

**CITY OF LAREDO
ANNUAL BUDGET WORKSHOP
M2006-W-005
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
AUGUST 7, 2006
5:30 P.M.**

I. CALL TO ORDER

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

II. ROLL CALL

In attendance:

Raul G. Salinas, Mike Garza,	Mayor Council Member, District I
Hector Garcia, Michael Landeck, District III	Council Member, District II Council Member,
Johnny Amaya, Johnny Rendon, District V	Council Member, District IV Council Member,
Gene Belmares, District VI	Council Member,
Juan Chavez, District VII	Council Member,
Juan Ramirez, District VIII	Mayor Pro Temp,
Gustavo Guevara, Jr., Larry Dovalina, Cynthia Collazo, Horacio De Leon, Rafael Garcia, Jaime Flores,	City Secretary City Manager Deputy City Manager Assistant City Manager Assistant City Manager City Attorney

III. PLEDGE OF ALLEGIANCE

Mayor Raul G. Salinas led in the Pledge of Allegiance.

IV. COMMUNICATIONS

**V. DISCUSSION AND POSSIBLE ACTION REGARDING THE PROPOSED
FISCAL YEAR 2006-2007 ANNUAL BUDGET.**

**A. Introduction of the budget by City Manager Larry Dovalina, including
budget process, vision and goals.**

Larry Dovalina, City Manager read the following statement:

"I am proud to present to you a proposed balanced budget document for the 2006-2007 fiscal year. As a native Laredoan, I share the deep pride that is evoked from the richness of a community that this year saw its 251st birthday. When Don Tomas Sanchez, Laredo's founder, made his place by a life-giving river in 1755, he couldn't have imagined that in the year 2006 Laredo would be a major hub for international trade. With an almost central location in the Northwestern Hemisphere, Laredo is poised to continue to facilitate the movement of billions of dollars of goods flowing to and from the nations that have historical significance in the global trading economy of today. This fine fiscal and operations tool takes into account the humble roots of this community that is the first non-missionary, non-military Spanish settlement in North America. Throughout its history, this Rio Grande pass has served as a practical point to the people that utilized it. Today, civic leaders in both the public and private sector preserve this practice at a much higher, more technologically adept level. City governance knows where this community began, has seen it grow and now addresses the needs of the citizens that we all so aptly serve. This fiscal presentation incorporates the projections in revenue, debt service and expenses that will come with a growing population and expanding trade industry [market]. As I stated last year, in many ways Laredo has arrived and this is an even more exciting time than ever in terms of overall growth and port activity. I and the members of this 2,600-person staff recognize the need for strategic investment in employee capital and community infrastructure. Too often, public servants at our level get accused of not doing enough and not being responsive to the needs of the citizenry but, to the contrary, this government has been fully engaged in meeting the needs of this great community.

At a glance, the theme of this year's budget process is based on improved customer service; enhancements from increased police and fire presence in the community; on increased efficiency in the building permitting processes; to cross border processing enhancements at the Laredo Bridge System; to the partnerships in the public health sector created by the proactive steps taken at the Health Department; to the expansion of the Trackwise database and archives allowing for better tracking of service requests; and, to a more aggressive preventive maintenance program with signs, traffic signals and pavement markings. While the City is improving these and other services, department directors and division managers strive to maintain their budgets with little or no growth for a fourth consecutive year. This is a noteworthy achievement in light of the consistent increase in fuel and energy over the past two years. This cost was the most significant increase to operations across the entire budget.

This leads me to my next point. The total Proposed Annual Operating Budget of \$392,174,549 for the fiscal year 2007 for the period of October 1, 2006 through September 30, 2007 includes operating expenditures and transfers and a combined ending balance of \$87,504,397. This translated to 22% of total operating expenditures and transfers, an increase of \$5,436,363 over FY 2006.

The FY 06-07 Proposed Annual Budget maintains the current tax rate of \$.637000 per \$100 of assessed property valuation.

A total of 2,620.91 full time equivalent positions, including vacant positions are budgeted for the FY 2006-2007 Proposed Budget. Included in the budget is a 2% cost of living adjustment set to take effect in April 2007, an average 3% merit increase for all non-civil service or union employees and a 5% increase for the City's contribution to the Health and Benefits fund.

Mission Statement and Goals

As you recall, one-year ago I implemented an aggressive reorganization to bring the goals of the policy board and this administration into better focus and at the same time achieve community-need based results. Each of the Assistant City Managers have their respective charges to enhance the quality of life and economic prosperity of Laredo. The Deputy City Manager, aside from being the City Manager's department director, is charged with supervising the safety, health and general welfare of the City, as well as the overall organizational infrastructure of the employee group.

Together, the team has been hard at work ensuring prosperity for the community by maximizing Laredo's preeminent position as the largest inland trade hub in the Americas.

While our newly elected officials may make some strategic adjustments, I think that you will all agree that the basic premise of our plan is right on target with the following goals:

- Economic Prosperity - Create a trade-based economic model which fosters economic wealth.
- Safety & Health - Promote an environmentally sustainable community that is the safest and healthiest in Texas with the latest technology and quality services.
- Quality of Life - To be the most livable city in Texas by fostering education, promoting sustainable neighborhoods through ample cultural entertainment and adequate recreational space.
- Organizational Infrastructure - Provide progressive organizational support by being innovative in best practices, technology, resource creation, development and allocation.

