

**AMENDED
CITY OF LAREDO
SPECIAL CITY COUNCIL MEETING
M2017-SC-09
CITY COUNCIL CHAMBERS 1110
HOUSTON STREET
LAREDO, TEXAS 78040
August 14, 2017
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 a moment of silence.

IV. ROLL CALL

In attendance:

Pete Saenz	Mayor
Vidal Rodriguez	District II
Alejandro "Alex" Perez, Jr.	Mayor Pro-Tempore, District III
Alberto Torres Jr.	District IV
Norma "Nelly" Vielma	District V
Charlie San Miguel	District VI
George Altgelt	District VII
Roberto Balli	District VIII
Heberto "Beto" Ramirez	Acting City Secretary
Horacio De Leon	City Manager
Cynthia Collazo	Deputy City Manager
Robert Eads	Assistant City Manager
Kristina L. Hale	Acting City Attorney

Cm. Vielma joined at 5:33 p.m.

Cm. San Miguel joined at 5:38 p.m.

Citizen comments

Lakshmana "Vish" Viswanath directed comments to Cm. Rodriguez regarding a judgment against him. He stated that by next month, Cm. Rodriguez should resign due to moral turpitude. He reminded Council of their responsibility to remove him from office if he refuses to resign on his own accord.

Mellie Hereford also requested that Cm. Rodriguez resign and step down as Council Member of District II effective immediately. The Laredo Morning Times' August 11, 2017, issue stated: "The District Attorney's Office believes it is important Rodriguez face the

consequences of his actions.” The District Attorney’s Office has also stated: “In order to preserve the integrity of our election process and maintain public faith in our elected leaders and the judicial system, the District Attorney’s Office memorandum states that Mr. Rodriguez breached his responsibilities as an employee of Webb County entrusted with access to the sensitive information of many thousands of people. Moreover, the state believes this is a crime of moral turpitude. Given the malice shown to his [victim], Mr. Rodriguez broke the law and tried to embarrass and humiliate his [victim] in order to help his bid for City Council. Mr. Rodriguez did not compete fairly and nevertheless won his seat.” Furthermore, Section 2.04 of the City Charter clearly states forfeiture of office for the crime of moral turpitude. Ms. Hereford reminded Council that the public expects them to uphold the City Charter and enforce it.

Armando Cisneros noted that the City continues to pursue certificates of obligation to finance their debt, which bypasses the voters. He asked why the City does not use the general obligation route, which is more transparent to the taxpayers.

V. INTRODUCTORY ORDINANCES

1. Ratifying the City Manager’s approval of the amendment to the lease agreement between the City of Laredo and the United States Postal Service for the rental of office space at the Old Federal Courthouse located at 1300 Matamoros to authorize a temporary license agreement providing for the placement of a trailer on the street in front of the building for a period of five (5) months from August 1, 2017 to December 31, 2017 due to the emergency abatement, remediation and reconstruction of the Postal Service first floor area. The customary rental rate of \$8,000.00 monthly will be suspended to allow for the lease payment of \$1.00 during this same period.

Ordinance Introduction: City Council

VI. RESOLUTIONS

2. 2017-R-88 Authorizing the City Manager to accept the Department of Homeland Security, Staffing for Adequate Fire and Emergency Response (SAFER) Grant in the amount of \$3,276,320.00. The 2016 Safer Grant is for a three (3) year period to hire twenty-four (24) firefighters. The grant performance period is from January 28, 2017 to January 27, 2021. The City is required to contribute a cost match in the amount of \$2,036,632.00. Also, further authorizing the City Manager to execute any and all documents related to the same.

Motion to adopt Resolution 2017-R-088.

Moved: Cm. Torres

Second: Cm. Vielma

For: 5

Against: 0

Abstain: 0

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

**CITY OF LAREDO
WORKSHOP
M2017-W-02
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
August 14, 15, 16, 2017
5:35 P.M.**

I. STAFF REPORTS

Discussion with possible action regarding the proposed fiscal year 2017-2018 annual budget.

August 14, 2017:

1. INTRODUCTION

Horacio A. De Leon Jr., City Manager, highlighted the budget. The FY2017-2018 proposed budget reflects the City's funding priorities and commitments to ensure that essential City programs and services are implemented and maintained. The budget totals \$647,565,137, an increase of 4.4% from last year. The total net operating budget is \$501,177,099 with a closing fund balance of \$196,056,309. The City's tax rate for the 14th year in a row remains unchanged at \$0.637.

A total of 27.51 full-time equivalent positions at an estimated cost of \$1.6 million were created in the following departments: Economic Development, Traffic, Parks & Leisure Services, Police, Internal Audit, and the City Manager's Office.

A proposed bridge rate increase of \$0.25 per pedestrian from \$0.75 to \$1.00 for pedestrians and an increase of \$0.50 per axle from \$4.25 per axle to \$4.75 per axle for commercial vehicles. Estimated increase in revenue is \$5.3 million from bridge tolls. The toll rate for pedestrians has not increased since December 2008 and the last commercial rate increase was October 2013. The proposed commercial toll rate is still lower than rates in Del Rio. The revenue increases will serve the General Fund (50%) to fund other departments like Police and Traffic and the Bridge Fund (50%) to fund three police officers, three police vehicles, develop a Port Master Plan and a stronger marketing campaign to promote the Port (bridges).

Due to the rising cost of healthcare, the City's healthcare plan has proposed changes. After reviewing cost-sharing options available, staff seeks to provide employees two options for their health coverage: a revised Preferred Providers Organization plan and a Consumer-Driven Health Plan. The same quality of services will be offered for both plans, but premiums and out-of-pocket maximum costs will differ between them. The City plans to offer \$600 in a health savings account for employees who choose to enroll for qualified health-related expenses. The proposed changes will provide an estimated 10% savings in claims. If no changes to the plan occur, the City expects a \$2 million shortfall in the fund for the next fiscal year.

2. PRESENTATION BY "WHAT WORKS CITIES"

Lena Geraghty of the Center for Government Excellence explained that WWC is a Bloomberg Philanthropies-funded initiative designed to accelerate cities' use of data and evidence to improve people's lives. The program helps governments use data to make informed, effective decisions and improve the quality of life in Laredo via work plan assessments, data management performance analytics, and curriculum publications. The program has aimed to improve Laredo's ability to treat data as a strategic asset, leveraging it more effectively for reliable insights and more efficient service provision, and laying the foundation for advanced data practices.

Ms. Geraghty presented a timeline of the WWC project in Laredo as follows:

<u>Date</u>	<u>Event</u>
October 2016	Site visit in Laredo
December 2016	Presentation to City Council
January 2017	Data management project launches
February/March 2017	Surveyed staff about quality/access to data Inventoried data
April/May 2017	Developed data governance framework Assessed quality limitations of permitting data
June/July 2017	Regular governance meetings Drafted data policy Determined method for appropriate internal access to data

Ms. Geraghty reported that Laredo's current data practices keep data mostly in report format, which can make analysis difficult when drawing historical insights. Legacy systems, which are old or outdated, make data extraction a heavy lift. The lack of automation and one-off requests for data take up valuable staff time. A limited amount of data has been documented well, and the lack of institutional memory can be challenging when working with historical data. There is not a clear understanding of who has what data. A few select staff are confident in their data and technical skills. There is an opportunity to invest in staff and grow their capacity to address data concerns.

Efforts to elevate Laredo's data practice include reinforcing the data governance committee's efforts, continuing data inventory, identifying technical needs, developing methods for prioritizing data for release, determining the process to release data, and engaging external stakeholders with City data. Ms. Geraghty emphasized the need to invest in technology, staff, training, and community engagement. She recommended hiring a data coordinator position to lead the objectives outlined.

Horacio De Leon, City Manager, clarified that a position in the City Manager's Office exists that could assist with continuing the program with WWC. The City Manager's Office is asking every department to designate a liaison to coordinate with the committee and the point person in the City Manager's Office.

Cm. Vielma suggested hosting webinars periodically to keep employees educated on the policies and data sets being collected throughout the departments.

3. PRESENTATION OF CITY DEBT

Noe Hinojosa of Estrada Hinojosa Investment Bankers reported the City's debt as

about \$665 million comprised of different categories. Water and sewer debt is the most significant at 56% of the total. Many of the Utility improvements are to refurbish water and sewer lines. The City has an A-1 debt rating, so the utility debt has not had a significantly adverse effect on the City's bond rating. Water and sewer debt is driven by what the Texas Commission on Environmental Quality or the Environmental Protection Agency dictate.

Horacio De Leon, City Manager, noted that the debt reflects an investment in a new water plant, wastewater plant, and increased water and sewer capacity over the last 12 years.

Riazul Mia, Utilities Director, confirmed that the City has a master plan which covers the utility improvements. The money being spent is supporting Laredo's growth.

Mr. Hinojosa reported that the Utility net revenues totaled about \$35 million, up from \$29 million two years ago.

Cm. Altgelt voiced his concerns that the realistic trend of conservation and growth in Laredo is not reflected in the utility rate increases or the utility debt.

Mr. De Leon clarified that Council can establish a policy decision that differs from the master plan if the master plan seems outdated.

Motion for the secondary water ad hoc committee to revise the water use and infrastructure investment policy to reflect population growth, rate and conservation increases, and an analysis for a secondary or emergency water source, as amended.

