

**CITY OF LAREDO SPECIAL CITY COUNCIL MEETING
M-2010-SC-01
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
JANUARY 11, 2010
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,	Mayor
Mike Garza,	Mayor Pro Tempore, District I
Hector Garcia,	Council Member, District II
Michael Landeck,	Council Member, District III
Juan Narvaez,	Council Member, District IV
Johnny Rendon,	Council Member, District V
Gene Belmares,	Council Member, District VI
Jose Valdez, Jr.	Council Member, District VII
Cynthia Liendo-Espinoza,	Council Member, District VIII
Gustavo Guevara,	City Secretary
Carlos Villarreal,	City Manager
Cynthia Collazo,	Deputy City Manager
Horacio De Leon,	Assistant City Manager
Jesus Olivares,	Assistant City Manager
Raul Casso,	City Attorney

Mayor Pro Tempore Garza joined the meeting at 8:00 pm.

IV. ITEMS FOR DISCUSSION

1. Discussion with possible action on the proposal from the Dinallo Group regarding the Laredo Xtreme Entertainment Park proposal.

City Manager Carlos Villarreal reported that the last time this item came before Council, the concept of the snow park was proposed. He wanted to make sure that they were headed in the right direction so that Council could make a decision as to whether they were willing to proceed. He added that they did not want any more studies to be done.

Laredo Development Foundation Manager Roger Creary stated that the project had begun with the idea of finding a differentiating event that would revive tourism and the shopping experience in Laredo. He had looked at criteria as to what would set Laredo apart and felt that this Xtreme Entertainment Park was the best idea.

Larry Stockmaster from the Dinello Group reported that a miscommunication had come up because they had come up with a couple of ideas for the City of Laredo that had not been done in other places; therefore, there was no viability study available that would encompass this type of a project.

Motion to table this item indefinitely.

Moved: Cm. Garcia

Second: Cm. Valdez

For: 7

Against: 0

Abstain: 0

Mayor Pro Tempore Garza was not present.

2. Discussion with possible action on Horizon Group's proposal for a parking facility located by the former River Drive Mall.

Horacio De Leon, Assistant City Manager, reported that in late 2008, the Horizon Group proposed that the city consider improvements to existing parking in order to be able to develop a mall in the River Drive area. Since then, the City had gone to the Economic Development Administration with an application for consideration and was awarded \$1 million for these improvements. He went on to say that throughout 2009, the project had been on hold.

Kirk Wilson from Horizon Group reported that there had been a concern with their plan as to whether it could fit with their river vega vision. Therefore, they went back and made sure that the parking facility and the mall plan would conform to that vision. He gave the following presentation.

Economic Impact Summary

The Outlet Shoppes at Laredo will generate an investment of approximately \$125,000,000 over a four year period.

- Phase I will consist of \$68,000,000 investment starting in 2010
- Phase II will consist of an additional \$37,000,000 investment starting in 2013.

The investment will add approximately \$105,000,000 to the City of Laredo's assessed valuation and utilize over 342,000 square feet of space downtown.

At build-out, the Outlet Shoppes at Laredo is expected to be visited by over 1,967,494 patrons annually (2014 estimate).

At build-out, the Outlet Shoppes at Laredo should generate sales of \$113,250,847 (starting in 2014).

- Phase I build-out will generate approximate annual sales of \$76,875,000 (starting in 2011).
- Phase II build-out will generate additional annual sales of \$30,464,880 (starting in 2014).

At build-out, these sales could translate into an estimated \$1,078,750 in sales tax revenue to the City of Laredo (excludes the rebate provided to Mexican national patrons).

- Phase I will generate approximately \$768,750 in sales tax revenue, an estimated \$384,375 after rebates.
- Phase II will generate approximately \$310,000 in additional sales tax, an estimated \$155,000 after rebates.

At its peak, the Outlet Shoppes at Laredo is expected to generate approximately 1,040 jobs, with an average annual salary of \$25,000.

- Phase I is expected to generate 510 in new direct jobs, 350 in indirect jobs.
- Phase II is expected to add an additional 180 in new direct jobs, 350 in indirect jobs.

Parking Facility Financing – Horizon Group \$6,000,000 Contribution

The City may utilize various options to finance the River Vega Public Parking Facility that is needed for the City’s proposed public parks, the proposed convention center, and the proposed redevelopment of portions of downtown. Presented right is an analysis that examines the issuance of Certificates of Obligation to finance the parking facility, including a \$6,000,000 contribution from the landowner through self-petitioned special assessments.

