

**CITY OF LAREDO
WORKSHOP**

**M2018-W-02
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
May 29, 2018
12:00 P.M.**

I. CALL TO ORDER

Mayor Pete Saenz called the meeting to order.

II. PLEDGE OF ALLEGIANCE

Mayor Pete Saenz led in the pledge of allegiance.

III. MOMENT OF SILENCE

Mayor Pete Saenz led in a moment of silence.

IV. ROLL CALL

In attendance:

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

Cm. Vielma joined at 12:12 p.m.

Cm. Rodriguez joined at 12:13 p.m.

Citizen comments

Jackie Rodriguez, Executive Director of the Ruth B. Cowle Rehabilitation Center, asked Council to accept the late submission of the Center's 2018-2019 Third Party Funding application. Due to an honest mistake, Mrs. Rodriguez used last year's deadline date while she waited for a courtesy email from staff. She noted that the Center needs the City's funding to provide the therapy and outreach services to thousands of people. RBC offers services regardless of the individual's ability to

pay; no one is turned away.

Cm. San Miguel asked staff to consider sending more reminders to third party funding organizations of deadlines for their funding application.

Mayor Saenz asked the City Manager to meet with the Ruth B. Cowle Center staff. Horacio De Leon, City Manager, suggested that Council add this to the next Council agenda for action; Council sets the City's policies, and staff enforces those policies.

Cm. Altgelt suggested that the City start budgeting for each third party funding organization each year. Mr. De Leon noted that this can be discussed during the budget workshop later in the year.

V. CITY COUNCIL REQUEST

1. Discussion with possible action regarding any proposed Charter Amendments and propositions for the November 6, 2018 General City Election / Special Election, and any other matters incident thereto.

Cm. San Miguel, Mayor Pro-Tempore, asked that Council review the previous amendment requests that have already been compiled and bring any new amendment propositions before Council for consideration. The City Attorney's Office can review them before ordering the election measures. He voiced his agreement that the most notable Charter crisis at hand is the vagueness of the term "moral turpitude." He proposed amending the Charter's moral turpitude provision by adding the language, "a crime of moral turpitude as found by a court of competent criminal jurisdiction in relation to a specific criminal charge during that elected official's current term" in the form of a motion. Cm. Balli seconded the motion. He noted that this amendment gives some definition to the term, giving the criminal court the ability to determine moral turpitude. This will remove Council's political influence in the matter in the determination.

Cm. Altgelt voiced concern over the "current term" clause, noting that if an elected official is convicted of a crime during one term and a court determines that the crime is one of moral turpitude after the official has been elected to a new term, then the Charter provision to remove the elected official from office would not apply.

Cm. Vielma stated that "moral turpitude" is a term of art in which every year, the term changes depending on the Supreme Court or circuit and appeals decisions. The umbrella term of "moral turpitude" is largely defined as anything contrary to the community's standards of honesty, justice, or good moral values. She cautioned Council from narrowing the Charter's definition of this term for any one specific instance. The Attorney General is more than qualified to render a decision in a specific case, but the City should not shortchange its Charter to a limited list of actions. The definition and determination of moral turpitude needs to fluctuate in response to cases and appeals added to legal precedence.

Cm. Balli agreed that the term is complicated. His own research did not result in any determination of moral turpitude that resembled Cm. Rodriguez's criminal case. He voiced his approval of Cm. San Miguel's proposal, adding that Webb County has at least seven competent criminal courts to make this determination if needed. He reminded the public that any citizen can file a suit to ask the court to make a determination of moral turpitude in a specific crime by a specific elected official.

Ricardo Quijano encouraged Council to look to the Attorney General for determinations of moral turpitude, since case studies show that moral turpitude is defined by the specific facts of the case at hand.

Cm. Altgelt noted that Cm. San Miguel's proposal of "current term" is a protection for Cm. Rodriguez's criminal conviction. If Cm. Rodriguez is elected to a new term, any judicial determination would not have any bearing on his new term. He proposed an amendment to Cm. San Miguel's proposal to remove "current term" and replace it with "time in office."

Cm. San Miguel rejected Cm. Altgelt's amendment.

Cm. Vielma commented that Cm. San Miguel's amendment will not actually reduce the political influence on the matter. There are political alliances throughout Laredo, and she suggested that the court making a determination on the case may be a political friend or ally with the Council Member in questions. It will continue to be a struggle to get a fair determination when politics are involved. She reiterated that an Attorney General opinion would be objective.

Cm. Torres stated that the judges in the area have the same duties as attorneys to act and rule in a way that does not involve conflicts of interest. If Council implies that judges have political ties that make them bias, then the problem lies in the judicial system and not particularly Council. He added that the issue of moral turpitude continues to come back to Cm. Rodriguez and his arrest prior to election. If the focus of the Charter amendment is solely on Cm. Rodriguez, the people that elected him will have the opportunity to select a different candidate in November. If Council fears him being reelected, then those Council Members should campaign against him in South Laredo.

Cm. Balli responded to Cm. Vielma's comment about judges being involved in political campaigns or alliances, clarifying that such action is illegal. It is prohibited by the Board of Judicial Conduct, and he added that any attorney who has knowledge of judges supporting political campaigns have a duty to report that judge to the Board. Failure to do so is a violation of the rules of ethics for attorneys.

Cm. Altgelt noted that Council saw a district judge testify before Council on behalf of an elected official. Laredo politics do not always follow the rules. A former judge was recently removed because of his political involvement in the area. He cautioned Council not to pretend like this behavior does not happen. Cm. Altgelt countered Cm. Torres's comment that this issue focuses on Cm.

Rodriguez; he clarified that this affects future generations of City Council Members and Mayors who may be confronted with criminal convictions; Council needs to be equipped to handle the question in the future. He voiced his desire for a long-term solution that is insulated from the political process. This will not burden future Council Members or the local courts to agonize over a determination. He requested that Cm. San Miguel amend his motion to replace the language regarding a competent court of criminal jurisdiction with language that asks the Attorney General's Office for an opinion as to whether the facts of a particular case involving an elected official is a case of moral turpitude.

Cm. San Miguel rejected Cm. Altgelt's amendment.

Kristina L. Hale, City Attorney, advised Council that Council does not have the ability to request Attorney General opinions; someone would have to submit a request on the City's behalf.

Cm. Altgelt suggested that Council could make a request to the District Attorney's Office to submit a request on behalf of the City.

Cm. Torres countered that this suggestion is contradictory to Cm. Altgelt's argument to remove politics and interference from other parties. He cited the fact that Cm. Vielma's son works at the District Attorney's Office and asked about the political influence that would be at play if Cm. Vielma were ever convicted of a crime and Council requested that the D.A. submit a request for an Attorney General's opinion on her case. The District Attorney would decide whether he would make the request of the A.G. or not, and the political influence could cause the office to delay the request or reject the request given Cm. Vielma's relationship with the District Attorney's Office. The suggested amendment does not remedy the problem of political influence. Cm. Altgelt agreed that Cm. Torres's point is valid.

Mayor Saenz asked for more time to consider that points made; he cautioned Council not to rush these decisions. Cm. Torres countered that the requests being made today are not final for the ballot; staff will bring them back to Council for approval and further discussion.