Moved: Cm. Altgelt

Second: Cm. Vielma

For: 6

Against: 0

Abstain: 0

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

Mr. Hinojosa reported that the City's tax rate remains the same for the 14th year in a row at \$0.637. He noted that Transit and Airport funds do not cover 100% of their obligations. However, these two funds are very small amounts compared to the others. Sales tax dropped in 2016, and mass transit is being affected locally and federally. Mr. Hinojosa explained that if the current tax rollback rate drops from 8% to 4%, the tax levy will increase over 4%. In that case, the voters have the right to roll the City back.

While personal debts like mortgages can be refinanced at any time, municipality debts can only be refinanced according to their call dates; otherwise they risk penalties. Mr. Hinojosa presented a list of 2017 projects and recommended that the City borrow \$16 million on certificates of obligation (COs) for the projects and \$20 million in revenue bonds for Utilities.

Mr. Hinojosa reported that the international toll bridge system debt is relatively insignificant.

4. PRESENTATION OF CAPITAL IMPROVEMENT PROGRAM (CIP)

Rosario Cabello, Financial Services Director, presented the five-year Capital Improvement Program, which is required by the City Charter. The plan totals \$562 million as follows:

<u>Year</u>	<u>Total</u>
2018	\$152,340,951
2019	\$86,430,096
2020	\$126,141,100
2021	\$93,439,226
2022	\$103,837,019

For 2018, the \$152 million is divided among the following categories:

<u>Category</u>	<u>Amount</u>	<u>Percentage</u>
Grants	\$32,169,426	21%
Sports Venue	\$4,500,000	3%
Hotel/Motel	\$800,000	1%
TWDB Loan	\$48,000,000	31%
Bonds	\$51,270,062	34%
System Rev.	\$6,121,463	4%
Inter-locals	\$9,480,000	6%

Mrs. Cabello proposed the following FY2018 bonds:

Bridge	\$10,300,000
Certificate of Obligation	\$16,860,062
Solid Waste	\$4,110,000
Utilities	\$20,000,000

Mrs. Cabello reported the projected services to various departments as follows:

Additions/Rehabilitations	\$750,000
Fire Equipment	\$2,575,000
Police Vehicles	\$3,250,000
PD Annex Design	\$350,000
Health Parking Lot Repair	\$586,000
Health Roof Repair	\$100,000
Telecommunications Roof Repair	\$150,000
Park Shades Installation	\$250,000
Park Improvement Master Plan	\$100,000
Playground Equipment Installation	\$250,000
Seven Heavy Duty Transit Buses	\$3,423,000
Traffic/Streetlight Pole Replacement	\$200,000
Traffic Signal Comm. Upgrade	\$100,000
Traffic Signal at Bartlett/Calton	\$250,000
McPherson & International NE turn lane	\$600,000
McPherson & International SE turn lane	\$600,000
Traffic Signal Upgrade Design-McPherson	\$175,000
Citywide Synchronization of Traffic Lights	\$120,000
District Priority Funding	\$3,600,000
Various Equipment Needed City-wide	\$631,062

Total \$16,860,062

Claudio Treviño, Laredo Police Chief, confirmed that the Police Trust fund is currently upwards of \$1.2 million. The Police forfeiture account is used under certain guidelines for various purposes like maintenance, equipment, and trainings, depending on the department's needs. However, if the department purchases all of the vehicles that are needed this year, the fund will be depleted.

Mrs. Cabello confirmed that last year, the Police Department purchased 50 cars.

Chief Treviño clarified that given the life expectancy of police cars and the large number of vehicles in the police fleet, the department needs to purchase cars every year to avoid keeping cars that will break down on duty.

Mr. De Leon clarified that there is some funding to Police from the Municipal Court for equipment, which was used to purchase citation units.

Director Jack Dunn, (Fleet), explained that when a unit reaches 10 years of age, the factory is no longer obligated to make parts, regardless of the mileage of the unit. While the SWAT bear has low mileage, it is over 10 years old and experiences mechanical issues. 50 cars make up about 20% of the police fleet. He added that most vendors will not lease police vehicles, because the residual value is so depreciated on police cars in a short amount of time.

Mr. De Leon noted that lease agreements are more expensive options than outright vehicle purchases.

Cm. Altgelt addressed safety in Laredo's parks. He noted that in other cities, parks have surveillance cameras and police presence and emergency buttons strategically located. He voiced his concern that none of these features are listed in the proposed Police or Parks budgets for parks, especially those located on the river.

Chief Treviño stated that park security is a long-term project for the Police Department. He informed Council that the department will have a trial period of trying a vendor's surveillance product for free to test its efficiency in park security. The department will also request proposals for systems to create a centralized location for sync the Police Department and other City departments or local businesses. He voiced his concern over investing too heavily into a video camera monitoring system for parks, as insufficient lighting can often obscure the images, which will not improve identifications of suspects or vehicles. He warned Council that video camera systems are not manned around the clock, which would be an expensive operation.

Celina Rivera, Acting Parks & Leisure Services Director, clarified that Laredo has 14 parks with surveillance cameras, though they have challenges due to connectivity or remoteness.

Motion for staff to coordinate with the Police Department to develop a proposed budget for a surveillance program for City parks to implement within the next six (6) months.

Moved: Cm. Altgelt
Second: Cm. Torres

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Motion to allocate funding for the purchase of 47 vehicles and 1 SWAT tactical vehicle for the Police Department at a total cost of \$3,250,000.

Moved: Cm. Torres
Second: Cm. Perez

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Chief Treviño stated that the police substations are being used by officers throughout the day. Some substations that were underutilized have been closed.

Mr. De Leon clarified that substations are not intended to be manned by police for citizens to go to report issues.

Motion to hear the Police Department budget presentation before continuing with the Capital Improvement Plan presentation.

Moved: Cm. Rodriguez
Second: Cm. Balli

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Chief Treviño proposed the FY17-18 Police budget summary for \$70,662,217 from the General Fund (an increase of about 5% from the last two years), categorized as follows:

<u>Category</u>	<u>Amount</u>	<u>Percentage</u>
Personnel	\$63,331,785	89%
Materials/Supplies	\$2,111,190	3%
Contractual Obligations	\$4,802,057	\$7%
Debt Service	\$417,185	\$1

Chief Treviño reported the FY17-18 personnel requests for the Police Department, as follows:

5 Officers	\$406,372
3 Officers (funded by Bridge)	\$243,823
4 investigators	\$493,942
2 Communication Techs	\$99,025
1 Computer Operator	\$39,257

Motion to require the three police officers to be certified as commercial vehicle enforcement officers and that their scope and duty involves the flow of traffic in and out of City bridges, specifically as it relates to traffic issues on Mines Road with commercial vehicles.

Moved: Cm. Altgelt
Second: CM. San Miguel
For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Motion to approve the following positions for the Police Department: nine (9) investigators, one (1) communication technician, and one (1) computer operator, as amended.

Moved: Cm. Torres
Second: Cm. Rodriguez
For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Motion to approve five (5) police cadet positions for the Police Department.

Moved: Cm. Torres
Second: Cm. Rodriguez
For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Chief Treviño presented the proposed operational requests as follows:

Replace 100 bulletproof vests	\$90,000
Ammunition	\$150,000
New Academy Requests	
Vests	\$13,500
Rifles	\$18,000
Guns	\$6,750
Portable Radios	\$67,500

Motion to apply \$90,000 to a running tally in the event that the Police Department is awarded a grant for bulletproof vests.

Moved: Cm. Torres
Second: Cm. Rodriguez
For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Chief Treviño reported the proposed capital outlay in the amount of 50 fully equipped marked units at \$3,250,000, and 3 fully equipped marked units (funded by Bridge for Port Police) at \$195,000. He presented plans to demolish the dilapidated PD annex building and build a new facility on the site for \$350,000. It will accommodate overflow of sworn and civilian personnel and will include training rooms, as well.

The Laredo Police Department has 485 total police strength, with 5 new probationary

patrol officers/cadets being pinned in September 2017. A new Academy has been established with 9 new hires for Fall 2017.

New assets in 2017 were reported as follows:

Community Outreach Mobile Unit	\$73,960
50 Fully Equipped Marked Units with Body Camera Vests	\$3,000,000
14 unmarked units	\$280,0003
18 patrol shields	\$18,700
Transition to Sig Sauer P320	\$27,000
Wireless Surveillance Systems for Sky Towers	\$13,800

Projects in progress were reported, including: 110 Zebra printers for an Electronic Citation Deployment project (\$142,500); upgrading the 22-year-old phone system at a savings of \$2,000 per month the first three years and \$4,000 per month after that; and replacing the 22-year-old furniture at the Records Station for \$35,500.

The Police Department received grant funding in 2016 and 2017 as follows:

	<u>2016</u>	<u>2017</u>
State	\$926,246	\$989,943
Federal	\$2,177,357	\$2,206,941
Total	\$3,103,603	\$3,196,884

The Department has 16 pending 2018 grants totaling \$5,950,158, not including local matches. Chief Treviño reported a reduction in crimes against persons by about 30% since 2009 as well as a reduction in crimes against property by 42%. He explained that a spike in sexual offenses (an increase of 92%) is because of the crime of indecency with a child being included in this category in recent years.