	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Interest & Sinking	0.188 072	0.175 962	0.158 603	0.140 48	0.145 776	0.141 113	0.128 323	0.124 816	0.124 981
Maint. & Operation	0.351 858	0.393 256	0.417 755	0.435 878	0.484 758	0.500 648	0.508 677	0.512 184	0.512 019

Laredo has yet to realize its full potential, but with these guideposts and a consensus by the policy board, this administration and 2,600 employees can achieve all things.

Economic Prosperity

From new rooftops, to expanded roads, to cross border traffic at greater speeds and volumes, to new hotel and retail places, Laredo is still on the move and growing with new and more small business as well as brand name expansion.

In 2005, 4,006 building permits were issued at a value of over \$426 million dollars. A good portion of those stats were seen in the residential sector, with nearly 1,904 permits issued for single and multi-family structures. In the business sector, Laredo has attracted big business, and has two new movie theatres in the works; new locations of warehouses such as Hitachio Transportation, Shiloh Junction, Storage Solutions, Averitt Express; and Bajio Enterprises; in the retail sector you have seen Petco Animal Supplies, Circuit City, Goodwill Industries, Conoco Pump and Shop, ZN Texas Plaza and Galeria Center, Lowes, a second Target Stores, Walmart, Bank of America, Chase Bank, and First National Bank. Restaurants and hotels include Wendy's, Unos Chicago-style Pizza, The Freshest, SpringHill Suites by Marriott, Best Western Hotel, Hawthorn Suites, Super 8 Motel, and the Holiday Inn along with new municipal and education facilities. The City has added to that new building process with our own homegrown retail space at El Portal as a part of the Bridge of the Americas redesign project.

The area that we are most successful in, international trade is also the area where we are the most vulnerable. Keeping this in mind, the budget tool before you contains funding measures that will maintain and subsequently keep Laredo in this position. Cross-border trade is taking place in Laredo in greater volumes and speed than ever before. Laredo is sustaining large economic growth. To illustrate this point, Laredo's Customs Revenue totaled over \$171 million in 2005, maintaining its position as the #1 inland port on the U.S./Mexico border.

To put this figure into perspective, it helps to understand exactly how much traffic Laredo is handling. A record amount of more than 12.9 million non-commercial vehicles headed north and south across Laredo in 2005, according to the TAMIU Center for Border Economic and Enterprise Development. Additionally, there were close to three million commercial vehicles north and south bound alone in that same year. Loaded rail cars also passed through Laredo in record amounts with 409,406 headed north and south in 2005. The Laredo Bridge System processed nearly four million pedestrians headed south into Mexico and in all the port handled over eight million in 2005 alone. Projections on these numbers show that the volume of cross border traffic is going to increase. One major project that will come online and impact this budget is the completion and operation of the new Bridge of the America's, International Bridge I, pedestrian and traffic processing facility. The Bridget System will have an impact of eighteen (18) full time equivalent positions to maintain the new facility which has increased from 3,000 sq ft to 16,000 sq ft, a 433% increase. Another fiscal year 2006-2007 project that will keep Laredo moving forward is the realized SENTRI lane on International Bridge II. This is a dedicated north-bound commuter processing lane, that will allow individuals that have applied and been pre-cleared through U.S. Customs and Border protection will also be seen in the next fiscal year.

The enormous amount of cross border activity is an indication of how much economic growth Laredo is sustaining. The Laredo Development Foundation indicates that more than 700 of the *Fortune 1000* companies conduct international business via Laredo. Making the place for LDF in our sustainability even more essential; therefore, we are maintaining our funding to this organization in the Proposed FY 2006-2007 budget. They will continue their advocacy of Laredo and promoting the Gateway City as the place to come and do business.

In addition, *Forbes* magazine in 2005 ranked Laredo number one in the category of job growth among smaller metropolitan areas (populations smaller than 345,000), as part of the magazine's list of Best Places for Business and Careers. The ranking bodes well for the future because it was based on five-year annualized figures, which indicates consistently strong trends over time.

In the last few months of 2005, Laredo saw an all-time historic low for the city unemployment rate of 4.8 percent in October and ending at 5.6 percent for the year. This is an extremely essential and positive economic indicator that the City will work to maintain through private and public sector partnerships and maintaining the best environment for new and continued business development.

Safety and Health

Fire and Police forces maintaining order and protecting the City are the cornerstones to a safe community. One of the major strides in public safety enhancements is the implementation of the new 800 MHz trunked digital radio communication system that now allows the City of Laredo full interoperable communication within the entire organization and more importantly, with outside agencies at other levels using a similar digital communication platform. This new system is vastly superior to the analog radios that it replaced. Field users consistently provide positive feedback, indicating full and complete coverage in all areas of the City. This budget document reflects an estimated annual maintenance cost of \$464,904, for the \$7 million system which will be allocated to all user departments.

With the Laredo Fire Department, the southern-most sector of the City will see the full activation of the Cielito Lindo Fire Station #14. The manning of the Engine #14 will be accomplished with the graduation of the current academy of 22 cadets that started in July of 2005 and are expected to graduate in September 2006. Equipment replacement enhancements are expected with the purchase of a Tele-Squirt Pumper Engine for Central Fire Station #1 and another Fire Pumper Engine for Station #13 at an estimated cost of \$780,000.00 and two ambulances at an estimated cost of \$290,000 in the 2006-2007 fiscal year. Additionally, updates to the emergency management plan are scheduled with the creation of a pre-disaster mitigation plan for the City that ties into a regional process.