Motion to add a Charter amendment proposition to Section 2.04(B)(3) to add, "a crime of moral turpitude as found by a court of competent criminal jurisdiction in relation to a specific criminal charge during that elected official's current term."

Moved: Cm. San Miguel

Second: Cm. Balli

For: 4

Against: 3

Abstain: 0

Cm. Rodriguez

Mayor Saenz

Cm. Torres

Cm. Vielma

Cm. San Miguel

Cm. Altgelt

Cm. Balli

Cm. Balli clarified that the directive to staff is to bring back Council's amendment requests for further discussion and approval at the next Council

meeting.

Jose Valdez, Jr., City Secretary, confirmed that whatever is approved today will be reviewed and drafted by the City Attorney's Office and brought back to Council.

Cm. Torres suggested setting an agenda of what will come back to Council after today's discussion. Rather than heavily debating recommendations, each member of Council can offer their recommendations or wishes, and the City Secretary and City Attorney can meet to determine what the proper language of the amendment will be. Those recommendations will be brought back to Council for approval.

Mayor Saenz noted that Council is considering changing the Charter, which is a great concern to the public. The public needs plenty of time to see Council's intentions and inform themselves of the potential changes.

Cm. San Miguel countered Mayor Saenz's comments by saying the public can vote on those amendments, thereby offering their opinion on the amendments.

Cm. Altgelt argued that the public's vote would only be a reaction to what Council has decided. It would be better to allow them to participate proactively at the beginning of the process rather than at the end. Mayor Saenz agreed, noting that Council has been criticized in the past for not allowing the public to participate early.

Cm. Torres clarified that this meeting will simply show staff and the public what Council's priorities are, and staff will draft recommended language for Council to make approvals of what propositions will go on the November 2018 ballot.

Mario Peña voiced concern over Council's discussion so far. He reminded Council that he was actively involved in the 2016 Charter amendment discussions among citizen groups and has witnessed many red flags in today's meeting. He noted that Council is trying to take on too much without enough time in preparation for the November election, which is right around the corner. There is not enough time to properly notify and educate Laredo's citizens on what potential changes to the Charter are going to be. He noted his hope that Council does not have a hidden agenda of pushing something through discreetly. He asked why Council is in such a hurry and why these changes absolutely must take place during this election cycle. He reminded Council that during the last Charter amendment process, Council appointed a Charter Review Commission that worked on amendments for many months. Some citizen groups approached that Commission with their recommendations, which the Commission largely rejected. Because of that rejection, the citizen group distributed a petition and collected signatures to place the amendments to the ballot. Had the Commission accepted those recommendations, even with changes, the citizen group would never have felt the need to gain petition signatures. He asked Council why this meeting was called a workshop when there was not distribution of the items that Council wanted to recommend with redline changes to the document for public review. He asked where the public

copies of the Charter are so that they may follow along. He asked Council to reconsider the rush to make Charter amendments during this election cycle or to consider different courses of action to meet the community's needs.

Cm. Balli reminded Council that this timeline was the same process that was utilized during the 2016 election. Last time, the City did not decide what would be placed on the ballot until July 2016. Nothing has changed.

Cm. San Miguel recommended that Council keep the Charter Review Commission perpetual to review the document throughout the year. Since the uniform election is every two years, there will be no violation to having the Charter Review Commission reviewing yearlong. The document would only be up for revision every two years.

Motion to direct staff to set an agenda of Council's Charter amendment issues to come back with recommended language with meaningful public engagement that is accessible to all district citizens, as amended.

Moved: Cm. Torres

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Mr. Peña asked Council to carefully consider when to meet again over these issues, because noon is a very difficult time to attend for most working citizens.

Cm. San Miguel noted that previous Council action proposed three items for the ballot, one of which proposed referendums for improvement projects include the dollar amount of the project costs to avoid entering projects with a blank check. Mr. Valdez confirmed that this issue was already approved by Council, and those issues previously approved by Council will be included in the list bring brought back to Council.

Mr. Valdez reminded Council that the other previously-approved referendums were the new location of the sports complex, a candidate filing fee and/or signature petition for elections, and the location of the veterans' museum. He explained that there are issues with the veterans' museum proposal going out for referendum. Council had voted to offer three locations on referendum for the public to select as the location of the veterans' museum, but each location must be its own proposition. If all propositions pass by a majority vote, then the City is bound to build three veterans' museums, one at each location.

Cm. San Miguel recommended broadening the scope of the museum proposition by asking if the public would like local government to oversee the veterans' museum or if they would prefer a private non-profit to oversee the facility. Cm. Balli voiced his agreement.

Cm. Altgelt asked for the initial wording of the sports venue complex proposition.

Horacio De Leon, City Manager, explained that the first time the sports complex

referendum went to the public, it was specific to the Texas A&M International University site. It encompassed a baseball complex and tennis courts. Staff is still working on an MOU with TAMIU, but TAMIU has made it clear that they are no longer interested in the baseball complex. The City must move the baseball complex to another site, but the voters would need to approve the new site location. Staff's understanding is that all parties are in agreement for the tennis courts to stay at the TAMIU site, but he noted that if Council differs in opinion, that needs to be clarified. Staff has been working with TAMIU on the MOU; their last meeting was about two or three months ago.

Cm. Altgelt asked about a referendum for 4A4B sales tax. Mr. Valdez reminded Council that a strategic planning meeting was held at the Max A. Mandel Municipal Golf Course February 9-10, 2018, where Council was informed that state legislature had to pass before the City could transition to a 4A4B sales tax. Therefore, a 4A4B sales tax referendum was not going to be considered during this election year.

Mr. De Leon clarified that staff heard from the bond counsel that the City does not currently have the legislative authority to transition to a 4A4B sales tax. In the next legislative session, the City will pursue that authority; if it passes, the City will go for a referendum on this issue.

Cm. Altgelt asked why the City would continue to pursue a sports venue tax and go further into debt if staff knows that the City will soon try to transition to a 4A4B sales tax. Mr. De Leon explained that because the sports complex was already passed by the voters via referendum before, the City is obligated to see it through. Cm. Altgelt voiced his opinion that it appears the City is setting its economic development priority as a distant second to more sports venues.

Mr. De Leon reminded Council that it is their decision to direct the policy of the City. He added that a sports venue is in fact economic development. Cm. Altgelt countered that it is only economic development in the academic sense, not in the practical sense.

Jose Ceballos emphasized that the City needs more time to initiate economic development planning. Downtown Laredo is dying and needs revitalization. There is much to discuss on the matter, and he agreed with Cm. Altgelt that a sports complex is not a sustainable economic development tool. He encouraged Council to take more time on this issue and not prioritize the sports complex in terms of economic development this year.

Motion to add the previously discussed propositions and those added by staff and Council to the list to be brought back to Council for further discussion and prioritization.

Moved: Cm. Torres

Second: Cm. Balli

For: 6

Against: 0

Abstain: 0

Following a recess, Mr. De Leon clarified that staff recommendations are

largely for clarification purposes in the Charter and do not constitute major changes.

Mr. Valdez noted that a notable recommendation from staff affects Section 2.03(C) Interference with Administration. Mr. De Leon added that staff's recommendation would add language that allows for a designee of the City Manager. The City Manager would distribute a memo specifying those designees. The phrase "solely through the City Manager" would be removed and replaced with the phrase "and/or his/her designee." This is consistent with the Charters of other cities.