Chief Treviño listed 14 community outreach programs in which the Police Department participates. He also listed the 2017 Statistics Report as follows:

Tips Received	436
Tips Follow-Ups	613
Arrests	46
Cases Cleared	52
Rewards Approved	25 (\$12,170)
Property Recovered	\$18,000
Cash Recovered	\$20,823
Drugs Seized	\$466,745
Total Recovered	\$505,568

Cm. Torres noted that Webb County, who shares use of the building adjacent to the Health Department facility with the City, shall also share costs of parking lot resurfacing. Dr. Gonzalez stated that the County will not share resurfacing costs.

Motion to fund \$336,000 to resurface the west (Maryland Street) parking lot at the Health Department for and evenly distribute the \$250,000 cost for the east side (Cedar Street) to the eight district priority funds.

Moved: Cm. Perez
Second: Cm. San Miguel
For: 6 Against: 0 Abstain: 0

Cm. Gonzalez and Cm. Altgelt were not present.

Nathan Bratton, Planning and Metropolitan Planning Organization Director, explained that when funding is given from TxDOT and the federal government, the entities want the City to have a project that is ready to go at the time that they release funds. There is no time to develop a project once they request a project proposal. Also, blind projects can not be submitted; the basic requirements and plans must be completed.

Motion to fund the master plan for \$100,00 for park improvements and evenly distribute the \$500,000 allocated for shades and equipment to the eight district priority funds.

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

Cm. Gonzalez and Cm. Altgelt were not present.

Claudia San Miguel, Transit Director, reported that the department needs to replace 9 heavy duty buses. Federal funding will assist Transit in procuring one bus, so the department is requesting funds from the City to procure 7 more. Buying buses takes about 18 months from the time of order to delivery. New buses run on \$0.07-\$0.14 per mile. The older buses currently in use run on \$1.40 per mile, and they have surpassed their life expectancy.

Motion to fund six (6) 40 feet heavy duty buses for \$2,934,000 for the Transit System with the remaining \$489,000 to be applied to the Transportation Infrastructure Development Fund (shovel ready projects).

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

Cm. Gonzalez and Cm. Altgelt were not present.

Motion to approve funding for \$120,000 match for citywide traffic light synchronization and reallocate all other traffic improvement project funds evenly among the District Priorities Funds.

Moved: Cm. Balli
Second: Cm. Perez
For: 5 Against: 1 Abstain: 0
 Cm. Rodriguez Cm. Vielma
 Cm. Perez
 Cm. Torres
 Cm. San Miguel
 Cm. Balli

Cm. Gonzalez and Cm. Altgelt were not present.

Mrs. Cabello reported that the 2018 bond totals \$631,062, and the bond savings from prior years total \$868,938.

Mrs. Cabello reported that the District Priority Funds, after budget workshop changes, total \$5,075,000, or \$634,375 per district.

Motion to increase the district priority funds by \$2,675,000 to \$5,075,000. The allocation will consist of \$600,000 for each of the eight Council districts with \$275,000 (\$34,375 per district) allocated to the Transportation Infrastructure Fund (shovel ready projects).

Moved: Cm. Torres

Second: Cm. Vielma

For: 6

Against: 0

Abstain: 0

Cm. Gonzalez and Cm. Altgelt were not present.

A particular bond project is the World Trade Bridge Fast Lane Expansion for \$10,300,000. Solid Waste has a project bond of \$4,110,000 for equipment and parking lot repairs.

Cm. San Miguel asked Solid Waste to review the ordinance regarding collecting bundles of debris, as it is currently an issue for residents.

Stephen Geiss, Solid Waste Director, noted that the department is limited in the number and size of bundles that it can pick up due to the limited number of grapple trucks in possession. The current trucks are capable of picking up larger piles than what is specified by ordinance, but the ordinance depicts the size of bundles which are picked up by hand. Grapple trucks are typically purchased through BuyBoard. He confirmed that staff can establish a policy to pick up construction debris.

Motion to remove \$655,000 for the Solid Waste Department's recycling center parking lot from the Capital Improvement Plan and have the department return to recommend an alternative to replace these funds.

Moved: Cm. Vielma

Second: Cm. San Miguel

For: 6

Against: 0

Abstain: 0

Cm. Gonzalez and Cm. Altgelt were not present.

Mrs. Cabello reported Utilities enterprise project requests as follows:

Unitec Wastewater Treatment Plant	\$2,500,000
Zacate Creek Gravity Sewer Line	\$10,000,000
Administration Building at North Laredo WWTP	\$2,500,000
Administration Building Expansion	\$2,000,000
Wastewater IT Improvement Project	\$285,000
Equipment-Various	\$2,715,000

Motion to use 0.5% of the Administration building budget towards art in the buildings, pursuing local artists.

Moved: Cm. Balli

Second: Cm. San Miguel

For: 6

Against: 0

Abstain: 0

Cm. Gonzalez and Cm. Altgelt were not present.

Mrs. Cabello reported the balance of the sale of the Civic Center as \$12,351,737. City staff recommended that the proceeds of the sale be used for the design and construction of the proposed convention center.

Motion to allocate the balance of the proceeds of the sale of the Civic Center, \$12,351,737.00, for the design and construction of the proposed Downtown convention center.

Moved: Cm. Torres

Second: Cm. Balli

For: 5

Against: 1

Abstain: 0

Cm. Rodriguez

Cm. Vielma

Cm. Perez

Cm. Torres

Cm. San Miguel

Cm. Balli

Cm. Gonzalez and Cm. Altgelt were not present.

Motion to approve the Capital Improvement Plan as presented with the exception of the motions approved during the Capital Improvement Plan.

Moved: Cm. Torres

Second: Cm. San Miguel

For: 7

Against: 0

Abstain: 0

Cm. Gonzalez was not present.

5. **POLICE**

Chief Treviño presented the Laredo Police budget during the Capital Improvement Plan discussion.

Motion to adjourn and reconvene on August 15, 2017, to continue the budget workshop.

Moved: Cm. Torres

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Cm. Gonzalez and Cm. Altgelt were not present.

August 15, 2017:

Mayor Pete Saenz called the continuation to order and led in the pledge of allegiance and a moment of silence.

In attendance:

Pete Saenz	Mayor
Rudy Gonzalez, Jr.	District I
Vidal Rodriguez	District II
Alejandro "Alex" Perez, Jr.	Mayor Pro-Tempore, District III
Alberto Torres Jr.	District IV
Norma "Nelly" Vielma	District V
Charlie San Miguel	District VI
George Altgelt	District VII
Roberto Balli	District VIII
Heberto "Beto" Ramirez	Acting City Secretary
Horacio De Leon	City Manager
Cynthia Collazo	Deputy City Manager
Robert Eads	Assistant City Manager
Kristina L. Hale	Acting City Attorney

Cm. Balli joined at 5:48 p.m.

Cm. Gonzalez joined at 6:14 p.m.

Cm. Vielma joined at 8:10 p.m.

6. PROPOSED BUDGET & GENERAL FUND HIGHLIGHTS

Martin Aleman, Budget Director, reported that the overall consolidated operating revenues are \$647,565,137. Consolidated operating expenditures are \$647,565,137. Total Full Time Equivalent (FTE) positions this year are 3,083.5, an increase from previous years. Currently, 45 positions are unfunded and about 301 positions are funded but vacant in the General Fund.

Horacio De Leon, City Manager, noted that each position must be approved by the City Manager's Office prior to being posted for recruitment. He approves positions based on their critical need in order for them to be posted. Staff recommends a Chief Innovation Officer that will conduct performance audits and provide recommendations regarding personnel.

Mr. Aleman reported that a Safer grant was awarded after the budget proposal was completed, so Council will need to add 24 FTEs as the grant creates a shortage of \$333,000.

Motion to consider all Full Time Equivalent positions in their respective departments.

Moved: Cm. Torres

Second: Cm. Altgelt

For: 6

Against: 0

Abstain: 0

Cm. Gonzalez and Cm. Vielma were not present.

Mr. Aleman clarified that not all departments requesting FTEs are scheduled to give a presentation to Council. He reported positions as requested by their department:

<u>Position</u>	<u>Department</u>	<u>Position Salary</u>
Data Officer	City Manager's Office	\$65,000
Compliance Officer	Internal Audit	\$70,680
Administrative Assistant	Budget	Not reported
Administrative Assistant	Traffic	Not reported
Warehouse Clerk	Traffic	Not reported
Engineering Associate	Traffic	Not reported
Traffic Control Marking (3)	Traffic	Not reported

Motion to approve one (1) Data Officer position at an estimated cost of \$129,361, including benefits.

Moved: Cm. Altgelt

Second: Cm. Torres

For: 7

Against: 0

Abstain: 0

Cm. Vielma was not present.

Mr. De Leon clarified that the Compliance Officer is an auditor type of position who will ensure compliance of contracts the City has entered into. Nearly all of the contracts have already been reviewed by the City Attorney's Office.

Veronica Baeza, Internal Auditor, explained that the department will ideally review the population of contracts and develop a program to work through them quickly and efficiently. She noted that the department would work closely with the City Attorney's Office to clarify any legal language.

Cm. Balli recalled Council directing management to bring all employees to a minimum of \$10 per hour during last year's budget meeting. Mr. Aleman explained that an analysis of raising all employees to a minimum of \$10 per hour would cost the City \$14 million. Implementing a 2% cost of living adjustment across the City would cost \$1.8 million. The total for adding all requested positions costs an additional \$1.8 million.

Cm. Balli voiced his concern that the cost of adding new positions is the same cost as raising all City employees to a minimum of \$10 per hour, which was an important issue for Council last year. He stated that an employee of the City should be paid enough to not need public assistance for their family. An overall 2% raise, while commendable, is not enough to bring all employees to \$10 per hour.

