

**CITY OF LAREDO
ANNUAL BUDGET WORKSHOP
M2009-W-02
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
AUGUST 10, 11 & 13, 2009
5:30 P.M.**

I. CALL TO ORDER

With a quorum present, Mayor Raul G. Salinas called the meeting to order.

II. PLEDGE OF ALLEGIANCE

Mayor Raul G. Salinas led in the Pledge of Allegiance

III. ROLL CALL

In attendance:

Raul G. Salinas,
Mike Garza,
Hector Garcia,
Michael Landeck,
Juan Narvaez,
Johnny Rendon,
Gene Belmares,
Jose Valdez, Jr.
Cynthia Liendo-Espinoza,
Carlos Villarreal,
Gustavo Guevara,
Cynthia Collazo,
Horacio De Leon,
Jesus Olivares,
Raul Casso,

Mayor
Mayor Pro Tempore, District I
Council Member, District II
Council Member, District III
Council Member, District IV
Council Member, District V
Council Member, District VI
Council Member, District VII
Council Member, District VIII
City Manager
City Secretary
Deputy City Manager
Assistant City Manager
Assistant City Manager
City Attorney

IV. COMMUNICATIONS

V. FINAL READING OF ORDINANCES

Motion to waive the final reading of Ordinance # 2009-O-143.

Moved: Cm. Rendon
Second: Cm. Narvaez
For: 8

Against: 0

Abstain: 0

1. 2009-O-143 Amending Ordinance #2005-O-339 of the City of Laredo by renewing the effective date of the existing water conservation and drought contingency plans, as required by the Texas Commission on Environmental Quality

and the Texas Water Development Board; providing for publication, severability, and an effective date.

Motion to adopt Ordinance # 2009-O-143.

Moved: Cm. Rendon

Second: Cm. Liendo Espinoza

For: 8

Against: 0

Abstain: 0

VI. RESOLUTIONS

- 2. 2009-R-095 Authorizing the City Manager to submit a Grant application to the Texas Governor’s Division of Emergency Manager (DEM), FY09-10 Hazard Mitigation Grant Program in the amount of \$6 Million with City designating \$2 Million in matching funds for the Canal Street Drainage Improvements.

Motion to approve Resolution # 2009-R-095.

Moved: Mayor Pro Tempore Garza

Second: Cm. Garcia

For: 8

Against: 0

Abstain: 0

VII. DISCUSSION AND POSSIBLE ACTION REGARDING THE PROPOSED FISCAL YEAR 2009-2010 ANNUAL BUDGET:

A. Introduction of the budget by City Manager, Carlos Villarreal.

City Manager, Carlos Villarreal, said that when the budget was submitted to City Council there was a message that was delivered to Council and to the citizens of Laredo. He emphasized that he was instructed to make sure that no employee of the City of Laredo was laid off due to the struggling economy. He noted that no employees have lost their job throughout this fiscal budget. He said that the City is also adhering to the obligations of the Collective Bargaining Agreements for Fire and Police. He mentioned that they have unfunded 118 positions which includes 96 in the general fund and 22 in other funds. He said that they have readjusted the budget as far as revenue projections to more adequately reflect current economic conditions. The budget is balanced. He noted that the budget reflects some of the downfalls that were in last years budget.

B. PROPOSED CONSOLIDATED AND GENERAL FUND BUDGET HIGHLIGHTS

Martin Aleman, Budget Manager, gave the following presentation:

Consolidated Operating Revenues		
\$426,395,999		
Debt Service	\$ 53,391,527	13%
Other Special Revenue Funds	\$ 44,407,545	10%
Bridge	\$ 41,546,931	10%
Water	\$ 35,597,213	8%

Sewer	\$ 24,109,955	6%
Transit System	\$ 19,836,598	5%
Health & Benefits	\$ 18,309,253	4%
Solid Waste	\$ 16,427,457	4%
Other Funds	\$ 15,299,957	4%
Health Department	\$ 14,131,515	3%
Fleet	\$ 9,711,275	2%
General Fund	\$133,626,773	31%

Consolidated Operating Expenditures \$439,930,817

Debt Service	\$ 36,753,601
Sewer	\$ 27,246,282
Transit System	\$ 21,915,432
Health & Benefits	\$ 19,675,398
Solid Waste	\$ 15,939,177
Health	\$ 14,131,515
Fleet	\$ 10,195,319
Other Special Revenue	\$ 47,277,724
Other	\$ 18,729,902
General Fund	\$133,682,816
Bridge	\$ 50,314,211
Water	\$ 44,069,440

Full Time Equivalent Position History (All Funds)

	FY06-07	FY07-08	FY08-09*	FY09-10*
Transit System	179.31	179.31	184.70	184.70
All Other	1,178.98	1,165.05	1,171.38	1,150.38
General Fund	1,335.62	1,407.53	1,449.53	1,453.53

General Fund Revenues

Taxes	\$80,738,282	61%
Charges for Service	\$31,324,350	24%
Franchise Fees	\$6,618,978	5%
Licenses & Permits	\$5,886,439	4%
Other Financing Sources	\$2,972,743	2%
Fines & Forfeits	\$2,774,404	2%
Rents & Royalties	\$1,512,323	1%
Reimbursements & Miscellaneous	\$675,692	
Fees & Collections	\$600,650	
Intergovernmental	\$522,912	0%