Mr. Valdez continued that that Section 2.15 has language regarding the Mayor's voting power that is contradictory to another section of the Charter. Section 2.15(3) grants the Mayor the right to vote in the case of a tie among Council Members, and staff recommends that this language be removed or changed to clarify that the Mayor has the ability to vote in all cases. Other sections of the Charter grant the Mayor the same voting rights as the rest of Council.

Mr. Valdez noted that throughout the Charter, phrasing misuses the phrase "Council Members" which is defined as all the members of Council excluding the Mayor. The correct term to include the whole body is either "Council" or "City Council." He suggested that staff be allowed to offer recommendations to correct these occurrences.

Martin Aleman, Executive Director of Finance and Technology, noted that second paragraph of Section 6.04(5) of the Charter states, "Excess carry over funds from a prior fiscal year may be appropriated in the ensuing fiscal year for one time appropriations only." He informed Council that this practice only applies to the General Fund; other fund sources do not and cannot be held to this requirement. He reported that staff's recommendation is to specify "general funds" at the beginning of that sentence. Mr. Aleman clarified that carry over funds occur when revenues outnumber the expenses on a fund. That money must be spent, so staff will reappropriate them the next year, such as the case with grant moneys.

Mr. Valdez continued that the City Attorney will provide a proposition to Council as a catch-all housekeeping amendment to change any minor irregularities. This includes gender pronouns and other minor irregularities that affect clarification.

Cm. Altgelt pointed out Section 12.09 of the Charter: "At least every ten years, but not more often than every two years, the City Council shall appoint a City Charter Revision Commission to make recommendations to the City Council for amendment or amendments to said charter." He voiced his understanding that this provision mandates that Council appoint a Charter Review Commission to make recommendations. He asked if Council is in fact rushing these amendments because it has not taken the steps to appoint the Commission. He recommended that Council appoint a Charter Revision Commission so that they could make these recommendations to Council in accordance with the

Charter.

Cm. Torres countered that Council has brought this question to the City Attorney in the past, and the Charter does not mandate that a Commission be appointed every time that Charter amendments are proposed.

Mrs. Hale confirmed that by its reading, Council must appoint a Commission at least every 10 years, but not more often than every two years.

Cm. Balli voiced his understanding that the City already has a current Charter Revision Commission. He stated that this Commission is still active, though they haven't met since 2016. If the Commission does meet, they can review these drafted recommendations and offer their own recommendations. He clarified that the ability of Council to appoint a Commission to make recommendations does not take away from Council's ability to make their own propositions without the use of a Commission, as long as Council is in compliance with the time provision in the Charter. Council is following the law to-date.

Mr. Valdez informed Council that policy states that once the Charter Revision Commission submits their recommendations to Council, they are dissolved and no longer active. This is why Council reappoints a Commission every time they wish to do so. He noted that he would like to time to confirm in the Policy and Procedures Handbook or other City documentation that provides this requirement.

Cm. Torres suggested that all Council Members appoint or reappoint a Commissioner to be safe in the event that the most recent Commission is in fact defunct.

Cm. Balli stated that this would be in violation of the Charter, since it would result in Council appointing a new Commission in less than two years. He recalled that the Commission brought their recommendations to Council in July 2016. By appointing a new Commission in June 2018, Council is in violation of the Charter.

Tiffany Franklin, Deputy City Secretary IV, clarified that the Commission Members were appointed in 2015. Mr. Valdez added that they were an ad-hoc committee and presented their recommendations, therefore dissolving the commission. Since they were appointed in 2015, there is no time violation to appoint new members in 2018.

Motion to direct the City Charter Revision Commission to make recommendations to Council for amendment or amendments to said Charter following the process set forth in Charter Section 12.09, allowing Council to appoint any vacancies, as amended.

Moved: Cm. Altgelt

Second: Torres

For: 6

Against: 0

Abstain: 0

Mr. Aleman informed Council that staff would also like to clarify Section 6.12 Borrowing in the Charter; the current reading states, "The total overall outstanding debt shall be limited to 10% of the total assessed valuation of the City." Currently, the total assessed valuation of the City is about \$13 billion, and he recommended that the Charter be amended that the debt be principal only and not interest.

Cm. Altgelt noted that if the City is to be fiscally conservative and responsible, it should consider debt to be principal and interest. Most people consider debt to be the total amount, not simply principal.

Mr. De Leon cautioned Council that it could be stunting the growth of the City if it considers the total debt rather than the principal alone. He noted that 10% is an arbitrary number in the Charter.

Cm. Altgelt reiterated that the City should want to restrain itself so that it does not overborrow and bankrupt itself.

Mayor Saenz if liability is considered debt in this context. Mr. Aleman confirmed that it is. Mayor Saenz suggested that this section of the Charter be amended to instead state that the 10% limitation could be overruled by a supermajority of Council.

Mr. De Leon noted that Council could give administrative directive to staff as to how they would like to address this section, adding that staff would like a recommendation from the financial consultant.

Cm. Balli requested that 2.03 of the Charter (Interference with Administration) be amended to add (D) giving Council the authority to give directive to administrative department heads.

Cm. Balli requested that 2.03 of the Charter (Interference with Administration) be amended to add (E) defining the City Manager, Assistant City Manager, Deputy City Manager, Executive Directors, and Council Assistants. He noted that the City currently has two representatives that coordinate serve Council and answer to City Management. His intention would be to see those representatives be designated as management so that they can conduct their business without being in violation of the Charter.

Cm. Torres asked Cm. Balli to consider providing for an opportunity for department heads to deflect or report to the City Manager if they feel they are being given a directive by Council that is out of the ordinary or that is an abuse of power. Cm. Balli agreed, clarifying that his proposed section (D) is not intended to take any supervisory power away from the City Manager. It would simply allow Council to give some directive to department heads. He would welcome any language clarifying that the department heads are still under the City Manager.

Mr. De Leon noted that this would require the clarification of the definition of

“administrative directive,” because the current wording is “inquiry.” Council is allowed to speak to staff and make inquiries. If Council wants to gain authority to give administrative directives, then those directives or their qualities would need to be defined.

Cm. Balli also clarified that the directives would be non-financial so that there would be no need for additional funding.

Cm. Vielma stated that these recommendations need more clarification as they are already confusing. Council should be able to make administrative requests and not directives, since a body of this size would be too many directives. The current practice of making inquiries and requests of department directors pending the approval of the City Manager works well as is. Cm. Balli’s recommendation is a case of micromanaging.

Cm. Torres noted that as it relates to Council administrative assistants, all Council Members are guilty of giving administrative directives and not inquiries or formal requests. Mr. De Leon added that when Council asks staff to work during their events in a City facility like a park, that has a budgetary impact. While the City supports Council’s inquiries and wants to help fund them, he reminded Council that there will be an issue of funding administrative directives. That is why the Charter currently funnels Council inquiries through the City Manager.

Mayor Saenz suggested putting administrative directives in writing so that the City Manager may check the directive for budgetary impact and determine the funding. Cm. Torres suggested that the language stipulating that, budget permitting, each Council Member would be assign personnel, either part-time or full-time, who could answer to the Administrative Assistants on full-time staff for communication and coordination purposes. He suggested trying this for a year, suggesting two assistants for the Mayor. Mayor Saenz declined, stating that one assistant is adequate.

