

**CITY OF LAREDO
SPECIAL CITY COUNCIL MEETING
M-2015-SC-06
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
JULY 28, 2015
1:00 P.M.**

I. CALL TO ORDER

With a quorum present, Mayor Pete Saenz called the meeting to order.

II. PLEDGE OF ALLEGIANCE

Mayor Pete Saenz led in the pledge of allegiance.

III. ROLL CALL

Pete Saenz,	Mayor
Rudy Gonzalez,	District I
Esteban Rangel,	District II
Alejandro Perez, Jr.,	District III
Juan Narvaez,	Mayor Pro-Tempore, District IV
Roque Vela, Jr.,	District V
Charlie San Miguel,	District VI
George J. Altgelt,	District VII
Gustavo Guevara, Jr.	City Secretary
Jesus Olivares,	City Manager
Cynthia Collazo,	Deputy City Manager
Horacio De Leon,	Assistant City Manager
Raul Casso,	City Attorney

Motion to excuse Cm. Balli.

Moved: Mayor Pro Tem Narvaez

Second: Cm. Vela

For: 5

Against: 0

Abstain: 0

Cm. Perez joined the meeting at 1:18 pm.

IV. MOTIONS

1. Submitting the proposed 2016 – 2020 Capital Improvement Program (CIP)

as per Article VI, Section 6.05, of the City Charter, which states that “the City Manager shall prepare and submit a five (5) year capital program at least sixty (60) days before the end of the fiscal year.”

Motion to approve.

Moved: Cm. Rangel

Second: Mayor Pro Tem Narvaez

For: 5

Against: 0

Abstain: 0

2. Submission of the proposed Fiscal Year 2015 Annual Budget as per Article VI, Section 6.02, Submission of Budget, which states that “At least sixty (60) days before the end of the fiscal year, the City Manager shall present to the Council a budget for the ensuing fiscal year with an accompanying budget message.”

City Manager Jesus Olivares read the following letter to Mayor Saenz and City Council:

July 28, 2015

Mayor and Members of the City Council:

I am pleased to submit the proposed budget for Fiscal Year 2016. The budget is balanced as required by Charter and reflects the City’s priorities for the quality of life of all residents of Laredo.

The FY 2016 spending plan reflects our commitment to provide high quality service to the public while maintaining a strong financial position and with no increase to the City’s property tax rate for the 12th consecutive year. The budget includes allocations for our contractual obligations with Police and Fire with a 2% and 3% increase, respectively, and a 2% for civilian employees. The budget adds 70.25 positions and reduces 31.59 positions for a net increase of 38.66 positions.

The FY 2016 Proposed Consolidated Annual Budget, comprised of all funds, totals \$588 million, a decrease of 1% from FY 2015. The total net operating budget, excluding operating transfers, is \$446 million. The City’s largest operating fund is General Fund at \$177.3 million with a proposed ending fund balance of \$44 million or 27% of expenditures excluding transfers. Total consolidated closing fund balance is projected to end at \$190.7 million. Property valuations reflect an increase of \$511 million or 4.5% over FY 2015 estimated valuations which translate to an increase of \$2.6 million in additional revenue compared to FY 2015 budget.

We continue to work towards meeting the goals set by the Mayor and City Council by:

- Providing the necessary funding for Public Safety including personnel and equipment;*
- Providing the highest quality service in our recreation centers, libraries and parks for our community to enjoy and enhance their quality of life;*
- Improving our current Utility System and infrastructure through regular maintenance and new additions;*
- Dedicating our efforts to improving our streets, sidewalks and Downtown area;*
- Maintaining and improving the City's rating for Certificate of Obligation Bonds and General Obligation Bonds which currently stand at:*

*Fitch
AA*

*Moody's
Aa2*

*Standard & Poor's
AA*

We are currently working on issuing various bonds, which include a Certificate of Obligation for \$15.5 million and two (2) Revenue Bonds: one for the Utilities System totaling \$14.0 million for infrastructure improvements and another for the Solid Waste Department totaling \$5.3 million for equipment. A Plan of Finance will be presented to City Council in August by our Financial Advisors.