General Fund Major Revenues

	FY06-07	FY07-08	FY08-09	FY09-10
Property Taxes	\$41,958,391	\$46,391,890	\$50,451,697	\$51,898,075

General Sales	\$25,027,489	\$26,028,182	\$24,817,143	\$24,975,386
Bridge Transfer	\$19,024,781	\$22,788,129	\$19,728,245	\$20,255,314
Electric System	\$4,421,903	\$4,622,770	\$4,340,174	\$4,340,174
Municipal Court	\$2,629,703	\$3,006,348	\$6,629,074	\$2,774,404
Telecommunications	\$3,067,774	\$2,901,272	\$2,830,866	\$2,629,423

Tax Rate History

	FY06-07	FY07-08	FY08-09*	FY08-09*
Debt	0.123255	0.125574	0.124263	0.123807
M & O	0.513745	0.511426	0.512737	0.513193

*Estimated * Proposed

Valuations

FY06-07	\$ 8,421,543,014
FY07-08	\$ 9,346,302,826
FY08-09	\$10,275,854,003
FY09-10	\$10,681,720,798

Sales Tax History

	FY06-07	FY07-08	FY08-09	FY09-10
Arena's Alloca.	\$6,356,559	\$6,490,541	\$6,294,046	\$6,294,046
Transit's All	\$5,881,063	\$6,122,978	\$5,834,645	\$5,834,645
City's Allocation	\$25,027,489	\$26,028,182	\$24,817,143	\$24,975,386

General Fund Expenditures by Activity

Public Safety – Police/Fire	\$85,400,932	64%
Traffic	\$ 4,101,490	3%
General Government	\$17,243,325	13%
Cultural & Recreational	\$10,632,907	8%
Other Financing	\$ 9,967,633	7%
Public Works	\$ 5,566,227	4%
Health & Welfare	\$ 770,302	1%

General Fund Expenditures by Category

Personnel	\$101,860,263	77%
Debt Service	\$ 102,232	0%
Other Charges	\$ 1,536,649	1%
Materials & Supplies	\$ 7,338,220	5%
Intergovernmental Transfers	\$ 5,306,705	4%
Contractual Service	\$ 17,538,747	13%

	FY06-07	FY07-08	FY08-09*	FY09-10*
Public Works	\$2,874,235	\$3,184,873	\$3,124,011	\$3,489,321

Cultural & Rec.	\$6,788,460	\$7,437,940	\$6,638,934	\$6,726,357
General Govern.	\$11,999,251	\$12,372,600	\$13,116,660	\$13,317,553
Public Safety	\$65,564,922	\$73,578,569	\$75,498,931	\$78,229,441

Full Time Equivalents Positions (General Fund Only)

	FY06-07	FY07-08	FY08-09*	FY09-10*
Public Works	68.50	74.00	73.00	73.00
Culture & Rec	208.33	212.93	221.93	220.93
General Govern.	231.54	237.60	245.60	245.60
Public Safety	827.25	881.00	907.00	912.00
Health & Welfare	0	2.00	2	2.00

General Fund Closing Balance History

	05-06	06-07	07-08	08-09
Closing Balance	23,146,904	26,620,595	27,428,767	27,372,724

C. CONVENTION & VISITOR'S BUREAU

Blasita Lopez, Acting Convention & Visitors Bureau Director, gave the following presentation:

Laredo Rediscover our Flavor

Hotel Tax Revenue and CVB Operating Budget

Hotel Occupancy Tax Collections as of 7.29.09

2.2 million of 2.8 projection (amended budget amount)
80.3% of Projection has been met

CVB Operating Budget

FY2009: \$2,725,778
FY2010 \$1,847,185

Proposing a 32.23% Decrease in Funding

Proposed Major Fund Cuts

Director	\$87,294	(100% Unfunded)
Tourism Sales Manager	\$26,962	(50% Unfunded)
Marketing Manager	\$16,519	(25% Unfunded)
Other Charges	\$402,000	(LEC operations)

Texas Hotel Outlook First Quarter 2009

Room Revenues dropped 8%

Decline is the largest since 1986
 Occupancy Dropped 7.9% from one year ago
 Room-night price declined 3.9%
 Revenue Per Available Room declined 11.5%
 Market reports and trends indicate a likely worsening for the 2009 Second Quarter

Local Tourism/Hotel Market Indicators

Laredo HOT revenue, as reported to the State Comptroller vs 2007 declines 0.6%
 \$53,294,801 vs. 52,996,936

Laredo occupancy vs. 2007 declines 2.9%/58.8% vs. 55.9
 Room nights sold vs. 2007 decline 4%/ 865,991 vs 827,818

Occupancy first quarter, 08 vs. 09, declines 11.9%/ 56.8% vs. 44.9%

Room revenue first quarter 08 vs. 09, declines 20.5%

Laredo Tx Travel Information Center visitor inquiries (Jan – Jul YTD 08 vs. 09) decline 49.7%

1-94 permits issued at Port of Laredo through April 09 vs 08 – 18.7%

Hotel Motel Occupancy Tax Collections

FY 2009 Projection: \$3,424,128 (original budget)
 Amended to \$2.8 M

FY2010 Projection: \$2,543,982

Projection a 25.7 Decrease in Collections

FY2009 vs. FY2010

Billboard, Print and Electronic Advertising Budget

	FY2009	FY2010
Mexico	314,535	347,110
United States	390,535	396,842

FY2009: \$705,045

FY2010: \$743,952

New in 2009 U. S. Marketing

1. Hosted Meet the Bureau Night event to raise local awareness for CVB Services
2. Hosted four media familiarization tours
3. Executed and administered contract for US domestic marketing, advertising and public relations services