Mr. De Leon said that this could be implemented and asked if Council wanted to codify it in the Charter. Cm. Torres noted that while Mr. De Leon is very cooperative with this idea, different City Management may not be willing to provide this allowance. Having it in the Charter would ensure that Council would have access to personnel.

Cm. Balli requested changing 2.15(4), the veto power of the Mayor, to reflect that the Mayor’s veto may be overridden by a majority vote of the Council Members present at the meeting during which the Mayor executes the veto, rather than five votes of Council. He reasoned that five votes are acceptable when the full Council is present for the meeting, but when there are fewer Council Members present, the balance is not available.

Mayor Saenz objected, noting that it would be better to keep the override vote at five. He asked if it would be better to instead place a statute of limitations on the Mayor’s veto power, such as within so many Council Meetings. Cm. Altgelt disagreed, noting that Council action may have adverse effects outside of that

timeline, which would preclude the Mayor's opportunity to correct it.

Mayor Saenz recalled that during the last election cycle, it was discussed to raise the number of votes to override the Mayor's veto from five to six votes. The public feedback was clear that the citizens want to keep it at five votes. He suggested that Council keep it at five votes.

Cm. Altgelt agreed, stating that this proposed amendment dilutes the Mayor's veto power, which was already discussed the last time that the Charter was amended. To dilute this power is a step backward. He also reminded Council that the Charter requires five affirmative votes to take any action; if there were only five Council Members present at the meeting, a majority would be three Council Members and a violation of the Charter. He cautioned Council to not take any action that makes the process less democratic.

Mayor noted that this voting exception would further convolute the Charter.

Mr. Peña reminded Council that the reason the overriding votes was brought before Council in the first place was because when five votes pass a Council action and the Mayor followed with a veto, those same five votes would easily override the Mayor's veto. This essentially devalued the Mayor's veto. He also noted that while this amendment proposition was voted down, it lost by only 330 votes.

Cm. Balli requested that Section 2.16 of the Charter, City Secretary, be amended to specify that the City Secretary be appointed and discharged by City Council, removing the language regarding the City Manager's recommendation.

Cm. Altgelt voiced his objection, noting that this makes the City Secretary position more political than independent. This amendment hobbles City Management; it is important to have key positions recommended by the City Manager after a screening position. The recent appointment of the City Secretary was very successful and organic. Cm. Altgelt asked that Council leave the current practice as it is, adding that it creates a slippery slope in which Council will place all department directors under their supervision for appointment.

Cm. Balli requested that Section 4.02 of the Charter, City Attorney, be amended in the same manner as 2.16, in which the City Attorney will be appointed and discharged by City Council. He also requested that City Attorney appoint one Assistant City Attorney to advise management, making the City Attorney available to serve Council.

Cm. Balli reasoned that the City Secretary should be under City Council because of the position, which largely serves Council-related purposes, like elections, recording Council meeting minutes, and related duties. He voiced his opinion that the City Secretary and City Attorney positions naturally fall under City Council. These positions are different than other department directors.

Cm. Torres agreed that Section 2.16 of the Charter describes the City Secretary's duties which are geared toward City Council business. He added that the City Attorney reporting directly to City Council would make sense and keep a direct line of communication to Council open.

Cm. Vielma voiced her disagreement with Cm. Balli's recommendation regarding the City Secretary. The City Secretary is the local elections administrator, which would subject him to many susceptibilities during elections. Answering to City Council Members who are running in an election would produce a significant conflict of interest. If Council truly wants checks and balances in the Charter, then this recommendation is ill-advised because it skews the balance of supervisory entities. She argued that the City Attorney would also be susceptible to political pressures and biases if brought under the direct supervision of City Council.

Cm. Torres noted that the Webb County Elections Administrator reports to the Commissioners Court, which is made up of political positions. The potential for political pressure is everywhere. Ultimately, the responsibility lies with Council and not the City Manager. He voiced his desire to see these two recommendations added to the list for further discussion.

Cm. Altgelt stated that his interpretation of the Charter's original authors was to insulate City staff from the political pressure of City Council. The direct influence of Council around election time would be inappropriate. The City Attorney would also be in a very uncomfortable place if placed under nine bosses with differing opinions and intentions. He reminded Council that the City Attorney looks after the legal needs of the City as a whole, not just Council. He encouraged Council to fortify the Charter rather than watering it down.

Cm. Balli requested a proposition to increase the hotel/motel tax, which is charged to visitors of Laredo, to help pay for the convention center. He welcomed a recommendation from staff as to the wording of the proposition and the amount of the increase.

Cm. Balli requested a proposition to increase the car rental fee to also support the financing of the convention center. He welcomed a recommendation from staff as to the wording of the proposition and the amount of the increase.

Motion to add propositions to the November 2018 election ballot which would increase the hotel/motel tax and the car rental fee to help support the financing of the convention center.

Moved: Cm. Balli

Second: Cm. Torres

For: 6

Against: 1

Abstain: 0

Cm. Rodriguez

Mayor Saenz

Cm. Torres

Cm. Vielma

Cm. San Miguel

Cm. Altgelt

Cm. Balli

Cm. Balli requested an amendment to the Charter regarding posting notices online as opposed to five publications in the newspaper.

Cm. Altgelt noted that Laredo is one of few cities that have a City Planner position built into the Charter that requires a ratification and approval process. He requested a Charter amendment to make it such that the City Manager has more direct control over the selection of the City Planner. He also requested an amendment to Section 9.01 of the Charter (Planning and Zoning Director) that requires certification from the American Institute of Certified Planners (AICP).

Cm. Altgelt requested a Charter amendment that reverses the last Charter amendment to Section 11.01 (Recall Provisions), which changed the requirement from 10% of the voters in the last election to 10% of the registered voters of the City.

Cm. Altgelt requested a proposition to retire the sports venue tax debt in preparation for the enacting of a 4A4B proposition to have meaningful economic development take place.

Cm. Vielma distributed a handout of Charter provisions in the cities of San Antonio and El Paso. The Charter provision amendments she requested, pending the wording and placement by staff, were summarized as follows:

A prohibition that City Council Members not interfere in the appointments or removals of subordinates to the City Manager.

A provision to have the functions and duties of administrative departments become congruent.

A provision that, pending the passage of an ordinance distributing the work of the departments under the supervision and control of the City Manager among specific divisions, the City Manager may establish temporary divisions.

A prohibition similar to the ethics code in which no one may offer or promise employment to or from any candidate. Cm. Balli noted that while he does not disagree with this prohibition, he did not think it was very likely or reasonable that a Council Member has any authority over the hiring of employment candidates or being able to deliver on the promise of a job.

A provisional limitation on debts incurred by the City, which Cm. Vielma noted had already been addressed by Mr. Aleman.

A Charter provision similar to the Code of Ethics that provides more definitions and protocol for the Ethics Commission, which are lacking in the Charter.

A provision for term limitations on boards, in response to some board members who have served on a board for over 10 years and denying other citizens of the opportunity to serve.