Mr. Aleman clarified that the cost of living adjustment will affect the City's pay grade table, increasing over 6 years to meet the minimum \$10 per hour.

Cm. Altgelt noted that an experienced Compliance Officer can save money for the City, which can then be used to raise the minimum wage.

Motion to approve the Compliance Officer position.

Moved: Cm. Altgelt

Second: Cm. Gonzalez

For: 6

Against: 1

Abstain: 0

Cm. Gonzalez

Cm. Balli

Cm. Rodriguez

Cm. Perez

Cm. Torres

Cm. San Miguel

Cm. Altgelt

Cm. Vielma was not present.

Cm. Balli noted that implementing a hiring freeze for new or unfilled positions for a period of three months will help save money to bring all City employees to a minimum wage of \$10 per hour.

Cm. Altgelt recalled that MIT established a living minimum wage for the area at around \$13 per hour. That inspired Council's directive to raise all employees to a minimum wage of at least \$10. The intention was not to compress the workforce but to raise the minimum wage to support City employees.

Mr. Aleman noted that payroll is 76% of the overall budget. Currently, the growth of payroll is exceeding revenue, which lead to a hiring freeze last year.

Monica Flores, Human Resources Director, reported the minimum wage at other entities:

Webb County	\$11.94 per hour
Laredo ISD	\$9.00 per hour
City of Laredo	\$8.34 per hour
Laredo Community College	\$8.32 per hour
United ISD	\$8.01 per hour
Texas A&M International	\$7.25 per hour

Ms. Flores explained that a merit raise based on performance evaluations will use a standard evaluation format. The proposal is to bring merit pay back to the City after it was discontinued in 2007. The maximum 2% merit raise will not be paid to the employee until after their evaluation on their anniversary date. The cost is being budgeted for but will not go into effect immediately and is graded based on the score of that employee's evaluation.

Mr. De Leon clarified that the benefit package for City employees is very competitive and adds another \$3-4 per hour to each employee's pay when considered. The City can consider removing some benefits and giving the employees that money as disposable income instead for a zero impact. He clarified that the City will not consider compression.

Mr. Aleman added that the benefits of a lower tier employee at the City are about 65% of that employee's earnings. Adding families to the benefits package adds to that. The City is the only employer that offers health insurance free of charge to employees.

Employees only have to contribute to the premiums of their spouse or children.

Cm. San Miguel countered that if raising the minimum wage to \$10 per hour is going to result in the City laying off or firing employees, Council should be notified to reconsider their directives. Cm. Balli clarified that laying off or firing employees was never part of his directive to staff.

Motion to direct staff to reconsider the requested positions, consider raises, cuts, new positions, hiring freezes, and other options in order to provide the funding to raise the City of Laredo's minimum wage to \$10 per hour, excluding positions that have already been approved.

Moved: Cm. Balli

Second: Cm. Torres

For: 7

Against: 0

Abstain: 0

Cm. Vielma was not present.

Roberto Murillo, Traffic Director, explained that the department only has one supervisor managing the warehouse with a large amount of inventory. The warehouse is subject to audit and needs more control. If the supervisor managing the warehouse is out for the day, someone else must be assigned to the warehouse and may not know the procedures. A warehouse clerk will serve as backup to the warehouse supervisor and can help assemble street signs and preparing materials to help with backlog.

Mr. De Leon noted that he reviewed all of the needs of each department, and Council should have faith in City staff's assessments of each department's needs and weaknesses. The positions being requested serve a balanced budget after careful review by City Management to strengthen each department.

Cm. Altgelt voiced his agreement with Mr. De Leon, noting that Council needs to hear the justification of each department for their position requests. He stated that a warehouse clerk seems necessary for the Traffic Department.

Mr. Murillo reported that there are currently only two engineers in the Traffic Department, and the requested positions will help in alleviating traffic congestion on Mines Road and other high-traffic areas through road diets and traffic synchronization. Some of the positions were requested 6-8 months ago but were frozen. Adding staff to work on pavement markings and railroad markings or school crosswalks will be more cost efficient than subcontracting those services.

Cm. Altgelt suggested that a prerequisite to the engineer associate positions include qualifications in bicycling to address the unique safety and traffic concerns associated with cycling.

Motion to approve one (1) Engineering Associate II (with a prerequisite of cycling experience) and three (3) Traffic Control Signs/Markings I at a combined estimated cost of \$201,213, including benefits, as amended.

Moved: Cm. Torres

Second: Cm. Balli

For: 7

Against: 0

Abstain: 0

Cm. Vielma was not present.

Mr. Aleman reported the general fund revenues as \$192,325,575. The six major sources of revenue consist of property taxes (33%), sales tax (17%), Bridge transfers (17%), and Electricity/Ambulance/Municipal Court (7%). Amusement redemption machine fees are accounted for in the general fund. There are over 5,000 amusement redemption machines in the city, and fees cost \$550 per machine.

Cm. Altgelt suggested doubling the fees of amusement redemption machines from \$550 to \$1,100.

Cm. Balli noted that while raising the fees would assist Council's goal to raise the minimum wage to \$10 per hour, doubling the fee is too extreme.

Cm. Altgelt stated that the amusement redemption machine industry is lucrative in Laredo, and the revenues gained from the industry can help with many of the financial goals of the City.

Mayor Saenz countered that given much moral opposition to "maquinitas," it may be problematic to rely so heavily on the revenues from machine fees. He also noted that doubling the fees may deter the industry from operating.

Cm. Altgelt withdrew his suggestion until after more presentations and budget considerations.

Following a 15-minute recess, Mr. Aleman reported that the tax rate remains \$0.637 for the 14th consecutive year. Based on valuations by the Webb County Appraisal District, the City has a 6.6% increase in valuations from last year at \$13.3 million. Laredo ISD residents pay \$2.78440 property tax rates, and United ISD residents pay \$2.61956. Sales tax is collected from Transit, the Sports Venue sales tax, and the General Fund, all of which have grown from last year.

The public safety budget is \$121 million; property taxes cover 53% of that budget. The general fund expenditures (\$192,375,130) top three activities were reported as follows:

Police/Fire/Public Safety	63%
General Government	11%
Culture/Recreation	10%

The top two general fund expenditures by category were reported as Personnel (76.5%) and Contractual Services (12.7%). Personnel costs by activity were categorized as Health and Wellness, Public Works, Culture and Recreation, General Government, and Public Safety. Personnel costs increased 6% from last year.

The general fund balance was projected for the next year at \$44,754,660, a slight decrease from this year.

Dr. Rodriguez, veterinarian for the Animal Care Facility, reported that the Animal Care Facility is in need of additional kennel workers to assist in facility operations. Additional

staff will also help prevent the spread of disease or parasites.

Motion to fund two (2) kennel workers for the Animal Care Facility at an estimated cost of \$80,463, including benefits.

Moved: Cm. Torres

Second: Cm. Perez

For: 5

Against: 0

Abstain: 0

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

7. **BRIDGE**

Yvette Limón, Acting Bridge Director, reported FY2016-2017 bridge toll revenues at \$59.5 million and projected FY2017-2018 revenues at \$65.4 million, a 9.96% increase. This is due to the proposed bridge toll rate increase.

The current pedestrian toll rate is \$0.75, and Ms. Limón proposed raising the toll to \$1.00 per pedestrian. This would result in an estimated \$776,334 revenue. Per ordinance, half of Bridge revenues stay within the department, and the other half go to the general fund. Currently, Laredo's commercial toll rate is \$4.25 per axle. Ms. Limón proposed a toll rate increase to \$4.75 per axle for an estimated revenue increase of \$4,556,021.

Ms. Limón estimated the FY2016-2017 Bridge expenditures to be \$60.2 million, and the projected FY2017-2018 expenditures were reported as \$65.5 million, an 8.79% increase.

The Bridge Department has maintained a staff of 189 employees for the past three years, and there are no positions currently requested for additional Full Time Equivalent positions despite 26 funded vacancies in the department. Ms. Limón reported that the department will attempt to fill the collector positions for paisano season in December 2017. She clarified that the commercial traffic is automated, but cash is exchanged in the non-commercial and pedestrian crossings.

Commercial bridge traffic (southbound) has steadily increased since 2013. The projected FY2017-2018 traffic was reported at 2,248,027 vehicles, a 4.5% increase from last year. For the past five years, Laredo has not lost any market share of southbound commercial traffic.

Ms. Limón reported the projected FY2017-2018 non-commercial traffic southbound at 5,028,575 vehicles, a 1.0% increase from last year's estimation. Construction on the pedestrian lanes at the bridge should be completed in 2018. Laredo has maintained its market share despite a slight decrease in southbound non-commercial traffic. She explained that the construction at the bridge, the fluctuation of the peso, and President Trump's rhetoric on immigration have contributed to the slight decrease in non-commercial traffic across the border.

The southbound pedestrian traffic for FY2017-2018 was projected at 3,136,389 individuals, a 1.0% increase from last year's estimations. This projection is the highest projection among other Texas border cities. Bridge 1's pedestrian processing center is

expected to be completed in April 2018.

Ms. Limón noted that northbound traffic is not tracked due to difficulty retrieving statistics from Customs and Border Protection. She confirmed that bicycles use the pedestrian areas of the bridges.