4. Tag line
5. Advertising and collateral image redesign

New in Mexico Marketing

1. Mexico Shopping Spree
2. Spanish Language Visitors Guide
3. Monterrey Vehicle purchase and van wrap
4. Style fashion shows in Monterrey, Nuevo Leon MX
5. Print advertising in Guadalajara
6. Downtown merchant coupon sheet

D. BRIDGE

Mario Maldonado, Bridge Manager, gave the following presentation:

Budget Highlights

FY 08-09

\$6 million shortfall of revenues, 13%

Reduced operating budget - \$6 million

Meet 15% required fund balance, \$1.7 million

FY09-10

Revenues and expenditures are similar to FY08-09 – Deleted \$6m from proposed budget

Deleted 11 positions, unfunded 17 positions

Meet 15% required fund balance of \$1.8 million

No rate increase proposed

Revenue Comparisons

Estimated Revenue FY08-09

Budget	FY08-09	\$46,564,504
	FY 08 - 09 -	\$40,511,119

-\$6,053,485 Negative

Proposed Revenue FY09-10

Estimated FY08-09	\$40,511,119
Proposed FY09-10	\$40,510,627
	-\$492

5 Year Revenue Comparison

FY04-05	\$33,069,032
FY05-06 -	\$39,101,761
FY06-07	\$38,051,562
FY07-08	\$45,576,258
FY08-09	\$40,511,119

FY09-10 \$40,510,627

Traffic Comparisons

Yearly Commercial Traffic

FY05-06	1,699,732
FY06-07	1,662,549
FY07-08	1,608,566
FY08-09	1,384,975
FY09-10	1,384,975

Border City Commercial Traffic Comparison as of May 31, 2009

Del Rio	33,428
Eagle Pass	52,888
Brownsville	132,023
El Paso	193,265
Laredo	916,553
Pharr	274,611
McAllen	23,887

Yearly Non-Commercial Traffic

FY05-06	6,075,453
FY06-07	5,718,799
FY07-08	5,539,281
FY08-09	5,018,589
FY09-10	5,018,589

Border City Non-Commercial Traffic Comparison as of May 31, 2009

El Paso	2,395,190
Brownsville	2,617,840
Laredo	3,407,780
McAllen	3,024,607
Del Rio	996,636
Eagle Pass	1,799,328
Phar	1,074,171

Yearly Pedestrian Traffic

FY05-06	4,137,543
FY06-07	4,161,523
FY07-08	4,362,376
FY08-09	4,157,440
FY09-10	4,157,440 Proposed

Border City Pedestrian Traffic Comparison as of May 31, 2009

Brownsville	1,248,915
El Paso	3,430,866
Laredo	2,814,147
Eagle Pass	451,960
McAllen	1,070,673
Del Rio	40,323

E. POLICE

Carlos Maldonado, Police Chief, gave the following presentation:

Mission Statement

It is the mission of the Laredo Police Department to enhance the quality of the life in Laredo by establishing a partnership with the community in an effort to preserve life, protect property, and enforce the law.

Department Improvements

911 Communication/Dispatch
Firing Range

Performance Measures

2009 Laredo Police Grants

Program	Agency	Amount
JAG Recovery Act Grant	Bureau of Justice Assistance	\$602,748
*Southern Border JAG Narcotics Grant	Bureau of Justice Assistance	\$2,000,000
Autotheft Task Force Grant	State of Texas/TxDot	\$433,514
*State of Texas JAG Grant	State of Texas/STDC	298,400
*State of Texas Homeland	State of Texas/STDC	\$500,000
**COPS Hiring Recovery Grant	COPS Office/Dept. of Justice	\$7,600,000
Underlined programs	Pending approval	Funding not approved
Border Star Grant	Governor's Division of Emer	\$275,000
*State Farm Community	State Farm Corporation	\$6,000
HIDTA Task Force	ONDPCP/Office of President	\$841,210
Target Law Enforcement Grant	Target Corporation	\$4,000
TxDOT	Texas Dept. of Transportation	\$201,304
Underlined programs already awarded	Pending approval *	Funding not approved**

911 and Calls for Service

2007-2008

911 Calls 155,379

Service Calls 276,857

2008-2009

911 Calls 160,213
Service Calls 322,195

Homicides & Clearance Rates

2007	10 Murders	7 cleared
2008	10 Murders	7 cleared
2009	12 Murders to date	8 cleared

Auto Thefts

2007	1,537 Auto theft 555 Recovered
2008	1701 Auto Theft 470 Recovered
2009	651 Auto Theft 160 Recovered

Robberies

2007	325 Robberies 157 Arrests
2008	277 Robberies 170 Arrests
2009	131 Robberies 50 Arrests

Aggravated Assault

2007	805 Aggravated Assault 479 Arrests
2008	859 Aggravated Assault 359 Arrests
2009	262 Aggravated Assault 83 Arrests

Arrests

2007	7,687 Arrests
2008	6,855 Arrests

2009

2,510 Arrests

**Laredo Police Department Outlook and Goals
Community Outreach**

Blue Santa presented over 3,000 gifts
Summer Youth Camp Ages 14 – 17
McGruff Program educated over 28,000 Laredo Students
Digital Conversion Installations over 250 boxes for elderly citizens

Motion to instruct staff to research the overtime and look at cutting \$279,000 and return to City Council with recommendations.