Cm. Torres asked if the term limit provision would stop someone from serving on another board after exhausting their term on a previous board. Cm. Vielma stated that it could be discussed by Council, but her intention was to limit someone's ability to monopolize the same board.

A Charter provision or article for a construction board of appeals to avoid derailing investments in the City and making the building permit process more expedient or providing investors with appeals opportunities.

Cm. Altgelt asked the City Manager to place on the next regular Council agenda an item to address the building permitting practices and procedures. He recalled a common complaint for several years that the City of Laredo's permitting process is a slow, painstaking one, like an act of Congress.

Cm. Vielma noted that she was not sure if a Capital Improvement Advisory Committee needed to be added to the Charter or simply created via ordinance, but she requested a staff recommendation for the creation of one in the City. Mr. De Leon recommended adding an agenda item for the June 4 Council meeting; Cm. Vielma confirmed that she would do so.

Cm. Torres requested a Charter article or section to provide for the Police and Fire Chiefs and to stipulate that they report directly to the City Manager or the Deputy City Manager.

Cm. Torres requested a Charter amendment to Section 5.02 (Judge of the Municipal Court) giving the Municipal Court Judge direct authority to some personnel, adding a bailiff and administrative assistant or clerk under the Judge's supervision. He reasoned that the Judge is not able to conduct the private practice of law and needs administrative assistance.

Cm. Torres noted that he has not seen any reports from the Chief Innovations Officer since her appointment. He voiced his opinion that this position should be under the Internal Auditor for the purposes of checks and balances, requesting a Charter section that addresses this position.

Cm. Rodriguez requested a Charter amendment to Section 2.04 (Vacancies: Forfeiture of Office, Filling of Vacancies) that mandates regular and random drug tests of Council throughout the year. Cm. Rodriguez specified that hair follicle tests be administered.

Mrs. Hale informed Council that there is a constitutional prohibition to mandating drug tests for the City Council. She noted that staff will bring a confirmation back to Council, but the City may not be able to mandate drug testing.

Cm. Torres suggested that rather than codifying drug tests in the Charter, Council could instead pass an ordinance that allows for a waiver to opt in or out. He noted that one could assume a Council Member opting out of a drug test has something to hide.

Cm. Altgelt suggested requiring urine and hair follicle.

Cm. Rodriguez requested a proposition or referendum that introduces a medical or hospital district in Laredo.

Cm. San Miguel noted that he would support that proposition, provided that it does not interfere with Laredo's EMS services. The Laredo Police and Fire Departments must always be the primary EMS services for the City of Laredo.

Mayor Saenz asked if the City or the County has that charge. He asked for clarification when staff brings recommendations back to Council.

Mayor Saenz requested a Charter amendment to Section 2.07(D) of the Charter (Voting) that defines or removes the term "procedural matters), asking if that term is already defined. Mrs. Hale confirmed that the phrase is not already defined.

Mayor Saenz pointed out Section 2.09(A) of the Charter (Ordinance in General: Form) in which no ordinance shall contain more than one subject and such subject shall be clearly expressed in its title. He recalled seeing some ordinances with varied subject matter. He also recalled the Council salary increase as part of the budget ordinance, noting that it had caused some controversy. He requested an amendment to the Charter that provides clarification, if needed.

Mayor Saenz asked staff to review the debt portion of the Charter, asking staff to confirm if debt includes all liability, including potential suits or court decrees. He asked where the City is at risk, noting his uncertainty as to whether that should be codified in the Charter or as a report made to Council. He asked what liabilities are and are not covered by the City's insurance.

Mr. Aleman noted that the City goes through several checks and balances during its audits, and potential liabilities are reviewed.

Mrs. Hale reminded Council that most liabilities are covered by insurance, but staff will confirm when bringing recommendations back to Council.

Mayor Saenz requested a Charter amendment to Section 6.13(B) of the Charter (Revenue Bonds) that removes the limitation or provides clarification.

Mayor Saenz requested a Charter amendment to Section 6.14 of the Charter (City Depository) that grants the City the authority to capitalize on its accounts if the bank fails or shops its banking options.

Mr. Aleman informed Council that the City goes out for bids on banking services. Applicants are screened to ensure that all requirements are met. The banks must have certain collateral that covers the funding that the City has with them. He confirmed that staff will bring back a recommendation or clarification to Council.

Mayor Saenz requested a Charter amendment to Section 12.06(A) of the Charter (Activities Prohibited) that allows Council Members and the Mayor specifically to engage in political activities. The current wording implies that only Council Members are exempted, but the Mayor should have every right to engage in political activities as part of their duties.

Cm. Torres countered that the specific wording says, “with the exception of members of council,” which would include the Mayor. Mayor Saenz countered that he was brought before the Ethics Commission for violating this section because the wording implied Council Member and not the full Council. He requested that the amendment be more explicit, such as “Mayor and Council.”

Mr. Valdez confirmed that this issue is one that staff intends to address as a housekeeping or clarification sweep.

Cm. San Miguel noted that Council tries to promote voter participation. During the last election, there were so many propositions on the ballot that voters became discouraged. He heard people complaining of the number of items on the ballot. He asked Council to consider limiting the number of Charter amendment propositions in consideration of the voting public. He suggested limiting them to one proposition for member of Council with an additional group proposition for a total of 10 propositions.

Mayor Saenz agreed, noting that so many propositions are overwhelming for the voters.

Cm. Balli countered that in 2016, there were a lot of propositions on the ballot, but there was also a lot of voter participation. Voters also campaigned for and against certain Charter propositions, which was a great example of democracy in the community. Propositions bring out voters who care about community issues, so Council should not sell itself or the voters too short. He agreed that Council should prioritize the propositions under consideration and trim off trivial ones.

VI. STAFF REPORTS

2. Discussion with possible action on hiring a consultant to assist in the review of proposed charter amendments and propositions for the November 6, 2018, General City Election / Special Election to include a presentation by The Bojorquez Law Firm.

Horacio De Leon, City Manager, noted that the City Charter has many ambiguities and needs review and revision for the City’s continued use.

Cm. Torres asked if Council has ever hired a consultant to recommend Charter amendments in the past. Mr. De Leon confirmed that consultants previously offered Charter amendment recommendations.

Cm. Torres added that the previous Council utilized a Charter Revision

Commission for the last uniform election to recommend Charter amendments. Mr. De Leon confirmed that Council has always had final approval of whatever Charter amendments were recommended by the Commission.

Cm. Torres questioned the frugality of hiring a consultant for this task when the City has the ability to appoint a Charter Review Commission to provide recommendations for free. He also voiced his doubt that the City has ever hired a Charter amendment consultant in the past. He reported that other cities hire a Charter consultant when they are first drafting the document, not when they are amending it. Council has the ultimate authority on what amendments go on the ballot, so a consultant might not be necessary.

Mayor Saenz confirmed that Dr. Judith Zaffirini of Zaffirini Communications was hired to provide consulting services on various City documents, including the Charter, in 2016. Mr. De Leon agreed.

Cm. Altgelt added that Dr. Zaffirini helped correct some of the poor draftsmanship of the previous versions of the Charter. He recalled that the Charter Review Commission brought a lot of suggestions to Council for Charter amendments that were not helpful. Council ended up adding its own amendments to the ballot anyway, some of which were harmful to democracy. He cited the amendment to make it ten times harder to recall a City Council Member.

