



FY 25-26
Budget Workshop

City of Laredo
March 24, 2025

Workshop Objectives

Establish a Clear Foundation:

- Set the tone and expectations for this year's budget development process.
- Provide the Council with up-to-date financial information, revenue projections, and challenges ahead.



Align Priorities:

- Gather Council input on key priorities, initiatives, and community needs BEFORE departmental budget requests are finalized.
- Ensure departments are building budgets reflecting the Council's direction from the beginning.



Transparency & Communication:

- Reinforce the commitment to transparency, allowing the Council to shape decisions early.
- Open the door for two-way dialogue throughout the process—not just during final budget hearings.



Prepare for Key Financial Considerations:

- Discuss how the pending bond referendum intersects with budget planning and what contingency steps are in place.
- Introduce the proposal for an Efficiency and effectiveness Study to ensure optimal resource use.



District-Level Engagement:

- Begin conversations around Council district budgets and specific neighborhood needs, ensuring equity and responsiveness.

Council Directives & Strategic Priorities Discussion



Financial Policy & Fiscal Sustainability



Compliance with the Viva Laredo Comprehensive Plan



Proposed Caps on Budget Growth



Allocation of Fees and Revenue to the General Fund



Ongoing Rate Studies



Public Health General Fund Shift

Compliance with Viva Laredo Comprehensive Plan

Emphasize that all budget directives are grounded in the guiding principles of the Viva Laredo Comprehensive Plan, supporting livability, economic opportunity, sustainability, and fiscal responsibility.



All budgetary initiatives align with the Viva Laredo Comprehensive Plan's overarching vision to foster economic opportunity, celebrate cultural identity, improve quality of life, and ensure sustainable, inclusive growth, even if not specifically listed within the plan.

Proposed Caps on Budget Growth

Present options for implementing annual budget growth caps tied to new revenue expectations.

Discuss whether caps should apply citywide or be department-specific, as well as identify potential exceptions.

Allocation of Fees and Revenue to the General Fund

1

Explain how certain fees and revenues collected by specific services (e.g., utilities, bridge tolls, inspection fees) must be divided into the General Fund.

2

Explain that this allocation is necessary to support the indirect expenses associated with internal service funds and citywide operations.