Moved: Cm. Garcia

Second: Mayor Pro Tempore Garza

For: 8

Against: 0

Abstain: 0

F. PARKS & LEISURE SERVICES DEPARTMENT

Jesus Olivares, Assistant City Manager assisted in the following presentations:
Osbaldo Guzman, Assistant Parks & Leisure Services Director, gave the following presentation:

Department M & O Management of:

65 Parks and 5 Plazas
Veteran's Field
40 Little League/Softball/Baseball Fields
8 City Trail Systems
6 Swimming Pools/5 Splash Parks
7 Recreation/ 2 Senior Centers
Civic Center/El Mercado
City Cemetery
Laredo Public Library
Capital Improvement Parks Projects
Sport Leagues
Recreational Programming
Special Events
Rental of Facilities

Accomplishments

Albert Ocha – Nixon Park
Blas Casteneda – Skate Park
Blas Castaneda – Basket ball Dome
Del Mar Pool – Shades
Santa Maria Walking Track
Andy Ramos Walking Track
Andrew Circle Park
Three Points Pool Renovation

North Central park
 Father McNaboe – Parking Lot

Summer Program

Ages 6 to 14	2006	2007	2008	2009
Arndt Elem.	62	66	116	30
Cigarroa	130	154	205	212
Santos Benavides	197			
Trautman Middle		241		190
Borchers			222	
East Hachar	93	100	94	123
Farias	107	177	172	166
K. Tarver	230	235	251	190
NE Hillside	272	286	258	265
Washington	202	201		
Finley Elem				141
Fasken Middle			256	
Total	1293	1460	1574	1317

8 Sites
 29 Summer Employees
 Trips to Pools
 Extended lunch program at all centers; feeding approximately 500 students

Aquatics

Learn to Swim & Adaptive Aquatics – Total: 1,064

CIP

Century City Park
 Chacon Creek Hike & Bike Trail
 Cielito Lindo Park
 Cigarroa Boxing Gym
 Convention Center
 Dryden Park
 James & Maria Luisa Haynes Health & Wellness Rec. Center
 Eistetter Park Improvements
 El Eden Rec Center
 Father McNaboe Pha II
 Independence Hills Regional Park
 Andres Ramos Park Improvements
 Anna Street Community Baseball Field
 LBV Park Shades
 Municipal Golf Course
 North Central Park Phase II
 Northwest Recreational Center
 Recreation Centers Renovations

San Isidro Linear System Improvements
Santa Fe Park Ph II
Santa Fe Park Phase II
Santa Rita Park
South Laredo New Library
Slaughter Park
Water Park
Baseball Stadium

Library

Laredo Public Library
Major Accomplishments FY08-09

Passports:

6938 Passports processed: Revenue generated as of October 1, 2008 - \$22,700
9,226 Passports processed and \$307,685 revenue generated since inception of program in January 2008

VITA (Volunteer Income Tax Program)

Sites: Laredo Public Library, Bruni Plaza Branch, Cigarroa Middle School Library, various Recreations Center

Total number of 2008 federal income tax returns prepared: 1,539
Total dollar value of 2008 federal income tax refunds: \$2,387,381

Increases in Services;

Traffic: 25%
Material Circulation: 7.5%
Number of Program attendance: 37%
Reference Questions: 8%

Texas Municipal Library Directors Association 2009 Achievement in Excellence in Libraries Award

New Services Implemented:

Cyber Mobiel – Site Visits:

Wednesday 2:00 p.m. to 4:30 p.m. at the Freddy Benavides Softball Field on Palo Blanco Rd. Homework, research, games, or just surf of the World Wide Web.

The Cyber Mobile also visits the Job Corp. every Tuesday from 4 to 7:30 p.m. and San Luis Rey Church on Monday's from 4 to 7:30 p.m. to provide Computer, GED and ESL Classes.

Addition of Mascot: Reader Bear

Implementation of Academic Computer Lab

Used exclusively for research, job search, resume building, online classes, etc.

G. AIRPORT

Jose Flores, Airport Manager, noted that the major change for the Airport is that they are now operating in the black after a couple of years of operating in the red. He explained that this was made possible because they were able to utilize revenues that had been accumulating for the past nine years in the noise abatement least program. FAA had indicated for us not to touch the monies but a few months ago FAA considers that revenue to be income for the Airport and could be used for any legitimate airport purpose. In addition, it enabled them to fund the federal inspection facility which would cost over two million dollars. He stated that staff is working on a proposal to pay off their debt service which is equivalent to two million dollars. At that time, they will borrow additional monies to go towards the construction of the inspection facility and two million dollars to improve airport streets and drainage. He noted that a million dollars will be used to leverage future federal grants. He said they had opportunities to continue to receive grants and they need additional funding that the new debt will enable to match those grants.

Carlos Villarreal, City Manager, said that staff will be using the monies to buy the Veteran's Facility. They are indicating to the airport that will finalize the complete revamping of streets at the airport plus the truck route. The Airport cannot donate the piece of property to the UT health Science Center; therefore, the city is buying the property and turning it over to the airport with the caveat that it go to finalize the construction of the truck route and finalize the paving of all the streets that are in bad shape at the airport.