I would like to point out specifically the \$15.5 million C.O. Bond. We have met with you and have presented to you our needs as well as have heard your requests by district. In this bond we will be adding:

- \$700,000 for Downtown sidewalks as well as improvements around the historic Mercado Area;*
- \$1,950,000 for land acquisition in the Downtown area;*
- \$653,850 for an outlet egress @ San Enrique;*
- \$2,860,439 for street and drainage improvements such as International & San Isidro, Calle del Norte & Springfield, Meadow & Saunders, CPL Road Phase II, Bedford & Candlewood, among others;*
- \$2,310,000 for thirty five (35) Police marked vehicles and five (5) Police unmarked vehicles;*
- \$1,470,000 for Fire equipment which include one (1) Aerial truck and two (2) ambulances;*
- \$1,595,000 for repairs and improvements to our City Facilities which include six (6) fire stations, roof repairs to our Heath Dept., Bruni Plaza, and Parks Administration Building, and some additional improvements to our Animal Care Facility; and,*
- \$4,000,000 for which each individual district will be provided with*

\$500,000 for sidewalk, park and street improvements and any other projects Council deems necessary.

Staffing and Benefits

A total of 2,831.97 full-time equivalent positions are included in the FY 2016 proposed budget, excluding Transit, at an estimated cost of \$199.4 million, an increase of \$8.1 million over last year’s budget. The budget includes a cost of living increase for civilian employees of 2% effective October 2015 at an estimated cost of \$1.7 million. Funding for our contractual obligations for Police of 2% at an estimated cost of \$1.1 million and for Fire of 3% at an estimated cost of \$1.2 million are included. The budget also includes a contribution rate of 22% at an estimated cost of \$690,000 to the Texas Municipal Retirement System, which is a 0.64% increase from the FY 2015.

The City of Laredo continues to be the only governmental entity in the county to provide employees with health benefits at no cost. The City currently pays for the employees’ health insurance premium while subsidizing 51% of the regular employees’ dependent premium and 50% for police officers and fire fighters’ dependents. Retired police officers and fire fighters get 100% of their health insurance premium paid by the City.

Tax Rate

The proposed tax rate for FY 2016 will remain the same **for the twelfth consecutive year** at \$0.63700 per \$100 assessed valuation. The FY 2016 property values are projected to increase by 4.5% over FY 2015 valuations. The total taxable value of \$11.8 billion will generate a levy of \$75 million which represents a \$2.7 million or 3.8% increase over the FY 2015 original levy. The levy for FY 2016 excludes an estimated amount of \$477 thousand for a tax freeze for senior citizens who are 65 years of age or older and disabled citizens as directed by City Council.

	FY 2015 Budget	FY 2015 Estimate	FY 2016 Proposed
Tax Rate	0.637000	0.637000	0.637000
Taxable Valuations	\$11,412,449,141	\$11,268,707,920	\$11,849,127,826
Net Tax Levy	\$72,277,823	\$71,781,669	\$75,001,835

Taxes to be collected are allocated for Maintenance & Operations and Debt Service as follows:

- *The maintenance and operations tax rate allocation of \$0.493576 for FY 2016 is expected to generate \$56.4 million for General Fund, an increase of \$2.2 million over FY 2015 budget.*
- *The debt service tax rate allocation of \$0.143424 for FY 2016 is expected to generate \$16.4 million for debt service, an increase of \$439 thousand over FY 2015 budget. The taxes are calculated at a 97% collection rate.*

General Fund

General Fund's budget is balanced with total appropriations of \$177.3 million. Proposed revenues and expenditures increased by \$8.2 million or a 5% increase over FY 2015.

The major increase in revenues is attributed to the following categories: Property Taxes of \$2.2 million, Bridge of \$1.4 million, Sales Tax of \$1.4 million, Risk Management transfer of \$500 thousand, Amusement Device Permits of \$408 thousand, Administrative Fees of \$525 thousand and Alarm Permit Fees of \$407 thousand. The Alarm Permit increases being proposed are due to the implementation of a new billing software and a proposed rate increase.