Cm. Vielma noted that the City will benefit from having experts in municipal law recommend Charter amendments as opposed to Council's inexperience in the subject matter.

Bertha Ontiveros of Bojorquez Law Firm, reported that the firm works exclusively with municipalities for over 15 years and 115 cities. To-date, Bojorquez has assisted 10 cities with their Charters; the benefit of utilizing the law firm for Charter amendments is that Bojorquez does not play politics or pick sides when determining amendment propositions. She summarized a Ten Point Plan for Bojorquez's service to the City:

1. Obtain guidance from Council
2. Receive input from City staff
3. Conduct a legal review of the current Charter
4. Author and distribute a legal memo
5. Prepare amendment language for review
6. Gather public input
7. Draft the ordinance(s) (in English and Spanish)
8. Prepare notices and ballots (in English and Spanish)
9. Public Education (in English and Spanish)
10. Post-Election services

Mrs. Ontiveros noted that the main part of this work will be done in the next three months. She suggested a timeline based on the deadlines for the upcoming November 6, 2018 election.

Mr. De Leon reported that Bojorquez Law Firm submitted a preliminary proposal of \$19,800 for their services.

Mrs. Ontiveros noted the firm's work in El Paso, adding that most of the firm's clients are small cities. However, most of the attorneys on staff are from larger cities. She noted that one of the issues she noticed in Laredo's City Charter is that some budget processes align with state statute while some processes do not. Also, the Charter requires publishing notices five times in the newspaper while most cities have reduced that number to only once but having continuous posting and information available online. She added that the firm is prepared to modernize the City Charter in those respects. Mrs. Ontiveros could not confirm if Bojorquez's current or previous clients have encountered significant issues as a result of the firm's Charter recommendations.

Cm. Torres countered that Alan Bojorquez represented the City of Lakeway, which involved controversy and confusion in that city's election, causing Mr. Bojorquez to resign from his position as Lakeway's City Attorney.

Mrs. Ontiveros noted that those issues were not Charter-specific.

Cm. Torres stated that his only knowledge of the law firm is that of the research he performed individually. He cited a recent article in *The Statesman* where Bojorquez Law Firm made recommendations to the City of Lakeway that were erroneous and affected their election. He asked Council to review that article to inform the Members' decision. He voiced his opinion that Council does not need to hire a firm or outside counsel. The near-\$20,000 can be put to better use, and the City Attorney's Office is capable of handling the amendment proposals for the ballot. He stated that he will not support hiring any firm for this particular assignment, whether it is Bojorquez Law Firm or another entity.

Mayor Saenz stated that Charter amendments are substantial changes, and hiring outside counsel would free the City Attorney and her staff to perform her other many duties. He noted that his own review of the Charter found multiple inconsistencies in about 20 sections regarding definitions and other matters. He asked how the City would present that to the public to correct on the ballot. Mayor Saenz voiced his confidence in the capabilities of the City Attorney but noted that this task might be asking too much of her office in addition to their other duties.

Kristina L. Hale, City Attorney, noted that the prior City Attorney was involved in the last Charter amendment process during the November 2016 election. She noted that she has no objections to the hiring of outside counsel for this purpose.

Cm. Balli noted that there is some value in hiring outside counsel, but the last election had more than 20 Charter amendments. These amendments were brought to the ballot without outside counsel, and the City is in the same situation. He voiced his opinion that the current City Attorney's Office is more operational than the administration during the November 2016 election. Anything that Council brings forward can be handled between the City

Secretary and City Attorney, and Council would have the final say on the wording. He also noted that four members of Council are attorneys, which will assist Council in avoiding legal pitfalls.

Cm. Altgelt stated that the attorneys on Council have an ethical duty to know their own limitations. When they recognize those limitations, attorneys must hand off the case to a more experienced professional. He asked Mrs. Hale if she felt her staff were able to handle this task.

Mrs. Hale confirmed that she and her staff are capable of handling this process in time for the November 2018 election. She voiced her wishes that she had been a part of the process during the 2016 election but reiterated her confidence in the City Attorney's Office staff.

Cm. Altgelt voiced his opinion that the firm's proposed fee of \$19,800 is a great deal for peace of mind and saves the legal staff from the Council's political endeavors. He noted that Council should support the hiring of outside counsel on this matter.

Cm. Vielma agreed with Cm. Altgelt. She added that attorneys have the duty to pass on their work to another professional if the scope of work is outside of their expertise, as in this matter. Outside counsel is going to be objective in its recommendations to Council, and the work will be done properly by experts in the subject matter. She noted that Cm. Torres's article on the law firm's previous work in Lakeway involved staggering terms. Attorneys are not guaranteed to win every scenario, and one mistake is not likely to indicate their entire body of work.

Ricardo Quijano noted that some sections of the City Charter are broken, particularly Section 2.04(B)(3), Forfeiture of Office, conviction of a crime involving moral turpitude or felony. The people of Laredo need transparency and good moral values. He suggested that Council ask the District Attorney to ask the Attorney General for an opinion on what qualifies as moral turpitude, using Cm. Rodriguez's conviction as an example. Mr. Quijano asked Cm. Rodriguez if he was willing to allow the Attorney General to offer an opinion on whether his conviction could be considered moral turpitude. He also stated that Council must be afraid of being recalled as they passed action to make recall petition requirements more difficult to obtain. Mr. Quijano noted that it bothers him greatly to see veterans and fallen military heroes used for political agendas. Military members have fought for Americans' freedom, which was taken away when Council took away recall power from the public. He encouraged Council to hire outside counsel on Charter amendments, as the current Council and City staff are too biased.

Cm. Altgelt agreed with Mr. Quijano, noting that Council is broken and needs help getting put back together again. One way to do that is to have an apolitical external force to review the Charter and make recommendations. He envisioned a scenario in which the City Attorney will be asked to define moral turpitude and her being caught in the middle because her definition could determine whether or not a Council Member is removed from office. Those

complexities will be removed if Council hires an outside firm.

Motion to proceed with Bojorquez Law Firm to assist the City with Charter amendments to place on the November 2018 election ballot.

Moved: Cm. Altgelt

Second: Cm. Vielma

For: 3

Mayor Saenz

Cm. Vielma

Cm. Altgelt

Against: 4

Cm. Rodriguez

Cm. Torres

Cm. San Miguel

Cm. Balli

Abstain: 0

Motion fails.

3. Discussion with possible action on the 2018-2019 preliminary draft proposed City of Laredo Budget, to include the 2017-2018 projected estimates for direction and guidance as it relates to revenues and expenditures, as requested by City Council during the 2017-2018 Budget Workshop, and a presentation/recommendation by Consultant Randy McGraw on the non-Medicare retiree rate funding status.

Horacio De Leon, City Manager, noted that in the past, the only budget workshop would be held in August, just a month prior to the beginning of the new fiscal year. Council expressed a desire to be part of the budget process at an earlier stage, and staff has a preliminary proposal as to how the budget looks. It includes revenues and expenditures, contractual commitments, and operational impacts on the budget. He reminded Council that they asked for a 5% savings in the budget, which is reflected in this presentation.