H. FIRE DEPARTMENT

Steve Landin, Fire Chief, gave the following presentation:

Major Programs Proposed for FY09-10
High School Fire Academy
Fire Explorer Post

Major Accomplishments

Replaced Engine 1
Received 3 Brush Trucks
Ordered AARF Airport Truck
Ordered Mobile Command Unit
Replaced Ambulance # 1 & # 3

Performance Measures

EMS Responses

07-08	21,663
08-09	22,002
09-10	25,000

Fire Responses

FY07-08	14,557	Actual
FY08-09	9,837	Estimated
FY09-10	10,132	Proposed

	Actual	Estimated	Proposed
Fire Inspections	2995	4082	4200
Fire Investigation	180	220	225
Plat/Plan Reviews	1106	1520	1551
Revenue Generated	\$217,474	\$162,000	\$160,000

Laredo Fire Department Personnel (Uniformed)

07-08	350
08-09	357
09-10	357

Laredo Fire Department Personnel (Civilians)

07-08	9
08-09	10
09-10	10

Capital Improvement Plan

Laredo Fire Department Central Headquarters

(8.5 Million)

Fire Department Capital Outlay Fire Suppression Division

Fire

Engine No. 2 (2100 Zacatecas)	\$390,000
Engine No. 10 (11014 McPherson)	\$390,000
40 scbas (Airpacks)	\$188,000
Total for Fire Suppression:	\$976,000

EMS Division Capital Outlay

2 EMS Ambulance/Response Vehicle/Fire Sta. 11 (5210 Hwy 359) & Reserve	\$450,000
6 Life Pack monitors (EKGS)	\$120,000

1 Staff Vehicle	\$30,000
Total	\$600,000

Proposed Machinery & Equipment

Training

15 Passenger Van at	\$30,000
2 Midsize Truck at \$30,000 Ea	\$60,000
2 Utility Carts	\$16,000
Total	\$106,000

Fire Prevention & Arson	
2 Staff Vehicles	\$67,800

Motion to research the cost of the brush fire trucks, extra territorial jurisdiction and charges for the County and return to City Council with recommendations.

Moved: Cm. Valdez

Second: Cm. Garcia

For: 7

Against: 0

Abstain: 0

I. UTILITIES DEPARTMENT

Martin Aleman, Budget Director, discussed the following fund changes:

Revenues

Total net change from FY09- FY2010	\$1,302,744	4.19%
Major Revenue Changes	Variance	% Change
Meter Water Sales	(551,983)	-2.08%
Bulk Water Sales	19,522	38.06%
Water Point Sales	25,677	100.00%
Taps	8,477	35.28%
Interests Earnings	(385,000)	51.68%
Reconnect Fee	77,286	16.83%
Meter Charge	(36,940)	-22.77%
Meter Installation Fee	(14,655)	-11.68%
Credit Card Fee	144,958	100%
Land Development Fees	20,000	16.00%
Administrative Charge to Sewer Fund	2,000,000	165.00%

EXPENDITURES

Personnel	(190,162)
Social Security Tax	(16,581)
Health Insurance	80,222
Unemployment Compensation	(1,891)

City Manager

Total

Worker's Compensation	24,236		
Texas Municipal Retirement	26,460		
Vehicle maintenance	(24,279)		
Motor fuel	(4,998)		
Oil & other lubricants	(50)		
Electricity	(448,812)		
Water Point Usage	17,500		
Inet Charges	57,550		
800 Mhz radio system	1,737		
Insurances	96,705		
Administrative Cost	12,618		
Transfer debt Services	2,060,150		
Meters	115,440		
Laboratory supplies	2,000		
Operational travel	5,000		
Street Cut Charges	270,500		
Machinery & equipment	79,110		
Rental of buildings/land	37,511		
Pump Corrective	25,000		
Contract labor	10,000		
Transfer operating construction	(520,079)		
Capital Outlay Last Fiscal	(967,000)		
Approval of three plant operators	47,430		
Total Net Change from 2009 to 2010	747,887	47,430	795,317

Tomas Rodriguez, Utilities Director, said that the Utilities Department has fourteen vacancies. He explained that they are following the same hiring procedure as the general fund with an exception of the hiring of a water/sewer plant operator because they are on shifts.

Mayor Pro Tempore Garza asked if the fourteen positions are unfunded.

Tomas Rodriguez, Utilities Director, answered that the positions are funded with the new budget and he plans on filling the vacancies. He continued by saying that the Utilities Department is composed of several divisions including the Administration, Acid Division, Water Conservation, Water Distribution and a construction crew that does replacements of waterlines. He continued by saying there is also a water treatment division, wastewater collection who also have four individuals who televisive lines so the department can meet the TCQ requirements. He added that there is also an engineering divisions who has done an outstanding job after they found out that they could get more projects when they put out three different set of plans in three weeks by working so hard. The highlights of the department is that they are 80% complete on the Master plan and that is something that the City will obtain in 2060 which will include a map of the future that obviously every five years should be amended and adjusted. The department has also completed the Mary Help Booster Station which has helped the City to give water to the North and lighten up the load to Lyon Booster Station which then in turn lightens up the South. He continued by given a comprehensive report on current projects. He explained that they have fallen short fall of one million dollars on water sales. He

explained that they overcame the shortfall by cutting down on expenses. For next year he projected a 2% growth for the water side and a 2% for the sewer side.