Motion to direct staff to properly identify and mark a southbound cycling route through the pedestrian processing area at Bridge I.

Moved: Cm. Altgelt

Second: Cm. Balli

For: 8

Against: 0

Abstain: 0

Ms. Limón reported a World Trade Bridge FAST Lane Relocation project, the construction of which will cost \$10.3 million for participants in the FAST program. Currently, there is a dedicated lane for certified shipper, but the traffic still bottlenecks twice and delays crossings. This relocation will allow certified truckers to cross straight through the bridge to a processing area and then to a dedicated exit to I-69. The project allows for six toll booths, though staff will start with four.

Ms. Limón continued that the World Trade Bridge has a second project planned, the Laredo Bundle. The City will continue to work with TxDOT, and the City will contribute \$32 million to the \$160 million project. The City is applying for a \$96 million grant for the partial expense of widening the WTB exit and overpass.

Three options for the World Trade Bridge expansion plan is to expand the bridge span with eight lanes to the southbound area, expand it with four lanes per direction, or create a new bridge span connecting the port of entry.

Ms. Limón reported Bridge Department initiatives for the upcoming year as follows:

Port Police

3 Police Officers

3 Patrol Vehicles

Bridge Master Plan

Identify current traffic trends

Prepare for future growth

Marketing Campaigns

Motion to create a port of entry advisory committee comprised of stakeholders and key members of the industry to work with the Bridge Department for recommendations and a Bridge Master Plan.

Moved: Cm. Altgelt

Second: Cm. Vielma

For: 5

Against: 1

Abstain: 0

Cm. Gonzalez

Cm. Rodriguez

Cm. Torres

Cm. Vielma

Cm. Altgelt

Cm. Balli

Cm. Perez and San Miguel were not present.

Ms. Limón asked Council to accept the toll rate increases for pedestrian and commercial crossings.

Motion to approve toll rate increases for the Bridge Department by \$0.25 for pedestrian and \$0.50 for commercial crossings for an estimated increase in revenue of \$5,332,335.

Moved: Cm. Balli

Second: Cm. Rodriguez

For: 6

Against: 0

Abstain: 0

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

8. HUMAN RESOURCES

Monica C. Flores, Human Resources Director, noted that she intended to make a presentation on the wage scale and cost of living adjustments.

Motion to defer Human Resources' presentation on the wage scale and cost of living adjustments until Council receives a recommendation from the City Manager's Office and Budget Department.

Moved: Cm. Torres

Second: Cm. Rodriguez

For: 6

Against: 0

Abstain: 0

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

Randy McGraw, Insurance Consultant from HUB International, reported that the benefit plan designs offered to City employees have not materially changed since 2009, rare in the healthcare industry. However, the rising costs of healthcare has put pressure on the City's health plan to adjust the funding or benefits offered. Claims costs have increased throughout the years, exceeding the FY2015-2016 budgeted amount by over \$3 million. The City offers the lowest base plan deductible and out-of-pocket maximum than Webb County, Laredo ISD, and United ISD. The costs of the current health plan are greater than the budgeted amounts, which is unsustainable.

Mr. McGraw reported a comparison of the current 2016-2017 PPO plan highlights with the proposed 2017-2018 "new" PPO plan highlights as follows:

<u>Description</u>	<u>2016-2017 (In Network)</u>	<u>2017-2018 Proposed (In Network)</u>
Calendar Year Deductible		
Individual	\$750	\$1,000
Family	\$1,500	\$2,000
Out-of-Pocket Maximum (OOP)		
Individual	\$2,500	\$4,000
Family	\$5,000	\$8,000
Medical Copayment Amounts		

Primary Care	\$20	\$25
Specialty	\$35	\$40
Urgent Care	\$20	\$40
Emergency Care	\$100	\$150
Generic Drug	\$10	\$15
Pref. Brand Drug	\$35	\$40
Non-Pref. Brand	\$55	\$60

Deductibles and Co-Pays apply to both OOP Maximums, and Inpatient Hospital Expenses are 80% after the deductible is met for both plans. Mr. McGraw noted that employees should avoid free standing emergency rooms or urgent care clinics that are out of network to avoid additional costs.

Mr. McGraw reported the proposed changes to the payroll deductions as follows:

<u>Description</u>	<u>2016-2017</u>	<u>2017-2018 Proposed</u>
Regular Active Employees		
Employee Only	\$0.00	\$10.00
Employee & Spouse	\$140.56	\$130.55
Employee & Child(ren)	\$115.01	\$87.03
Employee & Family	\$214.65	\$257.23
Police & Fire Active Employees		
Employee Only	\$0.00	\$10.00
Employee & Spouse	\$111.43	\$120.44
Employee & Child(ren)	\$74.29	\$80.29
Employee & Family	\$219.57	\$237.31

Mr. McGraw also reported a proposed consumer-driven health plan for the 2017-2018 year as an alternative option to the proposed 2017-2018 PPO plan, along with payroll deductions:

<u>Description</u>	<u>2017-2018 Proposed (In Network)</u>	<u>Consumer-Driven</u>
Calendar Year Deductible		
Individual	\$1,000	\$2,700
Family	\$2,000	\$5,400
Out-of-Pocket Maximum (OOP)		
Individual	\$4,000	\$2,700
Family	\$8,000	\$5,400
Medical Copayment Amounts		
Primary Care	\$25	100% after deductible
Specialty	\$40	100% after deductible
Urgent Care	\$40	100% after deductible
Emergency Care	\$150	100% after deductible
Generic Drug	\$15	*
Pref. Brand Drug	\$40	
Non-Pref. Brand	\$60	

*ACA preventive drugs are covered 100% under the consumer-driven proposed plan; there is no cost sharing. Certain Non-ACA preventive drugs pay \$15/\$40/\$60. All other drugs are covered 100% after the deductible is reached.

<u>Description</u>	<u>2017-2018 Proposed</u>	<u>Consumer-Driven</u>
Regular Active Employees		
Employee Only	\$10.00	\$0.00
Employee & Spouse	\$130.55	\$110.32
Employee & Child(ren)	\$87.03	\$73.55
Employee & Family	\$257.23	\$217.37
Police & Fire Active Employees		
Employee Only	\$10.00	\$0.00
Employee & Spouse	\$120.44	\$110.32
Employee & Child(ren)	\$80.29	\$73.55
Employee & Family	\$237.31	\$217.37

Mr. McGraw presented two components of the proposed consumer driven health plan: a high deductible health plan and a health savings account. The high deductible health plan provides protection from catastrophic medical bills, low cost medical coverage, comprehensive coverage after deductibles are met, preventive benefits at 100%, and medical care at negotiated rates in-network. It is funded by payroll deductions and/or employer contributions. These monies do not go toward the employee-owned health savings account. The health savings account provides tax free withdrawals for qualified medical, dental, and vision expenses, full employee ownership, rollover of any unused balances from year to year, and debit card access. It is eligible for investment options at the employee's discretion. The health savings account is funded by pre-taxed payroll contributions. The City will contribute \$600 the first year. Accumulated funds may be used to pay for the deductible or a portion thereof.

Ms. Flores explained that the health and wellness incentive program is comprised of a checklist in which employees complete six activities such as health screenings, training sessions, exercise classes, and other health-driven activities in order to receive a \$300 reward from the City.

Zaida Gonzalez, Health and Wellness Coordinator, noted that the wellness activities and reward change every year. Exercise classes are offered once a month in order to introduce employees to different sports. The Parks & Leisure Services Department is also giving away free 7-day passes to the recreation centers for employees to experience the various centers. Ten blood pressure monitors are located throughout City buildings where employees can track their weight and blood pressure. Ms. Gonzalez presented the most recent wellness incentive checklist used for the 2016-2017 year. Over 900 employees earned the \$300 reward.

Kristina L. Hale, Acting City Attorney, clarified that the City is prohibited from giving away free memberships to the recreation centers to employees as an advantage over other citizens. Only small incentives can be given.

Steve Landin, Laredo Fire Chief, confirmed that there is exercise equipment at all fire stations, and the fire employees frequently use them. There is no requirement to exercise per the collective bargaining agreement.

Claudio Treviño, Laredo Police Chief, confirmed that there is also no requirement for police officers to exercise as per the collective bargaining agreement.

Ms. Flores stated that instead of issuing a \$300 reward for meeting the wellness

checklist requirements, the City is proposing to offer an additional day which employees can take off from work, or a “wellness day.” The City of Austin is doing this, and the practice is becoming more popular. The financial impact of offering a day off is dependent on the department. It could be less than the \$300 per person that the City is currently paying.

Cm. Torres suggested offering two days instead of only one.

Cm. Altgelt clarified that his intention for two days of paid wellness days would be for non-uniformed employees.

Mr. De Leon confirmed that the Wellness Incentive program applies to uniformed personnel, so those employees who receive the two additional days of paid leave may create overtime in their departments.

Chief Landin confirmed that any added days off would affect the Fire’s operations and scheduling. Employees taking the days off would need to be replaced to maintain staffing, which could create overtime issues.

Ms. Flores confirmed that Transit employees are not City employees and therefore not covered under the City’s health plan.

Motion to approve the wellness incentive plan to reward completion of the program requirements with two paid days of leave, or “wellness days,” per year.

Moved: Cm. Altgelt

Second: Cm. Rodriguez

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Motion to approve the proposed health insurance benefits plan as presented.