Gilberto Sanchez, Acting Budget Director, presented a forecast and assumptions for the General Fund in the upcoming fiscal year. The property tax value is estimated to be a 5% increase for FY2018-2019 based on the last WCADD values reported. He estimated a 3% increase each year for FY2019-2020 and FY2020-2021 based on historical growth. The projected sales tax increase for FY2018-2019, 2019-2020, and 2020-2021 is estimated to be 2% based on actual trends. He estimated a 1% increase for the Bridge Department fund for the next three fiscal years based on historical growth and the fact that the Bridge Department is not increasing its fee. He reported that Council approved an amusement redemption device permit fee increase to \$1,050 per device, and he estimated that the number of devices will decrease to 3,000 machines from its current 4,500 machines.

Victor Linares, Acting Building Director, reported that amusement redemption establishment operators must come to the Department to renew their permits, and staff has noted a decrease in the number of machines being permitted since Council raised the permit fees.

Cm. Torres asked if staff has confirmed that the operators are utilizing the same number of machines that they are permitting. He reported that machines travel

from establishment to establishment as a way to bypass the permitting process for some machines. He has heard reported that an operator pays for permits for 100 machines but moves in 150 machines after the Building Department performs its inspection.

Mr. Linares confirmed that staff performs periodic inspections, but it has been a count of machines up to this point. With the passage of the new maquinatas ordinance, the Department will not log the machine itself, which should remedy the issue to which Cm. Torres is referring.

Mr. De Leon clarified that the decrease in the number of machines used in establishments is a reflection on the increase of the permit fee. Operators are being more selective of the number of machines used in their establishments.

Mr. Sanchez estimated that he City will lose about \$1.5 million on revenues due to fewer permitted machines. Staff attributes that loss of revenue to the fee increase.

Mr. Sanchez continued that staff only foresees an increase in the Police Department expenditures because of the collective bargaining agreement. The increase is estimated to be 2.5% per year through FY2019-2020 and then a 1% increase for FY2020-2021. No increase is considered for Fire and civilian personnel for FY2018-2019, but a 1% increase is expected to be incorporated for both in FY2019-2020 and FY2020-2021. Health insurance contributions will have an estimated 7% increase in the upcoming fiscal year, followed by no rate change through FY2020-2021.

Mr. De Leon clarified that staff is currently negotiation the collective bargaining agreement with the Fire Department at this time.

Cm. Torres asked if the health insurance contribution increase is only on the part of the City or also on the contribution of the employees. Mr. De Leon confirmed that the increase affects both.

Mr. Sanchez reported a 9% increase in City pensions for FY2018-2019 based on actual retirees. An additional 7% increase was projected for FYs2019-2021 based on historical data. Based on trends, staff estimates a 9% increase per years through FY2020-2021. Mr. Sanchez noted that all other major General Fund Expenditures Increases were calculated based on historical data and trend analysis. So far, the City has a \$14.7 million deficit in the General Fund. It consists of \$3.8 million increase in taxes (property and general sales), decrease of revenue in amusement redemption machine permits, and increased expenditures.

Expenditure increases were reported as follows:

Police Contract increase	\$1.3 million
Health Insurance Contribution increases	\$0.8 million
Fire Cadet Overhires (6)	\$0.5 million
Personnel Changes	\$0.3 million

Vehicle Maintenance Costs	\$0.5 million
Special Police Match	\$0.4 million
Insurance Premiums	\$0.3 million
Elections (Mayor & 4 Districts)	\$0.2 million
Total	\$4.3 million expenditure increase

Mr. Sanchez noted that the City could potentially transfer in funds from the Bridge account if needed.

Mr. De Leon emphasized that the City has been balancing the budget with revenue coming in from other funds, largely the Bridge fund, over the years. The Bridge fund makes up most of that shortfall based on historical data. In the next fiscal year, the other funds have been exhausted with the exception of the Bridge fund. However, the Bridge fund's transfers in have been increasing over the years. Staff estimates that the transfer in from Bridge will be \$7.8 million. He reminded Council that they passed a resolution that 50% of the revenues generated at the Bridge Department transfer into the General Fund; the projected transfer in from Bridge for the upcoming fiscal year exceeds that 50% directive.

Mr. Sanchez reminded Council that they requested a 5% cut of the total budget, which translated to \$9,070,539. Staff directed all departments to find a 5% cost savings in their departmental budgets, but the cuts required of Police and Fire would have been more than half of their operational budgets. Those cuts cannot be accomplished without reducing the level of services provided to the citizens of Laredo; they would require a sacrifice in the quality of services. Therefore, staff revised the original request to require 5% cuts of just the operational budgets, which did not include personnel or contractual services, or \$875,000. Mr. Sanchez noted that the City can achieve an electricity savings of \$400,000 due to new contracts. The City has vacant positions that can be unfunded, and some more line items can be reconsidered to achieve a possible additional \$500,000 in savings. The bulk of the savings will be achieved by defunding vacant positions.

Mr. De Leon reiterated to Council that the closest the City can get to the \$9 million in savings that Council requested, without sacrificing personnel or public services, is \$6.9 million. He also clarified that the positions under consideration for defunding are unoccupied, vacant positions.

Cm. Torres agreed that defunding vacant positions is a good idea; if a position has been vacant for nearly a year, it must not be essential. The budget should reflect factual numbers and not encumbrances that "cushion" the budget.

Mr. De Leon clarified that enterprise funds, such as Solid Waste and Utilities, are not represented in this report to Council; this data is only the General Fund.

Cm. Torres noted that any departments operating under enterprise fund should not be defunded as the taxpayers pay a fee for a particular service and should not be shortchanged in terms of staff or service.

Mr. De Leon agreed, noting that staff distributed a memo regarding freezes for vacant positions on a case-by-case basis. The intention of this measure is to review all positions and pay particular attention to position funded by the enterprise funds or grants so as not to sacrifice the quality of services that taxpayers pay for. He reminded Council that some vacant positions are needed by difficult to fill, and as employees leave the City throughout the year, there are salary savings from their vacated positions. The City does not depend on these savings, but they are budgeted to account for changes in personnel.

Martin Aleman, Executive Director of Finance and Technology, noted that revenues are not increasing at the rate that staff expected. Any salary savings from vacant positions can be used to reconcile those shortfalls.

Cm. Torres asked if Council raising the minimum wage contributed to the deficit. Mr. Aleman stated that the new wages resulted in additional expenses. Mr. De Leon added that the City budgeted for the raised wages, but the City also budgeted for more revenues per the amusement redemption machine permit fees, which is not coming in. The City cannot sustain its budget on tax alone.

Mayor Saenz stated that Council had been hoping for Bridge revenues to fund the additional bridge infrastructure projects.

Cm. Altgelt voiced his opinion that the amusement redemption machine permit fee was increased with the intent that it would discourage additional maquinitas, which has been successful. However, he did not realize that the City was relying on those revenues to make ends meet. He encouraged staff to keep in mind that raising fees will likely reduce the number of patrons of that service and not to expect otherwise. He also recalled increasing the bridge fees during the last budget cycle. He asked for reports of the impact of that fee increase to the City's revenues, since bridge stakeholders had objected to fee increases and passing those costs to their clients utilizing the bridges.