J. HUMAN RESOURCES- HEALTH & BENEFITS FUND

Dan Migura, Human Resources Director, gave the following presentation:

Health & Benefits Fund FY008-09

Projected Deficit = \$2,965,976

If no action is taken our projected deficit for FY09-10 will be \$4.8 M

Deficit Factors

- Under funding of the Health and Benefits Fund
- High Medical Utilization
- High Cost of Non-Generic Prescriptions
- Over utilization in Retiree Category
- Increased Health Care Cost
- Catastrophic Cases

Health & Benefits Fund

History and Recommendations

	05-06	06-07	07-08	08-09
Monthly Contribution	\$232.50	\$244.14	\$249.14	\$261.60
Fund Balance	\$364,331	\$199,477	\$(950,322)	\$(2,965,976)
Approved Increases	10%	5%	5%	5%
Staff Recommendations	35% Increase	0%	10% Increase	5% Increase

Had the rate increased by 35% the 1st time requested and 5% increments there after we would be at \$330.27.

Proposed Medical Contributions

Current Bi-Weekly	Employer Contribution	Employee Contribution	Total
Regular Employee Only	\$120.74	\$0.00	\$120.74
Regular Employee Family	\$234.13	\$122.57	\$356.70
Police/Fire Employee Only	\$120.74	\$0.00	\$120.74
Police/Fire Fire Family	\$238.72	\$117.98	\$356.70

10% Current Bi-Weekly	Employer Contribution	Employee Contribution	Total
Regular Employee Only	\$132.81	\$0.00	\$132.81
Regular Employee Family	\$257.54	\$134.83	\$392.37
Police/Fire Employee Only	\$132.81	\$0.00	\$132.81
Police/Fire Fire Family	\$262.59	\$129.78	\$392.37

Ireland

15 % Increase Bi-Weekly	Employer Contribution	Employee Contribution	Total
Regular Employee Only	\$138.85	\$0.00	\$138.85
Regular Employee Family	\$269.25	\$140.96	\$410.21
Police/Fire Employee Only	\$138.85	\$0.00	\$138.85
Police/Fire Fire Family	\$274.53	\$135.68	\$410.21

20% Increase Bi-Weekly	Employer Contribution	Employee Contribution	Total
Regular Employee Only	\$144.89	\$0.00	\$144.89
Regular Employee Family	\$280.96	\$147.08	\$428.04
Police/Fire Employee Only	\$144.89	\$0.00	\$144.89
Police/Fire Fire Family	\$285.46	\$141.58	\$428.04

45% Increase Bi-Weekly	Employer Contribution	Employee Contribution	Total
Regular Employee Only	\$175.07	\$0.00	\$175.07
Regular Employee Family	\$339.49	\$177.73	\$517.22
Police/Fire Employee Only	\$175.07	\$0.00	\$175.07
Police/Fire Fire Family	\$346.14	\$171.07	\$517.22

Proposed Medical Contribution for Dependent Coverage

Bi-Weekly Deductions

Increase	Regular		Police/Fire	
	Contribution	Difference	Contribution	Difference
	Current: \$122.57		Current: \$117.98	
10%	\$134.83	\$12.26	\$129.78	\$11.80
15%	\$140.96	\$18.39	\$135.68	\$17.70
20%	\$147.08	\$24.51	\$141.58	\$23.60
45%	\$177.73	\$55.16	\$171.07	\$53.09

Rate Comparison

Bi-Weekly
City of Laredo

	Employer Contribution	Employee Contribution	Total
Employee Only	\$120.74	\$0.00	\$120.74
Employee Family	\$234.13	\$122.57	\$356.70

Bi-Weekly
UISD

	Employer Contribution	Employee Contribution	Total
Employee Only	\$134.04	\$16.50	\$150.54
Employee Family	\$134.04	\$284.86	\$418.90

Bi-Weekly

LISD

	Employer Contribution	Employee Contribution	Total
Employee Only	\$108.46	\$47.31	\$155.77
Employee Family	\$108.46	\$336.46	\$444.92

Bi-Weekly
Webb County

	Employer Contribution	Employee Contribution	Total
Employee Only	\$185.00	\$25.00	\$210.00
Employee Family	\$185.00	\$125.00	\$310.00

Medical Claims Budget Summary budgeted vs. Actual

Fiscal Year	Budgeted	Actual	Variance
FY03-04	\$9,027,388	9,690,796	(663,458)
FY04-05	\$10,966,017	11,315,197	(349,180)
FY05-06	\$8,849,908	8,305,059	\$544,849
FY06-07	\$7,500,000	8,845,954	(1,345,954)
FY07-08	\$8,925,000	10,562,834	(1,637,834)
FY08-09	\$9,921,638	8,526,495	\$1,395,143

Estimated Medical Claims for FY08-09 = \$11,500,000

Prescription Utilization Summary

October 2008-2009 (9 months)

Drug Type	RX Filled	% of RX	Paid
Generic	18,086	63.10%	\$350,318
Multi-Source Brand	744	2.60	99.740
Single Source Brand	9,813	34.30%	1,516,280
Summary	28,643	100.00%	1,966,338

FY08-09

Budgeted \$2,200,000

Estimated \$3,300,000

Generic drugs are chemically and therapeutically equivalent to the corresponding brand-name drug, but are available at a lower price.