Moved: Cm. San Miguel

Second: Cm. Rodriguez

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Cm. Rodriguez asked if the City can allow dependents of insured employees to access free health care with the City Health and Wellness doctor. Horacio De Leon, City Manager, clarified that the dependents would have to be covered by the employee’s City health plan in order to see the Health and Wellness doctor.

Motion to allow dependents of City employees, who are both insured under the City of Laredo health plan, utilize free health care from the City Health and Wellness nurses and doctor.

Moved: Cm. Rodriguez

Second: Cm. Torres

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Motion to hear the Third Party Funding presentation.

Moved: Cm. Torres

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Cm. Perez and Cm. Vielma were not present

9. **THIRD PARTY FUNDING**

Diana Fullerton, Non-Profit & Volunteer Coordinator, explained that the general fund portion of Third Party Funding's budget remains the same as last year. There were no new applications in the general fund.

Motion to approve Third Party Funding's general fund budget as presented and have the City referrals prioritized.

Moved: Cm. Torres

Second: Cm. Gonzalez

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Ms. Fullerton reported that the hotel/motel portion of the budget increased by \$56,000 from last year. Some of the organizations received more money this year than last year. One organization dropped out and did not receive funding, and another organization, which did not receive funding last year, applied this year. That organization had been active previously, though it did not qualify last year.

Motion to approve Third Party Funding's hotel/motel funding budget as presented.

Moved: Cm. Torres

Second: Cm. Rodriguez

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Motion to hear the Transit budget presentation.

Moved: Cm. Torres

Second: Cm. San Miguel

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

10. **TRANSIT**

Claudia San Miguel, Transit Acting General Manager, reported the El Metro

Transportation and Transit Center services as follows:

Fixed Route Bus Service

- 22 routes throughout Laredo
- 48 buses and 1 trolley
- Approximately 1,300 bus stop

EI Lift Paratransit

- 18 vans and 3 MV-1 vans
- Provides shared origin to destination public transportation for eligible individuals with disabilities who are unable to use fixed route services

Transit Center Parking Facility

- 4 floors of parking with 425 spaces available
- Main transfer point to all EI Metro bus routes
- Long term parking contracts (385)

Ms. San Miguel reported Transit improvement for the 2016-2017 year and their costs as follows:

Procured 3 heavy-duty buses	\$1,391,598
Various upgrades/repairs	\$4,400,000
Purchase of 4 paratransit vans (some grant funding)	\$394,776
Council discretionary funds to improve bus stops	\$182,000

Transit performed 536 total bus stop improvements throughout the last year. The department also engaged in several community outreach events and services. Routes were extended to service the Outlet Shoppes and serve the Downtown residents who are in a food desert in order to assist them in accessing alternative grocery stores and shopping centers. TAMIU students and residents or visitors in the Del Mar area now have regular services on Sunday and holidays. The Transit center installed change dispensers and parking and pedestrian safety improvements. Employees have been trained in first aid and AED use.

Ms. San Miguel noted a downward trend in ridership, but the projected number of passengers in 2017-2018 was reported at 2,999,500, a slight increase since last year. She proposed a progressive fare adjustment, along with the estimated financial impact as follows:

<u>Fare</u>	<u>Current</u>	<u>FY17-18</u>	<u>FY18-19</u>
Reg. Adult	\$1.50	\$1.75	\$2.00
Student	\$1.25	\$1.50	\$1.50
Child	\$0.50	\$0.50	\$0.75
E&D (62)	\$0.35/\$0.25	\$0.75/\$0.50	\$1.00/\$0.7
Medicare	\$0.75	\$0.75	\$1.00
Transfer	\$0.25	\$0.50	\$0.75
EI Lift	\$1.00	\$3.50	\$4.00

Ms. San Miguel offered a dedicated assessment fee for individuals with a moving violation in Laredo as an alternative revenue source. The fees and their projected revenues were reported as follows:

\$13.00	\$313,927
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\$15.00 \$365,685
\$17.00 \$414,443

The Transit Capital Fee would be waived for seniors, disabled individuals, veterans, and those eligible Medicare recipients. Generated revenue will be 100% dedicated to revenue fleet replacement (fixed route buses and paratransit vans). Ms. San Miguel recommended implementing the \$17.00 fee as it will help in procuring a new bus each year.

Kristina L. Hale, Acting City Attorney, noted that this proposal may need to be reviewed for legality, as the Traffic Code may dictate fee assessments.

Ms. San Miguel noted that the Google Transit app is being finalized and should be available in the next 2-3 weeks. She added that the fare increase as presented is included as the department's revenues.

Horacio De Leon, City Manager, noted that the Transit fund struggles because the department does not generate enough revenue to cover its expenses. The City's Transit system has lost federal funding. The proposed increases in fare is designed to help meet the department's expenses. The Transit surcharge can be used toward the purchase of new buses.

Motion to approve Transit fare increases as presented and a \$25 Transit surcharge for Municipal Court moving violation citations pending Legal review and direct staff to use the funds to install wireless Internet on buses and create a universal bus pass system, as amended. (Following Legal review, this motion was found to be not legal and was not to be enforced.)

Moved: Cm. Altgelt

Second: Cm. San Miguel

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Ms. San Miguel noted that Transit does not want to remove any routes because of captive passengers, which are individuals who rely 100% on public transportation. She stated that some route frequencies can be altered if needed. Unutilized routes can be reduced in order to provide new routes that better serve the city.

Motion to direct staff to analyze bus routes to prioritize and amend routes for improved transportation.

Moved: Cm. Vielma

Second: Cm. San Miguel

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Motion to hear the Parks & Leisure Services Department presentation.

Moved: Cm. Torres

Second: Cm. Balli

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

11. **PARKS & LEISURE SERVICES**

Celina Rivera, Acting Parks & Leisure Services Director, reported that the department intends to create a new subdivision: Urban Agriculture & Forestry. Total expenditures for FY2017-2018 were projected as \$14,569,959, an increase from last year due to new swimming pools and maintenance for them coming up this year.

Cm. Vielma asked staff to consider automation of pool maintenance to save costs.

Ms. Rivera confirmed that previous Council action reduced the recreation center membership fee of seniors from \$50 to \$40. The expenditures were summarized as follows:

Motion to offer free annual membership at City recreation centers for City employees that complete the Health and Wellness Incentive program.

Moved: Cm. Torres

Second: Cm. San Miguel

For: 7

Against: 0

Abstain: 0

Cm. Perez was not present.

Ms. Rivera noted that the two largest subdivisions of the Parks expenditures are Maintenance and Recreation Centers. The parkland inventory was reported as follows:

- 55 parks and 4 plazas
- 56 softball/baseball fields
- 27 soccer fields
- 10 City trail systems
- 9 swimming pool
- 9 splash parks
- 9 recreation centers
- 4 senior centers
- 1 City cemetery
- El Mercado
- Uni-Trade Stadium

Ms. Rivera predicted a slight decrease in yearly recreation center attendance, an increase in summer program registrations, and an increase in the aquatics activities. The City cemetery has 1-4 remaining years for veterans, columbarium's, adult welfare, adult public, cremation, and baby plots. Uni-Trade Stadium's expenditures were reported for maintenance and upkeep to keep it desirable for potential buyers or City events. Ms. Rivera recommended fees for the utilization of the Uni-Trade Stadium for baseball purposes.

Motion to approve fees for use of the Uni-Trade Stadium as presented.

Moved: Cm. Torres
Second: Cm. Altgelt
For: 7 Against: 0 Abstain: 0

Cm. Perez was not present.

Ms. Rivera stated that the Urban Agriculture and Forestry proposed division will implement educational programs by offering classes and activities that will promote environmental and conservation awareness.

Motion to approve the creation of the Urban Agriculture and Forestry division.

Moved: Cm. San Miguel
Second: Cm. Altgelt
For: 7 Against: 0 Abstain: 0

Cm. Perez was not present.

Motion to approve the new positions for Parks & Leisure Services as presented.

Moved: Cm. Altgelt
Second: Cm. San Miguel
For: 6 Against: 0 Abstain: 0

Cm. Gonzalez and Cm. Perez were not present.

Motion to recess and reconvene on August 16, 2017.

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

Cm. Gonzalez and Cm. Perez were not present.

August 16, 2017:

Mayor Pete Saenz reconvened the meeting. There was no roll call.

Motion to hear Laredo Energy Arena presentation.

Moved: Cm. Torres
Second: Cm. San Miguel
For: 5 Against: 0 Abstain: 0

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

12. LAREDO ENERGY ARENA

Xavier Villalon, SMG General Manager, reported that in the 2016-2017 year, the LEA hosted 20 concerts, 32 sporting events, and 8 entertainment shows. The arena is

currently in negotiations with a potential new owner of the basketball team Laredo Swarm. Once the partnership is confirmed, Mr. Villalon confirmed that he will inform Council.

The event liability fund reportedly used \$291,365, less than the previous year. Mr. Villalon noted that while Laredo hosts the most basketball camps in Texas, the attendance to Swarm games did not meet expectations. The City does not want to subsidize the Swarm's operations. The City spends \$1.2 million to keep the LEA open and operational.