Mr. De Leon countered that there has not been a reduction in the number of bridge crossings since the bridge toll was increased. Bridge revenues are meeting the budget. He also clarified that City staff did not raise maquinitas permit fees to lower the number of maquinitas in the City. The fees were raised to offset the costs of increased security and enforcement that the City implemented in light of the recent amusement redemption establishment issues. The City added 11 investigators to the budget.

Mr. Aleman added that the Bridge revenues are slightly surpassing the budget as of April 2018. He advised Council that forfeiture funds collected from amusement redemption establishment raids are very restricted in terms of their use. They cannot be used for operations under the General Fund.

Cm. Altgelt if the City could reduce its budget for the Police Department so that PD could use the forfeiture funds instead; Mr. Aleman countered that this suggestion is an example of subplanting, which is prohibited.

Mr. De Leon noted that forfeiture funds can be used for police equipment. Mr.

Aleman added that the City cannot plan its budget on anticipated revenues from forfeiture funds. While forfeiture funds are beneficial to the City, they are very limited and cannot be expected as line items in the budget to make up for shortfalls elsewhere.

Cm. Altgelt asked about the implementation of GPS tracking and fuel tracking as a way to monitor employees' use of City fleet resources. This was brought up last year, but the recommendations were not implemented and the Chief Innovations Officer has not been utilized to isolate expenses and tighten the City's budget. Cm. Altgelt emphasized the importance of an asset management plan to address these issues.

Mr. Aleman reminded Council that change takes time and money. Staff has been working, with Council's support, on measures that should help staff with accountability, Purchasing, Accounts Payable, and Payroll for financial analyses.

Mr. De Leon reminded Council that the term "asset management" is a vague term with no specific directive. What Works Cities has provided free technical support, which has been very helpful. However, departments moving toward a finance tracking system have had to spend money on the technical support and software of that system, which the General Fund cannot afford in a sustainable way.

Mr. De Leon suggested that the most important way that the City can save its money is to analyze the way it does business with other entities and find ways to improve that. Staff can analyze how it offers its services to find ways to provide the same level of services at a reduced operational expense. One solution the City has attempted in the past is to hire temporary employees to save money on pensions and benefits, which has been helpful. He confirmed that staff will review the list of vacant positions to determine any savings by defunding them. As the budget workshop comes closer, the City will likely have negotiated a collective bargaining agreement with the Fire Department and will provide that status to Council by the end of July 2018.

Cm. Altgelt noted that the City needs to invest in its port. He recalled asking staff previously to bring an innovative solution to the bridge congestion and processing. Many major cities charge a slightly higher toll fee for commercial and pedestrian traffic crossing during peak hours. Additionally, traffic crossing at non-peak times pay a slightly lower toll as an incentive to cross during non-peak hours. This distributes traffic more evenly across the board.

Mayor Saenz asked if the City needs to do another survey as this issue has continued to be problematic. The industry has not wanted to make any changes to bridge tolls, but he voiced his opinion that they should be surveyed again to see what solutions can be found.

Cm. Altgelt asked why the World Trade Bridge has the same toll as the other bridges in the area. He asked why the City would not charge a lower tariff in different areas to encourage more bridge crossings across all bridges.

Mr. De Leon responded that the bridge toll is not going to incentivize anyone to drive 19 miles out of the way to use a different bridge, especially when most Mexican customs brokers do not have the authority to cross in Nuevo Leon. He noted that Cm. Altgelt's question would be a good one to ask of the industry. He stated that the number of vehicles crossing the World Trade Bridge, regardless of the time that they cross, will not increase or decrease as a result of a different toll. He posed the question that, if the City distributes the 14,000 trucks that cross daily throughout the day, would the City be able to operate during a shorter period of time? If so, this would provide a cost savings for the operation of the bridge in terms of personnel and utilities.

Mayor Saenz asked staff to bring back some measure or recommendation for solutions to this issue.

Cm. Vielma noted that unless more employees retire, the personnel of the City will continue to grow, resulting in more expenses for the City. She voiced her desire to see the City incorporate technology to automate duties and services for cost savings.

Mr. Aleman countered that cost savings via technology will be minimal for most departments.

Cm. Torres asked where the 5% cut is coming from for the Mayor and City Council. Mr. Sanchez noted that the decision would be Council's as to where the cuts will come from, other than personnel.

Mr. De Leon noted that Council had vacant intern positions, which the City will likely not fill.

Cm. Torres noted that the Parks Director position is still posted online and asked if there are still plans to hire one as opposed to utilizing the two Assistant Parks Directors. Mr. De Leon confirmed that the City still plans to hire a Director. CM. Torres suggested removing the position and continuing the co-directorship of the two Assistant Parks Directors. Mr. De Leon confirmed that staff will take that into consideration.

Cm. Altgelt a proposal to hire a cycling and pedestrian coordinator in the Traffic Department, which received Council support. To his understanding, that individual was never hired, and he asked if this is still a commitment that management plans to satisfy.

Mr. De Leon explained that the position was posted, and the City has completed the review and interview process. Mr. De Leon reached out to the Director today to inquire about releasing this position from the hiring freeze, and staff will be making a selection soon to bring the right candidate onboard.

Cm. Torres requested that Council receive a breakdown of the \$125,000 payroll savings in the next Friday packet.

Randy McGraw of HUB International Services reported that the City's rate funding strategy has been underfunding the plan by a significant amount, creating an implicit subsidy to the cost of retiree medical benefits by the City. Retiree claims costs are significantly higher than the active employee claims cost. Retiree related contributions are lower than actual costs and lower than active contributions. He noted that there is no concern about funding benefits; however, the rates charged by the City are not reflective of the actual costs. The revenues for retirees at the current rate this year total \$2,114,325.72; the expense of this program is \$3,613,885.19. Therefore, the City is effectively "subsidizing" the retiree program in the amount of \$1,499,559.47.

Mr. McGraw noted that group insurance is successful when the risk is spread over the entire pool, and he noted that the City's "subsidy" is growing large and affecting its Government Accounting Standards Board compliance evaluations for future liabilities and retiree health care program. To completely remove the \$1.5 million "subsidy," the City would need to increase its premium rates by 70%. He recommended converting the deduction tiers to a four tiered rate structure, adjusting benefits to match those offered to active employees, adjusting the rates to reduce the implicit "subsidy" by approximately \$650,000, and monitoring the impact on enrollment and utilization to determine what additional adjustments need to be made in future years. Mr. McGraw explained that it is alright to "subsidize" the costs of the retiree population, but most cities have brought the rates to the actual rates to remove the subsidy.

Motion to adopt the recommendations as presented by Mr. McGraw.

Moved: Cm. Altgelt

Second: Cm. Vielma

For: 3

Against: 2

Abstain: 0

Cm. Vielma

Cm. Rodriguez

Cm. Altgelt

Cm. Torres

Cm. Balli

Cm. San Miguel was not present.

Motion fails.

Cm. Torres encouraged Council not to rush this matter.

Mr. De Leon noted that staff will bring this information back to Council with additional expenses to report.

Cm. Torres requested an item to be added the next Council agenda under Staff Reports for staff's potential retiree incentives.

VII. EXECUTIVE SESSION

None

VIII. ADJOURNMENT

Motion to adjourn.

Moved: Cm. Torres

Second: Cm. Altgelt

For: 5

Against: 0

Abstain: 0

Cm. San Miguel was not present.