The Laredo Police Department continues to move forward with the implementation of its Community Oriented Policing philosophy with the recent activation of three workstations at 9402 NE Bob Bullock Loop 20; 5210 State Highway 359; and 13301 Mines Road, each adjacent to a Fire Station, thus, maximizing the use of publicly held land and the collaboration of these two entities. Funding for a new workstation

adjacent to the Cielito Lindo Fire Station #14 is already in the Capital Improvements Project program. The Laredo Police Department is scheduled to start an academy in January of 2007. The uniformed force of 411 is well equipped and a strategic investment in weapons, ammunition and other essential equipment upgrades will be maintained in this budget to provide the tools that officers need in the field.

While these departments work towards the overall welfare of the community, one department in particular impacts the health of hundreds of thousands across a four county region. The Laredo Health Department has readjusted some of its funding mechanisms and reached out to community partners to make up for the overall reduction of 35% in federal and state funding and to provide necessary core public health services. More progressive steps have been taken to meet the level of service and demand on the Health Department through collaborative partnerships with institutions such as the University of Texas Health Science Center/San Antonio; the South Texas Research Center Bienestar Program, the Environmental Protection Agency and local hospital providers. An immunization and primary health (La Familia) clinics facility upgrade that was begun in the current fiscal year will be realized in the coming year. This will help maintain Laredo's already excellent rate for immunizations of children under the age of two at 100%. Additionally, Laredo continues to receive Homeland Security funds for its public health and bioterrorism preparedness projects. As I stated last year, its laboratory is on track to be certified as a Level B lab in the new fiscal year. This certification will allow for Laredo to perform preliminary testing on suspected bio terrorist agents i.e., anthrax. This enhances the City's ability to respond to a terrorist threat by being able to obtain preliminary results locally.

Many times, environmental factors may lead to illness and in this regard the Health Department works hand in hand with the Environmental Services Department (ESD). These forces have come together to address the accumulation of debris and tires across the city in the on-going effort to make Laredo a cleaner, healthier city. Administered by the ESD, revenue from the storm water fee met and exceeded projections this fiscal year. These funds provide the capital to acquire property for the purpose of detention ponds allowing for a much needed improvement to the storm water drainage system. The land for the retention ponds also doubles as recreational space that is also a much needed amenity in the community.

The City cannot achieve a safe and healthy environment without its community partners. One recent example is a land donation from the Killam Company, that once improved, will make for a wonderful recreation area in the 2006-2007 fiscal year. Clean-up work from a recently attained Brownfields grant from the U.S. Environmental Protection Agency for the clean-up of the 18-acre lake site will come to completion in the budget year. The ESD will also launch a new set of mascots and a refreshed community outreach campaign for the fiscal year 2006-2007. As the Governor's Environmental Excellence Award recipient for 2005, the program will stay with its practice of visiting local schools with litter and pollution prevention messages tailored for an elementary school audience. This "new" attitude will lead to a safer and cleaner environment that Laredoans will like and appreciate.

Serving as a galvanizing force, in cooperation with the ESD, is Keep Laredo Beautiful, which also maintains its funding in the proposed FY 2006-2007 budget. This organization has advanced Laredo's "green thinking" by galvanizing all those entities that had environmentally sound initiatives, practices and intentions and helped to kick start new endeavors like the special temporary recycling station at the Mall Del Norte site during the peak holiday shopping season. Collaborative partnerships even within City departments, like Solid Waste Department's recycling services and Keep Laredo Beautiful, have elevated an international awareness to recycling materials that were once taking up space at the landfill. Laredo's appearance is paramount to attracting people and businesses to stay and spend their money in our economy. Invariably, if they spend then Laredo gets a little part of that investment returned in the form of sales tax. Sales tax, as well as general property tax, plays a large roll in providing for the quality of life Laredoans want and deserve.

Quality of Life

Quality of life is measured in many ways and Laredoans like to have leisure activity and hobby options that are indoors and outdoors. There are various projects and aggressive investments on-going and planned to address this all-encompassing facet of our community.

Parks and leisure activity investment has increased significantly in the last decade. Building on \$7.3 million invested in prior years, this 2006-2007 fiscal year there are approximately \$6,525,000 in recently issued bond funds to spend on current facility enhancements and new projects including: the Chacon Creek Recreational Improvements; Cielito Lindo Park; Slaughter Park; Dryden Park improvements; East Side Recreation Center design; Eistetter Park light installation; Eleden Recreation Center construction; Father McNaboe Park phase II, Northwest recreation center and pool design; and Santa Rita park enhancements just to name a few.

An estimated amount of over \$16 million is being worked on for a bond issue in FY 2007. The follow distribution has been recommended for consideration: Drainage \$2 million, Public Safety \$1.8 million, General Government \$2.7 million, Parks \$5.950 million, Street \$3.864 million and Traffic \$250,000.