Multi-source brand-name drugs are available from more than one manufacturer and have at least one generic equivalent alternative available.

Single-source brand-name drugs are available from only one manufacturer and are patent protected. No generic equivalent is available.

Medical & Prescription Claims Summary

October 2008 – June 2009 (9 months)

	Active Employees	Retirees	Cobra	Totals
Employee Only	\$4,604,792	\$1,554,004	66,541	6,225,337
Dependents	\$5,024,948	\$290,389	973	5,316,310
Total Claims	\$9,629,740	\$1,844,393	37,514	11,541,647
Head Count	2,351 (87%)	355 (13%)	4 (0%)	2,710 (100%)

Catastrophic Cases Summary

October 2008 – June 2009 (9 months)

Medical Claims \$50,000

Employee	7	\$699,769
EE Dependent	10	\$1,716,769
Retiree	6	\$486,057
Retiree Dependent	2	\$154,386
COBRA	1	\$50,162
Total	26	\$3,107,143

There has been a total of 3 deaths of the above catastrophic cases.

Catastrophic Cases Historical Summary

Fiscal Year	# of Claims over \$50,000	# of Claims of \$100,000	Total Payments
FY06-07	19	6	\$2,182,977
FY07-08	27	7	\$2,498,538
FY10/01/08	26	8	\$3,107,143

Funding & Cost Reduction Recommendations

Increase out of pocket expense from \$2,500 to \$5,000

Approximate Savings: \$131,694

3 Month Medical Benefit Waiting Period for New Employees

Approximate Savings: \$173,320

Increase Deductible to \$750 with a \$250 Preventive Incentive

Savings: \$110,000 - \$216,000

Reduce Lifetime Maximum to \$1 Million

Savings: \$46,272 in premium

Implement 4 Tier Rate Structure

Extend coverage only to spouses who are not eligible for coverage elsewhere

Forced Generic Program

Approximate Savings: \$29,265

Increase RX Copy across the board to \$10 Generic/\$35 Preferred Brand
\$190,953

RX Step Therapy Program for High Utilized Drugs

Forced Mail Order for maintenance Drugs
45% Contribution Increase – City, Employee, Retiree and Cobra

\$30 Monthly Employee Only Contribution
Additional Funding
All Employees: \$842,040
Excluding FF/PD: \$560,520

Summary

On August 10, 2009 the City Council Health & Benefits Committee unanimously voted to accept all health & Benefits plan modifications and a 10% rate increase recommendation as presented by staff.

Motion for a 10% medical rate increase across the board for all categories including dependent and employee coverage. Not to include retirees or city employees.

Moved: Cm. Garcia
Second: Cm. Belmares
For: 7

Against: 0

Abstain: 0

Increase the deductible with the credit from \$500.00 to \$750.00. If the employee attends the City of Laredo Buena Vida their co-pay will be credited \$250.00.

Moved: Cm. Garcia
Second: Cm. Liendo Espinoza
For: 7

Against: 0

Abstain: 0

Motion to approve the 4 Tier Rate Structure as recommended by staff.

Moved: Cm. Valdez
Second: Mayor Pro Tempore

Motion to adjust the prescription co- pay prices as follows recommended by staff:

Increasing the local generic from \$6.00 to \$10.00; \$30.00 to \$35.00 for preferred; and \$50.00 to \$55.00 for the non-preferred.

Moved: Cm. Belmares
Second: Cm. Valdez
For: 7

Against: 0

Abstain: 0

Motion to approve the RX Step Therapy.

property/land valuations at a lower amount than originally projected and increase expenditures for the net amount of the change in the amusement device permit fees and the property tax revenues. 101-0000-301-1000 Property Taxes (Tax)

Moved: Mayor Pro Tempore Garza

Second: Cm. Garcia

For: 7

Against:

Abstain: 0

4. Motion to instruct the City Manager to move debt service expense under the Utilities Department from sewer operations to water operations. The amount is \$133,217. The accounts being affected are the following: 557-4110-597-0302 will be increased and 559-4200-597-0302 will be decreased. (Utilities)

Moved: Cm. Garcia

Second: Cm. Liendo Espinoza

For: 7

Against: 0

Abstain: 0

5. Motion to instruct the City Manager to increase revenues and expenditures appropriations for the water utilities in the amount of \$48,196,000. Estimated revenues are from the Texas Water Development Board stimulus funding from the American Recovery Reinvestment Act of 2009. (Utilities)

Moved: Cm. Garcia

Second: Cm. Landeck

For: 7

Against: 0

Abstain: 0

6. Motion to instruct the City Manager to increase revenues and expenditures due to the interest earning generated from the 2007 C. O. for the Veteran's Museum. (2007 C. O.)

Moved: Mayor Pro Tempore Garza

Second: Cm. Garcia

For: 7

Against: 0

Abstain: 0

7. Motion to instruct the City Manager to increase revenues and expenditures in the amount of \$7,864,740 due to additional grant awards for the City in the following areas: (American Recovery Reinvestment Act of 2009) Weatherization Assistance Program \$3,271,636; Homeless Ext. & Rapid Rehousing Program \$1,490,976; Neighborhood Stabilization Program I \$2,127,102; Community Develop. Block Grant – Recovery \$975,026.

