like the Farmers Market and Jamboozie Festival.

Cm. Torres asked if the Artesian Bazaar is still active. Cm. Balli suggested that it is not active, since Laredo Main Street did not apply for Third Party Funding for Artesian Bazaar in addition to not applying for Hotel-Motel Tax Occupancy.

Mr. Garcia noted that the Jamboozie Festival application requested \$35,000 (\$15,000 more than what was funded last year), but the Third Party Funding Advisory Committee recommended funding only \$2,000 because funding was already provided to other activities.

Motion to revisit the FY2018-2019 Hotel-Motel Occupancy Tax recommendations.

Moved: Cm. Balli
Second: Cm. Gonzalez
For: 6 Against: 0 Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Balli made a motion to approve funding \$25,000 to the Jamboozie Festival. Cm. Torres voiced his support, adding that Jamboozie Festival is now separated from the Washington's Birthday Celebration Association and needs the funding more than ever.

Motion to approve the funding of \$25,000 to Laredo Main Street/Jamboozie Festival.

Moved: Cm. Balli
Second: Cm. Torres
For: 6 Against: 0 Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

ANIMAL CARE SERVICES

Clarissa Rangel, Animal Care Services Director, reported that the Animal Care Services has a shortfall of one veterinarian, so staff is asking for additional support in contract services. The Department is working closely with Dr. Sandra Leyendecker, but additional support is needed.

Horacio De Leon, City Manager, suggested that the amount of salary not being used can go towards the salary for an additional veterinarian.

Cm. Torres noted that contractual services seem to be a better option as the City will be savings the fringe benefit costs through a contract.

Motion to transfer the budgeted amount for a veterinarian staff member to contractual services and eliminate the veterinarian position.

Moved: Cm. Torres

Second: Cm. Gonzalez

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Ms. Rangel reported that the Department requested three replacement vehicles as its main priority. There were other requests made of the Department, but vehicles are most important.

Mr. De Leon reminded Council that the Animal Care Services Department's requested vehicles were part of the Capital Outlay plan, of which only half was approved by Council. Therefore, staff will distribute those approvals proportionately to all of the departments involved, meaning that the Animal Care Services Department will probably only receive the funds for one or 1.5 vehicles.

Motion to fund two vehicles for the Animal Care Services Department.

Moved: Cm. Gonzalez

Second: Cm. Torres

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Torres reported that the veterinarian has recommended commercial grade washers and dryers for sanitation purposes. Ms. Rangel agreed.

Motion to fund a commercial grade washer and dryer.

Moved: Cm. Torres

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Moved: Cm. Altgelt

Second: Cm. Rodriguez

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel were not present.

Cm. Rodriguez asked for clarification on the Laredo Economic Development Corporation. Mr. De Leon explained that the Corporation is under a service contract with the City which renews annually. The contract is included in the budget for about \$600,000. Cm. Rodriguez recommended unfunding the LEDC and using that money to create the City's own Economic Development Department, which will help the City make better development decisions and move toward a 4A/4B tax system.

Motion to unfund the \$600,000 for the Laredo Economic Development Corporation and reallocate it for the creation of the City's Economic Development Department.

Moved: Cm. Rodriguez

Second: Cm. Torres

Cm. Vielma voiced her understanding that there is already money in the budget for an Economic Development Department. Part of what the LEDC does is try to bring other businesses to the City and promote Laredo in conferences and symposia. The Foundation was successful in securing a contract with MetLife for manufacturing. She stated that there has to be an external party that uses outreach to find investors. That external party serves as a buffer and safety net to investors so that they do not lose anonymity. The buffer assists with transparency and minimizing the potential for corruption. She noted that Council should hear from LEDC before unfunding them.

Cm. Balli asked if Council has already agreed to execute the proposed contract for the upcoming year. Mr. De Leon confirmed that Council has not taken such action yet. Staff will bring a public hearing before Council approving the budget in September. Council will approve the entire budget at that time.

Cm. Torres asked if there are any restrictions on the \$600,000 as to how the Foundation can use the funds.

Mr. De Leon reported that there are restrictions, and the City has been attempting to further restrict the funds so that the City may have a say in the scope of the funds' uses. The City funds about 65% of the Foundation's total budget, so much of the funding goes towards personnel. He voiced his opinion that the City would not be duplicating its services by creating an Economic Development Department. Mr. De Leon explained that the Economic Development Director would need to improve upon incentive policies for companies investing in Laredo. The Director would need to meet with these businesses and stakeholders, discuss the incentives and initiate Chapter 380 agreements or Tax Increment Reinvestment Zones (TIRZs). Also, the Director would perform outreach to bring in additional investment to Laredo. The Economic Development Department would not duplicate the services provided by the Foundation but would support and supplement their operations.

Motion withdrawn.

No vote; no action taken.

BRIDGE

No discussion or action taken.

FIRE

Judge Andy Ramos recalled that he was a City Council Member in the mid-1980s. Back then, a funeral home would send the handyman to the scene of accidents to transport victims or injured people to the hospital. This was not right, and the Fire Chief at the time was asked to determine the cost of an ambulance for transportation. The City paid for the fire fighters' paramedic training. He noted that it is only natural for the Fire Fighters' Association to ask for more during collective bargaining for new contracts. However, he cautioned Council not to be swept away by the union. All the Fire Department needs is trained fire fighters with paramedic certification. He asked if the fire fighters are paying for their advanced degrees or if the taxpayers are paying for that. He also requested an organizational chart of the Fire Department, asking what the qualifications are for Captain.

PUBLIC WORKS

No discussion or action taken.

II. EXECUTIVE SESSION

None

III. ADJOURNMENT

Motion to adjourn.

Moved: Cm. Torres

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. San Miguel 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 76 and they are true, complete, and correct proceedings of the City Council meeting held on August 13-15, 2018.

Jose A. Valdez, Jr.
City Secretary