	01-02	02-03	03-04	04-05	05-06	06-07
General Sales Taxes	17,158,252	18,037,788	19,522,556	21,164,417	23,760,979	26,612,298
Transit Sales Taxes	4,092,648	4,331,368	4,690,014	5,026,869	5,593,822	5,990,985
Arena Sales Taxes	4,289,562	4,509,447	4,822,212	5,268,781	5,979,275	6,636,996

CDBG funds have a long history in making for a better quality of life in Laredo, too. For the last 31 years, CDBG funds have been used to pave streets, construct drainage improvements, parks, sidewalks, community centers, build Police workstations, demolish substandard structures, code enforcement, graffiti removal and other improvements and services. These grants are made possible through the

Community Development Department's continued responsible fiscal management of the money allocated by the U.S. Housing and Urban Development Department. These funds will continue to be used in a manner most beneficial to the community with \$3,711,628 allocated in the proposed FY 2006-2007 budget.

One area in particular that has benefited from the use of these funds is downtown Laredo, where renaissance is in the air. The revitalization of the historic Plaza Theatre, the redesign of the Bridge of the Americas/International Bridge I, the Rio Grande Ecosystem Restoration Project and vehicle parking facility at Santa Maria and Zaragoza each play a vital role in the El Portal philosophy that the City of Laredo knows is catching-on across downtown. These projects represent a collective investment of over \$30 million over prior years and in the 2006-2007 fiscal year. This El Portal philosophy is an all encompassing movement to bring together all the historical components that have made Laredo possible since its establishment in 1755. The City's emphasis is on improving one of the most visible international crossing points at Bridge I, the most historically rich site as the City's birthplace; bringing the river to the people through added access to the vega and thereby recapturing their stewardship towards this natural precious resource; and ultimately elevating a once neglected area to a place of prominence that will insight visitors to come time and time again. The private sector has engaged the City through this revitalization process and now regular monthly meetings bring downtown merchants and City authorities to the same table. These meetings have led to a more engaged citizenry, a comprehensive approach to downtown enhancements, and future projects, such as sidewalk reparation and long-term reconstruction.

Organizational Infrastructure

The City of Laredo government organization strives to be innovative in best practices, technology and resource creation by developing its workforce and supporting its employees to avail themselves of professional training opportunities. These prospects are available both within and outside of the organization. Internally, the Human Resources (HR) Department maintains its funding for training and professional development in programs such as the Certified Public Manager certification and GED attainment courses in the 2006-2007 fiscal year. Another program that is preserved in the HR budget is the Leadership Development Program that annually graduates approximately 12-18 individuals hand selected by their employee peers to take part in the 10-month professional development course that provides an in-depth look at various internal City operations, networking and team building opportunities, a problem solving exercise assigned by the City Manager and public speaking component. These types of practices are essential to maintaining good employee morale and retaining individuals that might need an added challenge in their day-to-day workload.

Another major milestone in this budget year that will continue into the 2006-2007 fiscal year is due to the transition from the Texas Municipal League Intergovernmental Employee Benefits Pool as a Third Party Administrator for the City's self-funded benefit plan to Blue Cross Blue Shield of Texas. The City is projecting a savings due to a 55% targeted network discount on expected medical

claims. These savings will go towards balancing out the rising costs of health care and enhancing the benefit plan for our employees and their expressed dependents.

The overall health of the organization is reflected in its respective medical records but also in other records that have been set through its participation in voluntary charitable events. The City of Laredo employees hold the distinct titles of being the *Highest Employee Group Contributor* and *Community Leader* from the United Way of Laredo. Additionally, they hold the titles of the *Most Funds Raised by an Organization* and *Highest Employee Participation* from the American Cancer Society's Laredo/Webb Unit Relay for Life fundraising campaign; City of Laredo employees gave a grand total of \$165,000 in 2005-2006. An even more impressive figure is \$806,712. This is the amount that City employees have reinvested into community organizations from their own pockets since 2001. This is made possible through a liaison mechanism known as the R.E.A.C.H. Committee, Reinvesting Employees and Caring Hearts, that facilitates each fundraising campaign for the City Manager. This group of eight employees acts as the go between for the non-profit agency and each City department that participates in the event. This committee has received numerous awards for its far-reaching efforts over the years.

The employee development measures and management supported efforts to reinvest in the community's infrastructure through these established charities provide for a more adept and cohesive work force. These efforts have come back to be reflected in a most recent recognition when the City was named the recipient of the *Customer Service Shining Star Award* by the Laredo Chamber of Commerce in April of 2006. This distinction was attained through a competitive process by an independent panel of judges established by the Chamber. This accomplishment and many others achieved by City employees provide a solid infrastructure network that makes for an excellent and irreplaceable resource in the community and beyond. City of Laredo employees make this budget and all other services possible.

Conclusion

Finally, I am proud to present this balanced budget and tremendous tool that acts as a manual both internally and externally. Our departments use it to maintain their work environments and provide services and our citizens utilize it in many ways. They know exactly what to expect and if they want to see changes today, tomorrow or in the future, I invite them to attend our public workshops and public hearings so that they too may have input in our budget planning process. I would like to repeat that Laredo has yet to realize its full potential, but with this budget document as a guide and a consensus on the policy board, this administration and 2,600 employees can achieve the community's goals."

B. Ad-valorem tax rate and financial prognosis.

Elizabeth Martinez, Tax Collector/Assessor, gave the following presentation:

Current Year Collection Rate with Original Roll

2002	95.37
2003	96.98
2004	96.63
2005	97.25
2006	97.25

Prior Year Collection Rate with Original Roll

2002	32.32
2003	39.46
2004	39.91
Est. 2005	35.67
Est. 2006	35.67

Truth in Taxation A Guide for Setting Tax Rates

The Texas Constitution and Property Tax code embody the concept of truth-in-taxation to require taxing units to comply with certain steps in adopting their tax rates.