The net increases in expenditures are in the following categories: Personnel \$6.9 million, Police grant matches \$661 thousand, Vehicle Maintenance \$337 thousand and a saving of \$574 thousand in fuel. Personnel accounted for the largest increase at \$6.9 million or 85% of the total expenditure increase and consists of the following:

- *\$ 1 million for a 2% Police Contractual Obligation;*
- *\$837 thousand for nine police officers transferred from COPS Grant;*
- *\$1.1 million for fifteen police officers which were previously unfunded;*
- *\$1.2 million for a 3% Fire Contractual Obligation;*
- *\$692 thousand for twelve firefighter/cadet positions as per Contract;*
- *\$519 thousand for nine firefighter/cadet positions for new ambulance crew;*
- *\$346 thousand for six over hires for the Fire academy;*
- *\$223 thousand for six civilian positions for the Fire Department;*
- *\$700 thousand for a 2% COLA for non-uniform civilian employees;*
- *\$400 thousand for 0.64% increase to our Texas Municipal Retirement System contribution; and,*
- *\$437 thousand in savings for the un-funding of six positions under the Economic Development department to provide funding for Laredo Development Foundation.*

Public Safety

The Mayor and City Council's commitment to keeping our community safe is reflected in General Fund's appropriations. A total of \$111.5 million is being proposed for Police and Fire, an increase of \$6.6 million or 6% increase from FY 2015. This represents 63% of the total General Fund budget of \$177.2 million.

Police

The Police Department reflects an increase of 15 officers being funded from 21 unfunded positions in previous years. This brings the total strength of officers budgeted to 476 and 85 civilian positions. The Police budget represents a cost of \$63.4 million, representing 36% of the City's General Fund budget. An academy of fifteen (15) Police officer/cadets is scheduled for August 2015 to replace retired officers. We continue to apply and utilize grants such as Special Police Grants and other overtime grants to fund specific programs which City Council, Management and the Police Department have been very successful in garnering. The proposed Certificate of Obligation planned for later this year, includes funding for 35 marked units and 5 unmarked units at a cost of \$2.3 million. The Laredo Police Department continues to be instrumental in the war against crime, in particular the drug-cartel issues as it relates to the U.S. – Mexico border. We continue to keep our crime level low and our auto theft statistics are an example of our commitment against crime. In 2008, we were rated number two (2) in the nation with stolen vehicles totaling 1,701. In 2014 our motor vehicle theft continued to decrease to 276 vehicles, a 96.2% reduction.

Fire

The City's Fire Department is no exception to Laredo's commitment to public safety. The proposed General Fund budget includes 21 new firefighter/cadet positions and 6 over hires, 12 to comply with the current contract stipulating the increase in firefighters and 9 to man a new ambulance which will be added to station 12 on Loop 20 near TAMIU. An academy of 27 firefighter/cadets is scheduled for January 2016 with an estimated cost of \$1.6 million and is expected to be completed by October 2017 at which time the new ambulance will be activated. In total, \$48.1 million in appropriations for the department represents 27.26% of General Fund expenditures. Fire will have a workforce of 383 authorized Firefighter positions. In addition a total of 6 civilian positions are included at an estimated cost of \$224 thousand. Three of these positions will allow for 3 current firefighters to be placed back on an engine thus reducing overtime. The proposed Certificate of Obligations includes a Fire Aerial Truck at an estimated cost of \$990 thousand and two ambulances at an estimated cost of \$480 thousand for a total of \$1.47 million. We will also be looking

into various fire stations for repairs and maintenance totaling \$620 thousand.

Infrastructure

Public Works

The constant growth in commercial traffic, via rail and truck continues to make Laredo's transportation system a top priority. Public Works will pave over 387 blocks throughout the City in FY 2015 and we are projecting 425 blocks for FY 2016. Five positions have been added to have the department implement a program to work on the Downtown area as it relates to sidewalks, force cleaning and general cleanup of the Downtown area. Work on the renovation of the Federal Court House, sidewalk projects, improvements to City facilities continue, as well as the maintenance of all industrial park streets, sweeping all City streets and IH 35. I can't fail to mention the work on the restoration of the Bruni Plaza Fountain has been completed after many years of not being in service.