Moved: Cm. Garcia

Second: Mayor Pro Tempore Garza

For: 7

Against: 0

Abstain: 0

VIII. GENERAL COUNCIL DISCUSSIONS AND PRESENTATIONS

A. Request by Mayor Pro-Tempore Mike Garza

1. Discussion with possible action on an election in November and items to be presented

on the ballot.

Mayor Pro Tempore Garza noted that Council has addressed the Convention Center, Charter, and the possibility of increasing hotel/motel and rent a car items. He asked the City Attorney if there were other concerns on the language for the Convention Center.

Raul Casso, City Attorney, noted that the Convention Center already has a proposition prepared for it which would require four measures on the ballot. He added that they are also considering the Charter Amendments for the Civil Service which is interlaced with Charter Amendments.

Cm. Garza asked if the City could make the deadline of September 2, 2009.

The City Attorney told him that the City Charter Review Commission is not finished editing the City Charter. He said that the second Ordinance should be complete by September 2009 and the measures would need to be sufficiently defined.

Carlos Villarreal, City Manager, said that he has had lengthy discussions with the City of Laredo's financial advisor, bond counsel, and analyst who state that the City Council needs to decide how much money they are going to spend on the ballpark. He added that if Council spends fifteen or sixteen million, based on the current coverage, they will not be able to construct the convention center for six or seven years.

Cm. Garza proposed that the City position to create a reserve for this item.

Carlos Villarreal, City Manager, recommended for Council to look into placing those items on the general election for the rental car, hotel/motel tax with a pledge that City Council earmark those to be able to place an escrow for the eventual construction of a convention center. The City needs to defray the amount that they will have in the bank by increasing that so the City can lower the amount of debt service. The City needs to have the proper coverage.

Cm. Garza suggested placing all the issues on one ballot.

Motion to instruct staff to have all items needed for placement on the ballot complete and ready for May 2010 election.

Moved: Mayor Pro Tempore Garza

Second: Cm. Landeck

For: 8

Against: 0

Abstain: 0

B. Request by Council Member Dr. Michael Landeck

1. Discussion and possible action regarding the possible construction of a baseball park including a report/presentation as a follow-up to the visit conducted by representatives of the city council and administration at the Air Hogs baseball stadium in Grand Prairie.

Cm. Landeck reported asked Council to support the following items including the selection of the architect or architect firms and create an ad hoc called "*Laredo Entertainment Complex Committee*".

Mayor Pro Tempore Garza instructed staff to return with recommendations on the next regular City Council meeting.

C. Request by Council Member Johnny Rendon

1. Update on Bartlett Avenue Extension Project, with possible action.

Rogelio Rivera, City Engineer, stated that he has provided a report to City Council. He added that the contractor is still working on the water, sewer and storm drainage. He noted that they are also working on the subgrade separation. He stated that they are 15 to 18% complete.

D. Request by Council Member Gene Belmares

1. Discussion with possible action on placement of speed humps for District VI.

This item was postponed for the August 17, 2009 meeting.

2. Status report with possible action on a water park request for proposals for the development of a water park in the Laredo Entertainment Center area.

This item was postponed for the August 17, 2009 meeting.

E. Request by Council Member Jose A. Valdez, Jr.

1. Update and discussion regarding the City of Laredo's first Home Expo held on July 11-12, 2009 at the Laredo Entertainment Center.

This item was postponed for the August 17, 2009 meeting.

IX. EXECUTIVE SESSION

The City Council hereby reserves the right to go into executive session at any time during this public meeting, if such is requested by the City Attorney or other legal counsel for the City, pursuant to his or her duty under Section 551.071(2) of the Government Code, to consult privately with his or her client on an item on the agenda, or on a matter arising out of such item.

X. ADJOURNMENT

Motion to adjourn.

Time: 10:05 p.m.

Moved: Cm. Narvaez

Second: Cm. Garcia

For: 8

Against: 0

Abstain: 0

**CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
AUGUST 10, 11 & 13, 2009
5:30 P.M.**

Day Two Attendance:

I. CALL TO ORDER

With a quorum present, Mayor Raul G. Salinas called the meeting to order.

II. PLEDGE OF ALLEGIANCE

Mayor Raul G. Salinas led in the Pledge of Allegiance

III. ROLL CALL

In attendance:

Raul G. Salinas,
Mike Garza,
Hector Garcia,
Michael Landeck,
Juan Narvaez,
Johnny Rendon,
Gene Belmares,
Jose Valdez, Jr.
Cynthia Liendo-Espinoza,
Carlos Villarreal,
Gustavo Guevara,
Cynthia Collazo,
Horacio De Leon,
Jesus Olivares,
Raul Casso,

Mayor
Mayor Pro Tempore, District I
Council Member, District II
Council Member, District III
Council Member, District IV
Council Member, District V
Council Member, District VI
Council Member, District VII
Council Member, District VIII
City Manager
City Secretary
Deputy City Manager
Assistant City Manager
Assistant City Manager
City Attorney

Motion to excuse Mayor Pro Tempore Garza.

Moved: Cam. Garza
Second: Cm. Garcia
For: 7

Against: 0

Abstain: 0

Mayor Pro Tempore Garza joined the meeting at 7:30 p.m.

Adjournment for Day Two.

Time: 10:35 p.m.

Moved: Cm. Valdez
Second: Cm. Liendo Espinoza
For: 7

Against: 0

Abstain: 0