Four Principals in Truth in Taxation

Right to know of increases in property value and estimated taxes that could result from the new value.

Most taxing units must publish effective and rollback rates before adopting an actual tax rate.

Most taxing units must publish special notices and hold a public hearing before adopting a tax rate that exceeds the lower of the rollback rate or the effective tax rate.

If a taxing unit adopts a rate that exceeds the rollback rate, voters may petition for an election to limit the rate to the rollback rate.

Effective Tax Rate

The effective tax rate is a calculated rate that would provide the taxing unit with about the same amount of revenue it received in the year before, on properties taxed in both years.

Rollback Tax Rate

The rollback rate is a calculated maximum rate allowed by law without voter approval.

It provides the taxing unit with about the same amount of tax revenue it spent the previous year for day to day operations, plus an extra 8 percent for those operation, and sufficient taxes to pay its debts in the coming year.

Effective & Rollback Tax Rate Comparisons

	Tax Year 2005	Tax Year 2006
Effective Tax Rate	.601433	.593454
Rollback Rate	.643867	.638537
Adopted Tax (Proposed)	.637000	.637000

City of Laredo Tax Rate History

2001	0.576358
2002	0.630534
2003	0.641761
2004	0.637000
2005	0.637000
2006	0.637000

Noe Hinojosa, Financial Advisor, gave the following report:

2006 Debt Portfolio (Principal Only)

	BONDS	Now	Ratings		
			Mdy	S&P	Fi
tch					
Tax	Property	A2	A+	A+	
	Property Tax Debt		\$155,940,000		
	Less: Self-Supporting		88,987,930		
	Net General Purpose		66,952,070		
Revenue	Waterworks & Sewer System				
	Senior Lien		\$ 33,260,000		
	Junior Lien		\$ 1,969,000		
	Self-Supporting C/O's		\$ 50,874,038		
	Total Waterworks & Sewer System		\$ 86,103,038		
	International Bridge System Revenue				
	Senior Lien		\$ 73,180,000		
	Junior Lien		\$ 24,300,738		
	Total International Bridge System		\$ 97,480,738		

Sales Tax Revenue	
Senior Lien (2)	\$ 36,205,000
Total:	\$324,854,738

Existing Debt Service

Fiscal Year Ending	Existing Debt Service		
	PRINCIPAL	INTEREST	TOTAL
2006	14,755,000	6,820,293	21,575,293
2007	14,155,000	7,346,055	21,501,055

Less: Self-Supporting Debt Service

	PRINCIPAL	INTEREST	TOTAL
2006	8,177,002	4,362,700	12,479,701
2007	7,962,975	3,195,491	11,158,466

Total Net Debt Service Requirements

	PRINCIPAL	INTEREST	TOTAL
2006	6,637,998	2,457,593	9,095,592
2007	6,192,025	4,150,564	10,342,589

For additional charts please call the City Secretary's Office at 791-7313.

C. Personnel issues, including proposed employee pay plan and employee health and benefits plan.

Dan Migura, Administrative Services Director,

Proposed Pay Plan

2.0% (COLA) Cost of Living adjustment

Effective Date 04-01-07

Except unless otherwise addressed in a collective bargaining agreement

Retain the current merit pay plan

Cost of Living Adjustment Summary

2006-2007 2.0% Proposed COLA

2005-2006	2.5%
2004-2005	2.3%
2003-2004	1.6%
2002-2003	2.8%
2001-2002	3.0%

Processed	Percentage of Increase	Evaluation Score	Evaluations
	0%	2.9 or Less	9
	1%	3.0 – 3.49	47
	2%	3.5 – 3.99	142
	3%	4.0 – 4.49	441
	4%	4.5 – 5.0	564

Entry Level Wages of Local Entities

Location	Salary
Webb County	\$8.66
TAMIU	\$8.18
UISD	\$7.85
City of Laredo	\$7.67
LCC	\$6.74
LISD	\$6.24

Action Needed:

and the Motion to instruct the city Manager to implement recommended merit pay plan, COLA as approved by City Council at 2.5% starting October 1, 2006.

Moved: Cm. Garza

Second: Mayor Pro Tempore Ramirez

For: 8

Against: 0

Abstain:

0

Employee Health & Benefits Plan

Facts

Escalating Medical and Prescription cost trends continue to deplete the City's Health and Benefits Fund.

Since the plan was implemented in 1989 the following modifications have occurred:

1991 Rate Adjustment

1996 \$10.00 Physician Office Co-Payment introduced

October 2000 10% Rate Increase

October 2003 5% Rate Increase and Plan Modification

October 2004 5% Rate Increase

October 2005 10% Rate Increase (City Contribution only)

Current Employee Health Benefits Plan Adjustment

Increased City's Portion of the Medical Contribution Rate by 10%

Increased Out of Pocket Maximum to \$2,500
 Changed to a three (3) tier Prescription Plan

Proposed Employee Health Benefits Plan

Increase the City's Portion of the Medical Contribution Rate by 5%
 Increase Lifetime Maximum from 1 Million to 2 Million
 Increase Emergency Room co-pay from \$50 to \$100
 Remove \$400 Annual Maximum from Preventative Care Benefit
 Change ground/air ambulance to BCBS TX Standard
 Routine lab and X-Ray to 100%
 Prescription – Allow the plan to cover smoking Cessation Prescriptions
 Add 4th Quarter Deductible Carryover