New Money Bonds

Tax-Exempt Structure

New Bond Summary

Par ¹	19,410,000
Premium	1,031,025
	20,441,025

Uses of Funds

Deposit to the Project Fund	20,050,000
Estimated Cost of Issuance	150,000
Underwriter’s Discount	116,460
Estimated Insurance Premium	120,266
Rounding	4,298
	20,441,025

Cash Flow Summary

Total Debt Service	30,066,517
--------------------	------------

Bond Statistics

All-In-Cost (Gross)	4.3178%
---------------------	---------

¹ Assumes \$6,000,000 of the total par offering, including the proportional interest cost, is supported through an assessment against the Outlet Shoppes at Laredo (El Portal Mall) property, reducing the financing cost to the City.

When constructed, the project will be approximately 350,000 square feet with 120,000 of expansion space.

It will contain approximately 75-90 retailers.

The center will be designed in a bold architectural style providing an exciting and attractive destination for shoppers . The center will have two levels: the first at the same level as Water Street, the second on the same level as Zaragoza.

It will be open air with shading from the sun.

During construction, approximately 700 jobs will be created.

Once open, the center will provide approximately 1,000 jobs.

The Outlet Shoppes at Laredo will be a significant tourist draw with 70% of its customers originating outside Laredo, primarily Mexico.

The center will generate sales of at least \$136 million and \$1.7 million of sales tax. Of this amount we expect \$1.2 million of the new sales tax revenue to the City of Laredo.

Larry Jordan from Estrada-Hinojosa reported that they liked how the public-private project was clean and uncomplicated. He mentioned that they still had many details to go through because there would be a public garage next to a private facility. He suspected that the mall would request a rebate from the parking fees for shoppers in the mall and that it could turn out to be a big number.

Motion to instruct staff to enter into a Memorandum of Understanding with the Horizon Group.

Moved: Cm. Liendo Espinoza

Second: Cm. Garcia

For: 7

Against: 0

Abstain: 0

Mayor Pro Tempore Garza was not present.

3. Discussion with possible action regarding the implementation of a photo enforcement solution for red light violations for selected intersections which includes all hardware, software, installation, maintenance, operation and all back-office processing of violations.

Motion to table this item indefinitely.

Moved: Cm. Garcia

Second: Mayor Pro Tem Garza

For: 8

Against: 0

Abstain: 0

4. Presentation on the Downtown Business District garbage collection costs and reduction alternatives and their impact on fees by the Solid Waste Services Department, with possible action.

Steven Geiss, Solid Waste Director, gave the following presentation.

Downtown Business District Garbage Collection Costs and Reduction Alternatives

Operating Costs

Weekday Shift – 5

Weekday night shift – 3

Saturday Day – 3

Saturday Night – 3

Sunday Day – 3

Current Downtown Service Includes: Day, Night, and Weekend Shifts	
11 Collectors	\$15,786.24
3 Drivers	\$6,212.80
Fuel	\$1,336.00
Maintenance	\$4,593.00
Total DT Monthly Expense	\$27,928.04
Yearly DT Expense	\$335,136.48

Current Fee Structure

Present Rates Downtown		
Square Footage	Monthly Fee	Funds Generated
<1000	\$70	\$3,080
1001 to 3000	\$90	\$3,150
3001 to 10,000	\$160	\$10,240
>10,000	\$220	\$6,380
Monthly		\$22,850
Annual		\$274,200
Current Annual Costs		\$335,136.48

- Maintain Current Levels of Service While Offering a Fee Abatement Discount for Two Years
- Discount Fees 30% for One year
- Reduce Discount to 15% in Second Year
- Apply Current Fees in Third Year

30% Discount for One Year

Rate	Discount	Amended New Rate	Funds Generated
70	21	49	2156
90	27	63	2205
160	48	112	7168
220	66	154	4466
		Monthly	15,995
		Annual Revenue	191,940

15% Discount in Second Year

		Amended	Funds
Rate	Discount	New Rate	Generated
70	10.50	59.50	2618.00
90	13.50	76.50	2677.50
160	24.00	136.00	8704.00
220	33.00	187.00	5423.00
		Monthly	19,422.50
		Annual Revenue	233,070.00

City Manager Carlos Villarreal stated that staff had discussed several options such as reducing the shifts and number of hours of service. He felt that this was not a viable alternative. His recommendation was to not reduce the service that they were providing right now. He felt that perhaps they could gradually reduce the rate they were currently charging and then in a year or two bring the rate back to where it currently was.

Motion to reduce the downtown Solid Waste fee by 30% this year, then reducing it by 15% the following year, and reducing 15% by October 2011 in order to be back at the current rate.

Moved: Cm. Liendo Espinoza

Second: Cm. Valdez

For: 7

Against: 0

Abstain: 0

Mayor Pro Tempore Garza was not present.