Mr. Villalon reported the FY2017-2018 proposed budget as follows:

	<u>Est. FY16-17</u>	<u>Proposed FY17-18</u>
Total Revenues	\$5,065,394	\$5,563,454
Total Expenditures	\$5,065,394	\$5,563,454

Revenues were categorized as follows:

- Event Income
- Event Liability
- Ancillary Income
- Other Income
- City Funding

Expenditures were categorized as follows:

- Executive
- Finance
- Marketing
- Food and Beverage
- Operating
- Overhead
- Box Office
- Event Expenses

Horacio De Leon, City Manager, explained that when the LEA was initially opened, an operator/owner assumed the risk of the Laredo Bucks. When the owner/operator left, the City took over and requested proposals to find vendors who manage arenas. Arenas do not make money, but they improve the quality of life and property taxes of their communities. At one point, the City subsidized over \$1.6 million. He commended Mr. Villalon for reducing that subsidy amount to \$1.2 million.

Mr. Villalon added that when he began working with the LEA, there were 19 employees. He has made cuts to keep down expenses, and now there are only 12 employees. It is common for cities to assume the risk for their arenas.

Recurring events and relationships with LEA were presented as follows:

- Field Entertainment
- Live Nation
- WWE

Agave Productions
First Row Productions
DIN Productions
Washington's Birthday Celebration

Martin Aleman, Budget Director, reported the historical City subsidy of the LEA, which fluctuated around \$1.2-1.3 million. In recent years, the subsidy rose to \$1.4-1.5 million. He clarified that the City does not subsidize the housing for any Swarm players from these funds.

Arturo Garcia, Community Development Director, confirmed that under previous City Management, an agreement was made in which the City subsidized some housing for the Laredo Swarm: a four-unit apartment complex and a house. Rental subsidies cost about \$26,000 for that. The agreement was terminated when the Swarm contract ended.

Mayor Saenz noted that Council should be informed of any subsidies or agreements regarding the City's assumption of risk or cost.

Mr. Villalon stated that every event at the LEA has its own marketing plan for the LEA and the promoter. Radio is still a large part of the marketing plan in Laredo, but social media is growing in popularity.

Cm. Altgelt voiced his opinion that the LEA is requesting too much money for position salaries and subsidies when other City departments are asked to do more activities with less money.

Juan Mendiola of SMG clarified that some expenses the LEA incurs are credit card fees, trash removal contracts, and maintenance agreements.

Mayor Saenz suggested cutting the City's funding of event liability and subsidies rather than removing them completely.

Mr. De Leon explained that the City's subsidy allows the Arena to prepare for more shows and events.

Motion to reduce the City's subsidy of the Laredo Energy Arena to \$1 million and to require the Arena to request any future liability assistance from Council and to come back in six months for another review, as amended.

Moved: Cm. Altgelt

Second: Cm. Vielma

For: 2

Against: 2

Abstain: 1

Cm. Vielma

Cm. Rodriguez

Cm. Torres

Cm. Altgelt

Cm. Balli

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

Motion fails.

Motion to spend no money from the City's subsidies for events that are not profitable,

specifically regarding the Laredo Swarm.

Moved: Cm. Altgelt
Second: None

Motion dies for lack of a second.

Mr. De Leon confirmed that staff would put this item on the agenda six months from now for further review.

Motion to ratify expenditures over \$50,000 for event liability.

Moved: Cm. Balli
Second: Cm. Rodriguez

For: 5	Against: 1	Abstain: 1
Cm. Rodriguez	Cm. Altgelt	Cm. Torres
Cm. Perez		
Cm. Vielma		
Cm. San Miguel		
Cm. Balli		

Cm. Gonzalez was not present.

Mayor Saenz called for the Utilities presentation.

13. UTILITIES

Riazul Mia, Utilities Director, reported the Utility system assets as follows:

- 3 water plants
- 70,545 water accounts
- 1,048 miles of water lines
- 6 wastewater plants
- 65,291 sewer accounts
- 754 miles of sewer lines

The Utilities Department currently has 226 water and 118 sewer Full Time Equivalent positions and is not requesting any more for the next fiscal year. Mr. Mia reviewed the completed 2017 capital improvement projects as well as ongoing projects. The department will complete a \$20 million bond sale, which will fund seven Utility projects in the next year.

Mr. Mia reported that the customer service phone call logs increased from last year both during business hours and after regular hours. The department has experienced fewer water line breaks this year. Most manhole rehabilitation or repair is performed in-house. Because of those repairs or replacement, the total sanitary sewer overflows reported to the Texas Commission on Environmental Quality has drastically decreased. The largest portion of the Utilities expenses is debt service.

Mayor Saenz asked Utilities staff to consider treating water for Nuevo Laredo to generate revenue.

Mr. Mia reported that Laredo owns about 62,000 acre-feet of water rights. He noted that the City will not need more water rights until 2040. He also proposed water availability fees that among 70,841 accounts can result in \$972,984. He recommended that Council approve purchasing more water rights. He confirmed that the residential water rates will increase 2% every year as per City ordinance, which is still lower than most comparable cities in Texas. Commercial water rates, residential sewer rates, and commercial sewer rates are also lower than most comparable Texas cities.

Mr. Mia presented a public education attempt by Utilities to discourage the public from flushing wipes, even though they are labeled as flushable. New programs also include asset management implementation, a mobile app/GIS, an online payment app, and large meter testing.

Mr. Mia reported that many account holders do not clean their grease traps, which has been backing up at the sewage treatment plant. However, there is not currently an ordinance in place that allows the Utilities Department to penalize these violators. He requested that Council pass two motions:

1. Implement water availability fees as proposed
2. Implement industrial waste recovery charge (surcharge) as proposed (effective October 1, 2019)

Motion to direct staff to bring forward an ordinance implementing an industrial waste recovery charge (surcharge) as proposed (effective October 1, 2019).

Moved: Cm. Altgelt

Second: Cm. Perez

For: 5

Against: 0

Abstain: 0

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

Motion to implement a water availability fee as presented, effective January 1, 2018, for the purchase of water rights.

Moved: Cm. Altgelt

Second: Cm. Balli

For: 5

Against: 0

Abstain: 0

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

14. **PUBLIC WORKS**

A. **Department Presentation**

John Orfila, Public Works Director, reported the proposed FY2017-2018 budget at \$8,252,578, slightly higher than last year. The budget was categorized as follows:

Administration	\$733,623
Street Repairs	\$1,018,063
Street Construction	\$1,264,132

Street Cleaning	\$1,699,035
Building Rehabilitation	\$1,000,364
Warehouse	\$263,604
Paving/Bond Funded	\$566,261
Creek Cleaning	\$1,695,596

Mr. Orfila reported 142 total Full Time Equivalent positions and 198 projects completed in the last year. Departmental performance measures included street paving projects, storm drainage maintenance, creek maintenance, building maintenance, pothole patches, and street cleaning.

B. Street Maintenance Fee

Robert Eads, Assistant City Manager, presented a proposed monthly street maintenance fee schedule for residential and business utility accounts for pavement resurfacing and reconstruction of city streets. This will help the City avoid debt for street repairs. The fees would only be restricted for street maintenance, not new roads or total reconstruction of streets. The proposed fee would not be applied to sidewalk construction or design.

As one of the fastest growing cities and the largest inland port, Laredo has 11,000 blocks and 688 miles of city streets. Approximately 178 new blocks are added each year; the average life span of a street is 12-15 years depending on the volume of traffic. Continued maintenance will extend the life of a street.

Com. Altgelt noted that his neighborhood lacks sidewalks, so the residents in his area would likely want to include sidewalk construction in the fee assessment.

Horacio De Leon, City Manager, suggested that Council allow staff to review the statute that allows the City to assess the fee. If the statute allows for sidewalks or other street issues, Council can make a decision regarding what services will be included in the fee. He noted that this fee schedule will end the poor practice of borrowing money to extend a street for 7-10 years but forcing the City to pay off the debt for over a decade, which is not sustainable.

Mr. Eads reported that the fee would be a flat monthly rate for residential accounts and a formula-driven fee for commercial accounts. The commercial accounts would pay a flat monthly fee based on: the type of business, square footage of the commercial property, the level of trips generated by a business, and a formula established in *The Institute of Transportation Engineers Trip Generation Manual*. Mr. Eads noted that other cities using a street utility or maintenance fee include Austin, Corpus Christi, Bryan, Taylor, Harlingen, and Kingsville.

A trip factor index is calculated by the property's square footage divided by 1000 and multiplied by the trip factor. The trip factor index places a business within a certain tier range. Mr. Eads cited examples of businesses for each tier and the estimated revenue the first two years as follows:

Tier 1	Clinics, Auto Sales	\$37,752
Tier 2	Movie theater, Bank	\$36,288
Tier 3	Restaurant, Carwash	\$136,530

Tier 4	Service station	\$312,564
Tier 5	Fast food restaurant	\$1,532,070
Total Revenues		\$5,381,028

Mr. Eads noted that these tiers are based on an engineering study and do not include industrial businesses (which are included in the first five tiers). He proposed a sixth tier, which would include 905 businesses. Tier 6 would generate an estimated \$657,030 for the first two years.

Mayor Saenz voiced his opinion that this fee is a tax. Cm. Altgelt countered that calling it a tax is an oversimplification, as it is an assessment. He also encouraged Council to consider using their district priority funds for sidewalk repairs or construction.

John Orfila, Public Works Director, clarified that the department's goal is to use the fee revenues to repair streets as the funds become available. The repairs will be visible to the residents and businesses.

Cm. Rodriguez stated that he would like Council Members to choose the areas that receive street repairs when the revenues are collected, as they must answer to their constituents.

Motion to direct staff to perform public hearings regarding the proposed street maintenance fees and to report back to Council before the end of the fiscal year and to verify with the proper authority if sidewalks can be included.