Proposed Dependent Medical Contribution

	Current	Proposed	Adjustment
Regular	\$114.42	No change	\$0

Bi-Weekly Deduction

Fire/Police	\$102.95	As Specified in their respective Collective Bargaining Agreements	
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Medical Claims

01-02	\$6,612,500	\$5,512,472	+100,027
02-03	\$6,804,375	\$6,798,080	+6,295
03-04	\$9,027,338	\$9,690,796	-663,458
04-05	\$10,966,017	\$11,315,197	-349,180
05-06	\$8,848,908	\$5,492,489	+3,356,418
06-07	\$7,500,000	\$0	

Estimated Additional Expenditure projections

05-06	\$1,307,735	+2,048,682
Pending 10 reporting weeks		

Prescription Claims

Action Needed

Motion to instruct the City Manager to implement the benefit medical plan modifications.

1. Increase the City's portion of the medical contribution rate by 5%.
2. Increase lifetime maximum from 1 million to 2 million.
3. Increase emergency room co-pay from \$50 to \$100.

4. Remove \$400 annual maximum from preventive care benefit.
5. Change ground/air ambulance to BCBS Tx Standard.
6. Routine Lab and x-ray to 100%
7. Prescriptions – all the plan to cover smoking cessation prescriptions.
8. Add 4th quarter deductible carryover.

Moved: Cm. Garcia
 Second: Cm. Amaya
 For: 8
 0

Against: 0

Abstain:

D. Proposed General Fund highlights.

Martin Aleman, Budget Director, gave the following report.

Consolidated Budget	Total Available	\$479,678,946
Enterprise Funds	\$203,643,733	
General Fund	\$134,633,426	
Special Revenue	\$ 72,573,039	
Debt Service	\$ 31,269,302	
Internal Service	\$ 30,332,977	
Improvements Fund	\$ 306,301	
Other Programs	\$ 795,921	
Permanent Fund	\$ 63,192	

Consolidated Operating Revenues

Debt Service	11%
Bridge	13%
Water	8%
Transit System	6%
Solid Waste	5%
Health & Benefits	4%
Sewer	5%
Health	3%
Airport	2%
Special police Programs	
Community Development	2%
Fleet	2%
Risk	1%
Sports & Community Venue	2%
Hotel Motel	1%
General Fund	32%

Consolidated Operating Expenditures

Water	11%
Bridge	11%
Debt Service	10%

Sewer	6%
Transit System	5%
Solid Waste	5%
Health & Benefits	4%
Other	5%
Health	3%
Fleet	2%
Special Police Programs	2%
Airport	1%
Risk	1%
Community Development	1%
Hotel Motel	1%
Sports & Community	1%
General Fund	30%

General Fund Revenues

Charges for Service	24.3%
Franchise Fees	5.7%
Licenses & Permits	5.1%
Fines & Forfeits	2.1%
Rents & Royalties	1.3%
Fees & Collections	0.5%
Intergovernmental	0.4%
Reimbursements & Miscellaneous	0.3%
Other Financing Sources	0.0 %
Taxes	60.2%

	FY04-05	FY05-06	FY06-07
Property Taxes (M & O)	\$32,299,465	\$37,139,530	\$41,584,144
General Sales & Use			
Tax	\$21,164,417	\$23,760,979	\$26,612,298
Bridge			
Transfer	\$16,534,516	\$19,682,724	\$20,075,616
Electric System Franchise	\$ 4,238,265	\$ 4,354,618	\$ 4,707,164
Municipal Court			
Fees	\$ 2,649,033	\$ 2,503,351	\$ 2,521,484
Telecommunications	\$ 2,767,931	\$ 2,942,975	\$ 2,987,119

Tax Rate History

	FY03-04	FY04-05	FY05-06*	FY06-07*
Debt	0.141113	0.128323	0.124981	0.124981
M & O	0.500648	0.508677	0.512019	0.512019

Tax Collection Rate on Original Levy

FY03-04	96.98%
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FY04-05	96.63%
FY05-06	97.25%
FY06-07	97.25%

Valuations

FY03-04	\$6,084,943,928
FY04-05	\$6,761,295,604
FY05-06	\$7,434,467,975
FY06-07	\$8,351,261,334

Sales Tax Trend History

	FY03-04	FY04-05	FY05-06	FY06-07
996 Arena	\$4,822,212	\$5,268,781	\$5,979,275	\$6,636,
985 Transit	\$4,690,014	\$5,026,869	\$5,593,822	\$5,990,
298 City	\$19,552,556	\$21,164,417	\$23,760,979	\$26,612,

General Fund Expenditures by Activity

Traffic	3.9%
General Government	13.4%
Cultural & Recreational	9.3%
Other Financing Uses	8.8%
Public Works	4.2%
Health & Welfare	0.3%
Public Safety - Police/Fire	60.0%

General Fund Expenditures by Category

Personnel	74.97%
Debt Service	0.04%
Capital Outlay	0.03%
Other Charges	1.01%
Materials & Supplies	5.22%
Intergovernmental Transfers	5.78%

Materials and Supplies Expenditures History

	FY03-04	FY04-05	FY05-06	FY06-07
Works Public	\$303,800	\$547,623	\$654,221	\$1,060,502
Rec. Cultural & General	\$1,150,090	\$1,191,186	\$1,278,541	\$1,292,872
Government	\$371,901	\$429,317	\$521,385	\$597,060