5. Presentation by Dan Migura, Human Resources Director regarding the status of the ordinance on the Civil Service Commission for non-uniformed city employees, with possible action.

Human Resources Director Dan Migura thanked everyone who had participated in the Civil Service Ad Hoc Committee and gave the following presentation.

Civil Service Commission for Non-Uniformed Employees

Highlights

- Abolishment of At-will employment for just-cause employment
- Commission would be comprised of 14 members:
 - 9 members nominated by Mayor and City Council (4 year term)
 - 5 members nominated by eligible City employees (2 year term)
- For the purpose of hearing any covered employee's grievance or appeal:
 - *Separate trial board would be created – composed of (3) members appointed from the Mayor and City Council nominees and (2) members appointed from the City employees nominees.
 - Would be elected on a random basis to hear each grievance or appeal separately.*
- City Employee Nominees –
 - Election Process:
 - 15 days to produce a list of employees that have a right to nominate a candidate.

- 45 days to nominate (25 signatures needed)
- 15 days to validate ballots
- 15 days to post ballots
- 5 days to vote
- 5 days for any disputes
- Total of 100 calendar days
- Rules and regulations would be adopted by the Civil Service Commission (all 14 members).
- The Commission rules would define”
- Just cause grounds for disciplinary actions, including removal, suspension, demotion and reduction in pay, and provide for progressive discipline where appropriate (from a written reprimand to termination).

- The Commission would:
 - Hear any grievance of any employee or other person in the classified civil service concerning wages, hours of employment, or work conditions and would report in writing to the City Manager its findings, conclusions, and recommendations...
 - (or take final action if provided by subsequent amendment of the City Charter)
- Classification System:
 - All employees below Department Director would be eligible for classification under the civil service system.

Israel Reyna, committee member, commented that the city’s charter should be amended to so that it would not conflict with their proposed ordinance. He felt that hiring and firing power should not be left in the hands of the directors.

City Attorney Raul Casso commented on two conflicts with the Charter. One conflict was that the Charter currently provided for the City Council to appoint the members of the Civil Service Commission. However, the proposed ordinance would have the members nominated by City employees and then elected. He added that this would be an unlawful delegation of the City Council’s authority. He felt that the language should be adjusted slightly to make clear that Council would ratify those nominees rather than making a restriction on the Council. He went on to say that the second conflict was regarding the powers of the Commission. Hiring and firing authority would be given to the Commission under the proposed ordinance; even so, this would be only in an advisory capacity because the Commission could not function in a definitive sense until the Charter would be amended. He finally stated that any aspect of an ordinance would be ineffective as long as it conflicted with the Charter, so this ordinance could be passed but would have a silent clause.

Motion to draft the Civil Service Commission ordinance and bring it back to Council with the understanding that the Charter amendment would trigger the silent clause.

Moved: Mayor Pro Tem Garza

Second: Cm. Garcia

For: 8

Against: 0

Abstain: 0

6. Presentation by the Ethics Committee on the Ethics Ordinance to City Council, with possible action.

Anthony Treviño, Ethics Ad Hoc Committee Chairman, reported that a draft had been presented to the Council containing the code based on many rules and policies that were already in place.

Cm. Garcia stated that he felt that requiring directors to submit financial reports would compromise the safety of City employees. He also felt that the section indicating that City employees could not hold office or volunteer in organizations should be changed.

Mr. Treviño addressed the points that Cm. Garcia raised by saying that the financial disclosure section had the goal of transparency regarding those who had decision-making authority. He indicated that the extent of the disclosure was the same as what the council members themselves currently revealed in their own reports. He went on to say that the code did not prevent serving on boards or soliciting charitable donations.

Mayor Pro Tem Garza asked what sections of the code were new or different.

Mr. Treviño responded that the formation of the Ethics Commission itself was part of the code. The Commission would be governed through the City Attorney's office. He also said that a section was added dealing with lobbyists that would require them to register with the City Secretary's office.

Cm. Landeck said that he felt that a dollar amount should be indicated on page 11, section b-1 of the code instead of the word "valued." This section originally indicated that the value of gifts given to city officials or employees needed to be fairly commensurate with the occasion.

City Manager Carlos Villarreal pointed out that the restrictions that the current code contained would not allow him to solicit any employee to participate in charity drives. He felt that this portion should be modified to indicate that asking to help with a charity would not be an obligation.

V. EXECUTIVE SESSION

VI. ADJOURNMENT

Motion to adjourn.

Moved: Mayor Pro Tem Garza

Second: Cm. Garcia

For: 8

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 08 and they are true, complete, and correct proceedings of the City Council meeting held on January 11, 2010.

Gustavo Guevara, Jr.
City Secretary