Utilities

The City's Utility Department continues to make great strides to improve the infrastructure of the water and wastewater system to ensure that the citizens of Laredo are provided with quality water and to ensure the efficient collection and treatment of wastewater. The following projects have been completed or will be completed in the next year:

- \$85,657,070 El Pico Water Treatment Plant completed in January 2015 and will provide water for the next seventy-five years;
- \$17,351,147 60" Water Transmission to be completed in September 2015;
- \$16,182,370 Automated Meter Reading completed in June 2015;
- \$51,826,335 South Laredo Waste Water Treatment Plant Expansion from 6 to 12 MGD to be completed in November 2015;
- \$4,612,397 Jefferson Water Treatment Plant Administration Building and Learning Center to be completed in May 2016; and,
- \$26,235,550 Sombreretillo Waste Water Treatment Plant to be completed in July 2016.

We are currently working on a plan of finance for \$64 million; \$50 million with the Texas Water Development Board and \$14 million in revenue bonds which includes the following projects:

- \$22,075,000 South Laredo Wastewater Treatment Expansion from twelve (12) to eighteen (18) MGD;
- \$18,000,000 Sombreretillo Wastewater Treatment Plan;
- \$5,500,000 San Isidro three (3) MG Elevated Storage Tank;

- \$4,600,000 24" Waterline along Loop 20 Casa Verde Road; and,
- \$14,000,000 for infrastructure improvements.

The capital improvement plan in place will secure this City's water resources, distribution, and treatment for many years to come. The Texas Water Development Board loans will generate an estimated savings of \$19.9 million over the life of the loans compared to the open bond market.

Quality of Life

Culture and Recreational Facilities

The proposed budget includes \$14.4 million for Parks and Leisure Services. The Certificate of Obligation that will be presented to Council on August 2015 includes an estimated amount of \$1.6 million dollars for various parks throughout the City. The department in conjunction with Webb County and Fernando Salinas Trust will be working on building a mausoleum for Veterans. This will add approximately 144 spaces and provide staff with more time to continue exploring the options of extending the life of our Cemetery.

The Laredo Public Library includes a \$4.5 million budget for its operations. Each building houses a growing library collection, computers and Internet access. Their services have widely expanded to not just books, but also offer downloadable e-books to mobile devices; they also bring in panel discussions, writers, book signings and workshops. Its budget for FY 2016 reflects additional personnel of six part-time positions to account for the additional hours of operation for Barbara Fasken Branch Library on Saturdays. We continue to be innovative and with that come new ideas such as the consideration of opening a coffee shop in one of our facilities in order to better serve our citizens.

Closing Comments

To the citizens of Laredo and to you, the Honorable Mayor and members of the City Council, the budget process has become increasingly challenging every year. This year, our initial budget deficit started at \$8.3 million. It had to be dealt with in a manner that would not have a drastic effect on services while maintaining our strong economic posture and our quality of service to the citizens of Laredo.

The cooperation of all department directors and managers has been nothing less than exemplary. Difficult decisions were made, and all adhered to the road map as set forth by this City Council, which emphasized (1) public safety, (2) a better quality of life for our citizens through our parks and recreation activities, (3) the continued reconstruction of streets, (4) improved water infrastructure, and (5) Downtown revitalization, all without a property tax increase for our Citizens.

This spending plan for FY 2016 contains the financial structure to accomplish the goals set by the Mayor and City Council. We continue to work within our means while continuing to provide quality service to a fast growing community. This will continue to be our purpose and our mission.

Sincerely,

*Jesus Olivares
City Manager*

Motion to approve.

Moved: Cm. Rangel

Second: Mayor Pro Tem Narvaez

For: 6

Against: 0

Abstain: 0

V. ADJOURNMENT

Motion to adjourn.

Moved: Cm. Vela

Second: Cm. Rangel

For: 6

Against: 0

Abstain: 0

I, Gustavo Guevara, Jr., City Secretary, do hereby certify that the above and foregoing is a true and correct copy of the minutes contained in pages 01 to 09 and they are true, complete, and correct proceedings of the Special City Council meeting held on July 28, 2015.

Gustavo Guevara, Jr.
City Secretary