Safety	Public	\$2,327,611	\$2,575,788	\$3,134,562	\$3,258,319
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Contractual Services Expenditures History

		FY03-04	FY04-05	FY05-06	FY06-07
Works	Public	\$ 908,401	\$ 884,099	\$ 853,710	\$ 837,411
	Health and Welfare	\$ 721,375	\$ 452,062	\$ 438,584	\$ 405,223
	General				
Government		\$1,662,788	\$1,811,511	\$2,516,558	\$2,622,577
Safety	Public	\$4,641,966	\$5,108,415	\$5,657,809	\$6,742,204
	Cultural &				
Recr.		\$1,571,325	\$1,978,718	\$2,217,407	\$2,328,333
	Other		\$1,772,974	\$1,967,716	\$1,995,753
75					\$2,154,3
57	Insurance		\$1,155,013	\$1,261,310	\$1,270,427
					\$1,407,5

Personnel Cost by Activity

		FY03-04	FY04-05	FY05-06	FY06-07
4,799,363	Public Works	\$ 4,056,282	\$ 4,264,242	\$	
		\$ 3,056,639			
	Cultural &				
Recreational		\$ 5,703,290	\$ 6,185,370	\$ 6,282,688	\$ 7,394,428
	General				
Government		\$ 8,565,490	\$ 9,225,780	\$10,028,540	\$12,607,509
Safety	Public	\$53,279,827	\$55,845,742	\$60,429,893	\$65,919,773

Full Time Equivalents

		FY03-04	FY04-05	FY05-06	FY06-07
	Public Works	118.50	105.50	67.50	67.50
	Culture & Recreational	202.67	199.18	199.18	208.33
	General Govern	205.34	199.79	242.79	231.54
	Public Safety	766.25	761.42	780.00	818.25

FTE History (All Funds)

		FY03-04	FY04-05	FY05-06	FY06-07
System	Transit	181.31	179.31	179.31	
	All Other		992.99	1,104.21	1,123.15
					1,115.98

Fund	General	1,292.76	1,265.89	1,289.47	1,325.62
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Consolidated Closing Balance \$85,259,902

General Fund	17.92%
Special Revenue Funds	23.81%
Debt Service	7.70%
Enterprise Funds	49.26%
Internal Service	1.21%
Permanent Funds	0.08%
Other Programs	0.02%

General Fund

Closing Balance History

		FY03-04	FY04-05	FY05-06	FY06-07
Balance	Closing	10,327,104	14,321,498	15,683,215	15,683,215

E. Bridge Department funding and operations.

Mario Maldonado, Bridge Director, gave the following presentation:

Revenue Comparisons

Estimated Revenue FY05-06 as of March 2006

Budget	\$38,578,021
Actual	\$39,365,449

End of Year FY2005-2006

Budget to Actual Revenue Comparison as of July 2006

Budget	\$38,578,021
Actual	\$38,837,821

Revenue Comparison

Budget	\$32,038,875
Actual	\$32,298,675

Revenue Comparisons

FY04-05	\$33,069,032
FY05-06	\$38,837,821
FY06-07	\$39,614,577

5 Year Comparison

FY00-01	\$28,547,940
FY01-02	\$31,363,301
FY02-03	\$32,437,506
FY03-04	\$33,157,416
FY04-05	\$33,069,032
FY05-06	\$38,837,821

Traffic Comparisons

Border City Commercial Traffic Growth Comparison

Eagle Pass	1,579
Mc Allen	1,090
Pharr	13,062
Brownsville	12,061
El Paso	10,015
Del Rio	4,619
Laredo	178,484

Commercial

FY02-03	1,397,421
FY03-04	1,453,806
FY04-05	1,485,435
FY05-06	1,714,201
FY06-07	1,796,482

Non-Commercial

FY02-03	7,020,327
FY03-04	7,025,709
FY04-05	6,655,426
FY05-06	5,969,917
FY06-07	5,725,150

Border City Non-Commercial Traffic Comparison

Laredo	-10%
El Paso	-7%
Pharr	-6%
Eagle Pass	-5%
McAllen	-3%
Brownsville	-2%
Del Rio	-1%

Pedestrian

FY02-03	4,028,299
FY03-04	4,133,170
FY04-05	3,993,263
FY05-06	4,137,020
FY06-07	4,178,390

Laredo Trade Tag Easy Go AVI Status Report

Commercial Tags	7,700	32%
Non-Commercial	16,200	68%

Total Active AVI Tags 23,900

Non Commercial Traffic

Average Daily Traffic	13,700	81%
Average Daily AVI	3,300	19%

Construction Projects

El Portal Project
 Juarez-Lincoln Bridge Widening and SENTRI Lane
 Santa Ursula Connector
 Colombia Solidarity Bridge Erosion Control

Technology Upgrade

Interoperable AVI Reader System

Interoperable AVI Reader System

Harris County Toll Road Authority	ATA Protocol	1,500,000 Tags
North Texas Tollway Authority	ATA Protocol	1,000,000 Tags
Mexico CAPUFE	ATA Protocol	46,000 Tags
U. S. Customs Fast Lane	EGO Protocol	Bridge IV
U. S. Customs Sentri Lane	EGO	Bridge II

Interoperable AVI Reader System

Today

Allegro Tag
 Estimated Cost - \$1.5M
 Commence FY06-07
 Sticker Tags (Non-Battery)

Tomorrow

Sticker Tag
 Cost of sticker \$13.00
 Different Protocols
 Interoperability

F. Engineering Department funding and operations.

Rogelio Rivera, Engineering Director, gave the following presentation:

Mission Statement:

To plan and implement City infrastructure, and to provide quality control/inspection of construction.