Moved: Cm. Balli

Second: Cm. Altgelt

For: 5

Against: 0

Abstain: 0

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

Cm. San Miguel suggested that establishing a schedule for street repairs that is publically available could help constituents see when their streets will be addressed.

Cm. Torres asked staff to add an item to the Council agenda for Monday, August 21, 2017, to discuss this item further.

15. FIRE

Steve Landin, Fire Chief, reviewed the approved requested for the Fire Department. He reported that the department was awarded a Safer grant of 24 full time equivalent positions.

Motion to approve the Safer grant 24 Full Time Equivalent positions.

Moved: Cm. Torres

Second: Cm. Balli

For: 5

Against: 0

Abstain: 0

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

Motion to hear the Airport budget presentation.

Moved: Cm. Torres

Second: Cm. Balli

For: 5

Against: 0

Abstain: 0

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

16. AIRPORT

Mario Maldonado, Acting Airport Director, reported total revenues for FY2017 (estimated) at \$7,735,070 and \$8,452,407 projected for FY2018. Total expenditures were reported as \$8,984,308 in 2017 and projected at \$8,976,813 in 2018. The department currently has 60 employees and 17 vacancies. The Airport does not anticipate any vacancies for the next year.

The City departments with airport leases were listed with the current and adjusted yearly rents as follows:

<u>Department</u>	<u>Current (YR) Rent</u>	<u>Adjusted (YR) Rent</u>
Municipal Court	\$57,305	\$151,768
Police Dept. Main	\$45,315	\$237,887
Public Works	\$111,243	\$301,686
Utilities	\$23,375	\$164,270
Animal Shelter	\$0	\$275,400
Fire Station #6	\$0	\$169,440
Municipal Housing	\$0	\$111,336
Total	\$237,238	\$1,411,788

Debt service averaged \$497,138 in 2017 and \$498,540 in 2018; both years are paid by the general fund. Those funds are paid by the general fund because they are owed to the airport following the purchase of the City Hall annex.

Mr. Maldonado reported that the Laredo International Airport ranks 224th out of 1,388 airports in the United States and 16th out of 56 airports in Texas. The airport has experienced a 2% increase in enplanement activity from last year. The Federal Inspection Service Station's arrivals and departures was estimated at a total of 5,332, a 17.8% increase from last year. Mr. Maldonado noted that the City is considering a marketing manager position to brand the airport and land ports of Laredo. The position is already in the proposed budget.

The airport has four projects underway in 2017: the runway re-designation, Taxiway G extension, Taxiway E widening, and phase 9 of a cargo apron. Mr. Maldonado referenced seven projects in the upcoming year.

Cm. Torres requested the Funding and Operations of the Departments presentation. No vote was taken.

17. FUNDING AND OPERATIONS OF THE DEPARTMENTS

(INCLUDING DIVISIONS) of the Mayor and Council, City Manager, Animal Care Services, Budget, Building Development Services, City Attorney, City Secretary, Community Development, Convention & Visitors Bureau, Engineering, Environmental Services, Financial Services, Fleet, Health, Information Services & Telecommunications, Library, Municipal Court, Planning and Zoning, Solid Waste, Tax, and the proposed Economic Development Department, and all other related matters.

Monica Flores, Human Resources Director, confirmed that 252 employee positions will have their wages increased to a minimum of \$10 per hour. The cost of this increase is \$638,462.68.

Martin Aleman, Budget Director, reviewed the approved motions by Council regarding operational funds, as follows:

Police Cadet	5
Investigators	9
911 Communication Tech.	2
Computer Operator	1
Bulletproof Vest (grant)	
Kennel Workers	2
Traffic-Engineering Associate	1
Traffic-Traffic Control Signs Marking	3
Firefighter/Cadet***	24
Total Budget Amount Approved	\$1,717,210

Mr. Aleman reviewed the motions still pending, as follows:

- Case Management
- Third Party Funding LAPS
- Positions under \$10
- Chief Innovation Officer
- Traffic-Administrative Assistant I***
- Traffic-Warehouse Clerk***
- Budget-Administrative Assistant I***
- Economic Development-Administrative Assistant I***
- Economic Development Director***
- Promotion
- Travel
- Travel Mayor
- Municipal Court Judge Salary
- Transfer Internal Audit to Mayor and City Council***

***No impact to the budget, positions are already budgeted

Total Budget Amount Requested	\$876,566
Deficit	(\$1,217,467)

Cm. Torres voiced his opinion that Council Members and the Mayor use their promotional accounts for community events, and the allocated amounts are depleted early in the fiscal year. He asked Council to consider raising the budgeted promotional account funds.

Mr. Aleman confirmed that the Council's promotional account funds are \$5,000 each.

Motion to increase promotional funds from \$5,000 to \$10,000 for Council Members.

Moved: Cm. Torres

Second: Cm. San Miguel

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Mr. Aleman confirmed that Council's travel funds are \$3,500 for each Council Member and \$13,814 for the Mayor.

Motion to increase the Mayor's travel fund to \$18,000 and each Council Member's travel fund to \$10,000.

Moved: Cm. Torres

Second: Cm. San Miguel

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Cm. Torres noted that the County may fund 50% of the Health Department's parking lot which has not received funding to-date.

Motion to direct staff to contribute \$125,000 toward the resurfacing of the Health Department parking lot, provided that Webb County contributes \$125,000.

Moved: Cm. Torres

Second: Cm. Vielma

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Cm. Torres noted that there is not currently an Associate Municipal Court Judge, likely due to an insufficient annual salary with no benefits. He also noted that the Municipal Court Judge makes less than the City Attorney. As it is an elected position, the Municipal Court Judge should be making more than the City Attorney.

Motion to increase the annual salary of the Municipal Court Judge by \$15,000 to \$150,000.

Moved: Cm. Torres

Second: Cm. Perez

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Cm. Vielma requested to address the Traffic Department's budgeted positions.

Roberto Murillo, Traffic Director, confirmed that two requested positions were still pending.

Motion to approve the remaining two Full Time Equivalent positions as requested by Traffic.

Moved: Cm. Vielma

Second: Cm. Altgelt

For: 7

Against: 0

Abstain: 0

Cm. Gonzalez was not present.

Council returned to the remaining Funding and Operations of the Departments presentation.

Nathan Bratton, Planning Director, confirmed that shovel-ready projects can be expected to start at \$1.3-1.4 million, depending on the size of the project. Preliminary estimates of right-of-way acquisition for Loop 20 are about \$200 million. The City will need to pay 10% of that amount upfront and will get a 72% reduction of the total cost. An agreement has been initialized, and the City will request a payment plan for 10 years.

Mayor Saenz requested \$500,000 more for his shovel-ready project initiative.

Mr. Aleman added \$500,000 for "Shovel Ready Projects" to the operational budget motions pending approval, for a total budget amount requested to reflect \$1,376,566. The deficit was updated to \$1,743,967. He noted that a fee increase of \$375 per amusement redemption machine, for a total of \$925, would cover the deficit.

Motion to increase the amusement redemption machine fee to \$1,000, allocating surpluses to the Mayor's shovel-ready project initiative.

Moved: Cm. Altgelt

Second: Cm. San Miguel

For: 7

Against: 0

Abstain: 0

Cm. Gonzalez was not present.

Mr. Aleman asked Council to proceed with a 2% cost of living increase for City employees and the merit raise plan, both of which were presented in the budget. Both items would require ordinance adoption.

Horacio De Leon, City Manager, clarified that a 360 evaluation is one in which supervisors evaluate their employees, and the employees also evaluate the supervisor.

Motion to approve a 2% cost of living increase for City employees and up to a 2% merit raise based on employee performance evaluations by supervisors and allowing employees to anonymously evaluate their supervisors, as amended.

Moved: Cm. Balli

Second: Cm. Altgelt

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Motion to approve the purchase of three 40 cubic yard heavy duty grapple trucks for the Solid Waste Department, increasing the appropriations by \$660,000.

Moved: Cm. San Miguel

Second: Cm. Altgelt

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

Motion to approve three (3) full time heavy equipment operator positions for the Solid Waste Department.

Moved: Cm. San Miguel

Second: Cm. Altgelt

For: 7 Against: 0 Abstain: 0

Cm. Gonzalez was not present.

18. **TRAFFIC**

Traffic budget needs were addressed during the General Fund and Funding/Operations of the Departments presentations.

Cm. Balli congratulated and thanked City staff for working diligently on a well-planned budget and for the negotiations that took place. Under new City Management, new positions are able to be funded, and improvements are expected moving forward.

Cm. Torres commended Mr. De Leon for a balanced budget this year. As the stakeholders of the City of Laredo, he voiced his appreciation of the City departments meeting their constituents' and employees' needs. Cm. San Miguel voiced his agreement.

Mr. De Leon informed Council that staff will bring the budget back before Council in the form of an ordinance that will need to be approved at that time, prior to September 30, 2017. It will include a public hearing and explanation of the street maintenance fee and other implements. The budget process began in March 2017 and took collaboration from every department.

Mr. Aleman recognized the collaborative effort of City staff to develop the budget.

II. EXECUTIVE SESSION

None.

III. ADJOURNMENT

Motion to adjourn.

Moved: Cm. Altgelt

Second: Cm. San Miguel

For: 7 Against: 0

Abstain: 0

Cm. Gonzalez was not present.