Organizational Chart

Engineering Department (38 FTE's)
Administration (6 FTE's)
Design/Drafting/Surveying (20 FTE's)
Inspection (12 FTE's)

Performance Measures

Infrastructure Improvements FY06 to date

65 City Projects	\$ 48,141,401
131 Subdivisions	\$ 89,922,442
137 Professional	\$ 11,391,077
TOTAL	\$149,454,920

Subdivision Improvements

Fiscal Year	Subds.	Dollar Amount
FY2000	73	\$43,000,000
FY2001	55	\$31,080,513
FY2002	56	\$22,448,254
FY2003	80	\$28,310,743
FY2004	113	\$54,256,984
FY2005	123	\$64,496,006
FY2006	131	\$89,922,422

Subdivision Improvements

FY2000	73
FY2001	55
FY2002	56
FY2003	80
FY2004	113
FY2005	123
FY2006	131

Infrastructure Improvements*

		City	Private	T
total				
(Blks)	Paving			
	206	870		1,076

	Sidewalks	149	696	
845	Storm Sewer (LF)	2,726	79,767	82,493
	Sanitary Sewer			
(LF)	3,913	248,932	252,845	
	Water (LF)	889	86,738	287,627
	Lots (Subdivisions)	0	4,274	4,274
	Acres			
(Subdivision)	0	1,746		1,746
	Public Buildings			
(SF)	81,391	0	81,391	

Financing Instruments issued this year

		Letters of Credit	Trust
Agreements			
	Number	24	16
	\$ Amounts	\$7,176,639	\$143,511

List of Architect/Engineer Consulting Projects Under Contract

- Calton Road Overpass
- Flecha Lane Realignment
- Flecha Lane Drainage improvements
- Bartlett Avenue Extension @ Airport
- McPherson/Hillside Intersection Street Improvements
- Saunders/Bartlett Intersection Street
- Del Mar Widening @ Winfield Subdivision
- Laredo Street Drainage Improvements Phase II
- Maryland/Taylor Drainage Improvements
- Zacate Creek Upper Reaches Drainage Improvements
- Texas/Milmo Utilities Improvements
- Santa Ursula Avenue Down Ramp
- Springfield Avenue North Extension
- Rehabilitation of Laredo/Colombia International Bridge Phase II
- Airport Improvement Projects

List of Projects Designed In-House

- Ejido Avenue Sidewalk Project (Loop 20 to Pine Street)
- Chacon Creek at Smith/Ejido Avenue Street Paving & Drainage Improvements
- Lafayette Park – Parking Lot Improvements
- North Heights Drainage at Ash Street
- Rancho Viejo Sidewalks Project
- Police Department Parking Lot (Preliminary)
- Police Department Parking Lot at Airport Bldg # 60
- Transit Sales Tax Sidewalks Project – 27 – ½ Blocks
- Taylor Street Sidewalks Project – 5 ½ blocks
- Cigarroa Recreational Center Parking

field,
and

Dryden Park Drainage
 Lafayette St. Hockey Rink
 Farias Recreational Center
 McPherson Rd. Widening (Villa – Circle)
 Father McNaboe Splash Park
 Father McNaboe Park Improvements Phase II – parking, drainage, all purpose
 soccer field, pavilion, playground area, volleyball court, walking trails,
 decorative retaining walls.

Surveying Work

Boundary Surveys	59
Construction Surveys	75
Misc. Surveys	<u>57</u>
Total	191

Street Cut Revenues

1999-2000	\$113,693
2000-2001	\$116,389
2001-2002	\$120,478
2002-2003	\$109,325
2003-2004	\$115,825
2004-2005	\$150,459

2005-2006 Major Projects Completed

- Laredo/Colombia International Bridge Erosion Repairs
- Santa Maria Reconstructon (Industrial Blvd. to Del Mar Blvd.)
- Airport Improvement Projects
- (El Metro) Sidewalks
- Santa Rita Park Improvements
- Solid Waste Department Parking Lot Improvements
- Fire Station No. 14 – Cielito Lindo Subdivision
- CDBG Sidewalks City – Wide Project Nos. 29 and 31
- Three police Substations

2005-2006 Projects under Construction

El Portal Project	85%
International Bridge II	80%
Los Obispos Housing Project	90%
Gale Street Drainage Improvements	40%
Immunization Clinic Health Depart.	80%
Ejido Ave.	70%
Laredo Street Drainage Improvement	10%
Transit Sales Tax Projects	50%
Plaza Theater Marquee	25%

CDBG Sidewalks, City Wide

10%

2006 Contractual Obligation Bond Projects – Status

Project	Status
COPS Substation – Cielito Lindo	RFP
Fire Department Headquarters Bldg	RFQ
Del Mar Widening (McPherson – BB Loop)	RFP
Springfield North Extension	RFP
Laredo St. Drainage Impts.	Amed A/E
Santo Nino Branch Exp Library	RFP

Motion to adjourn for day

one.

Time: 10:03

Moved: Cm. Amaya
Second: Cm. Chavez
For: 8

Against: 0

Abstain:

0