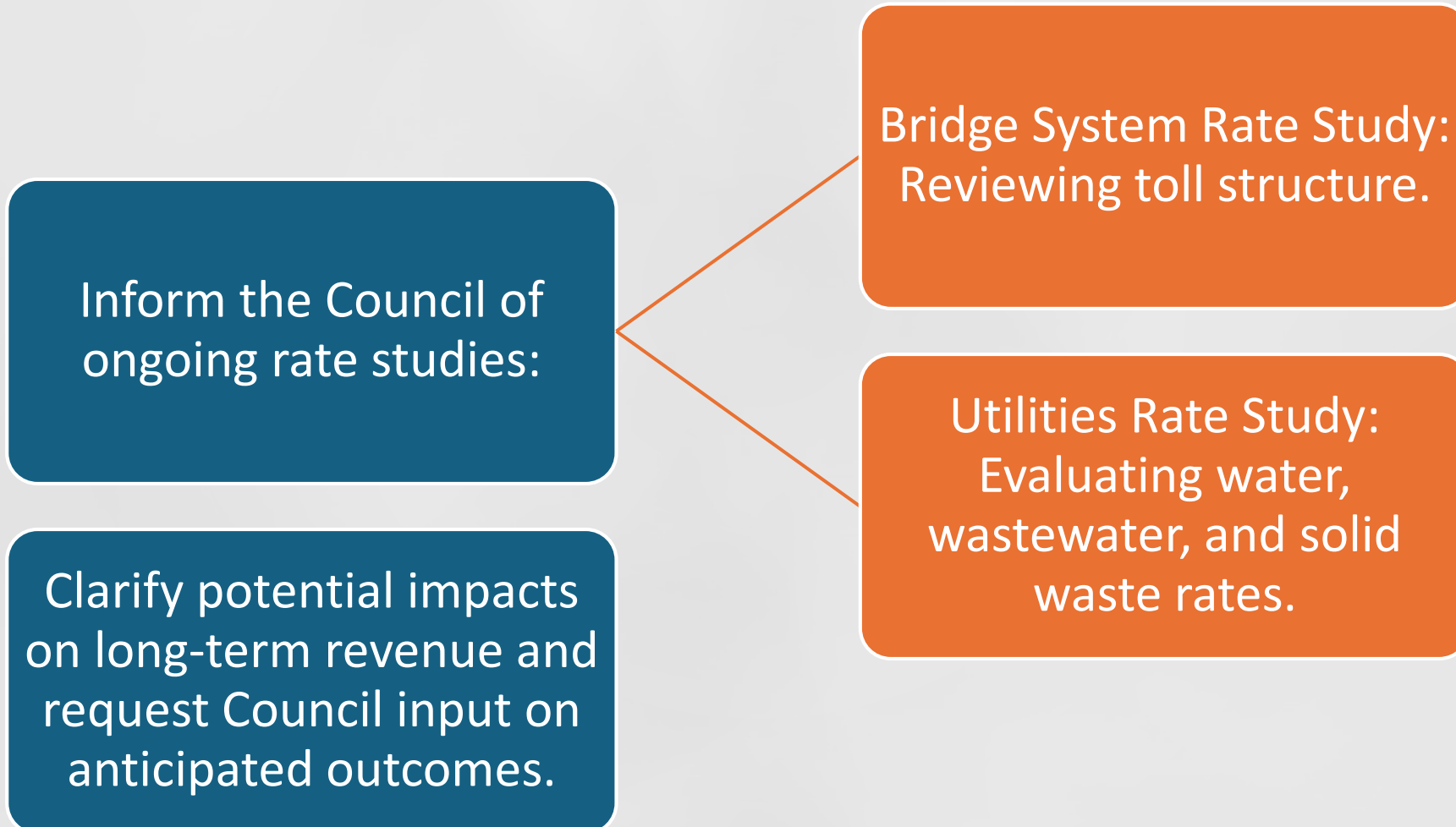
3

Essential services like Police, Fire, Streets, Administration, Legal, Finance, and Human Resources don't generate fees but are crucial to the city's functioning.

4

Invite Council input on balancing fee revenue retention with the need to cover shared operational costs citywide.

Ongoing Rate Studies



Public Health General Fund Shift

Share the intent to continue shifting the Public Health Department's budget from grant funding to General Fund expenses.

Will be preparing an estimate of the financial impact and long-term planning implications.

Compensation & Staffing

Recommended Salary Adjustments
for FY2025-26

Leadership Position Salary
Adjustments

Employee Benefit Cost Projections &
Enhancements

Collective Bargaining Agreement
Negotiations (Police Department)

Recommended Salary Adjustments for FY2025-26

Discuss

Discuss potential salary adjustments consistent with the City's adopted Classification and Compensation Policy.

Consider

Council will consider:

- Cost-of-Living Adjustment (COLA) Scale Adjustment
- Merit-Based Salary Increase

Clarify

Clarify how these adjustments maintain the integrity of the policy framework and ensure competitive and equitable compensation.

Leadership Position Salary Adjustments

1

Discuss the completion of the salary study for directors and above.

2

Inform the Council that a series of adjustments are proposed for many leadership positions to ensure competitive and equitable compensation.

3

All adjustments will maintain salaries within the appropriate grade levels adopted by the Council.

Employee Benefit Cost Projections & Enhancements

- Share early estimates regarding rising health insurance expenses.
- Discuss potential impacts on both employee contributions and city budget allocations.
- Facilitate discussion on incorporating additional benefits related to retirement or insurance plans.



Collective Bargaining Agreement Negotiations (Police Department)

1

Inform the Council of ongoing or upcoming negotiations with the Police Department.

2

Highlight how potential salary changes, benefits, or staffing levels could significantly affect General Fund expenditures.

3

Seek Council input on these negotiations' priorities, fiscal limits, and long-term impacts.

Committee Budget Allocations



Propose allocating a small annual budget to each City Council-appointed board or committee.



The department serving as the committee liaison would manage the budgets. The suggested baseline range is \$3,000 - \$5,000 per committee, with flexibility for adjustment based on activity level.



Seek Council input on proposed funding levels, oversight structure, and allowable expenditures.

Capital Planning, Maintenance & Development Policy



Building Maintenance Budgeting



Addition of Increased Annual Expenses – Municipal Court



Park Development Improvement Fees



Expansion of Impact Fee Committee Responsibilities



Third-Party Funding

Building Maintenance Budgeting



Present a proposal to allocate \$2.00 per square foot annually to each department responsible for a city-owned building.

Example: A department managing a 20,000 sq. ft. building will receive \$40,000 annually for routine maintenance.



Emphasize:

Consistency across departments.

Avoidance of deferred maintenance.

Community Development and Public Works' role in oversight and coordination.



Major expenditures exceeding a set threshold (e.g., \$50,000) will not be absorbed within department budgets but instead:

Included in bond programs or capital improvement planning (CIP).

Evaluated based on long-term facility needs and debt capacity.

Addition of Increased Annual Expenses (Municipal Court)

Increased annual cost of the elected Municipal Court Judge.


Estimated at \$200,000 - \$300,000 annually



Long-term impact on General Fund projections.



Park Development Improvement Fees

- Notify Council that a proposed amendment to park development improvement fees will be presented at an upcoming Council meeting.
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Expansion of Impact Fee Committee Responsibilities

- Announce expansion of the Impact Fee Committee's oversight to include all development-related activities, not just utilities.



Third-Party Funding

- Inform Council that the Third-Party Funding Committee has been re-established as the Civil Partnership and Engagement Committee, tasked with reviewing external funding requests and fostering partnerships.
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Invite Council suggestions for



Fee structures.



Incentive programs.



Any operational or financial policies needing evaluation.

Mayor & District Budget Allocations

Mayor & District Budget Allocations



District Budgets



Amendment of Use and Purpose of
Council Assistants



Potential Use of Promotion Funds for
District Projects



Programs and Initiatives

District Budgets



Proposal to formalize or adjust district-specific budgets.



Potential funding levels, allowable uses, and accountability/reporting guidelines.



Ensure equitable distribution of funds among districts.



Gather Council feedback on district priorities and expectations.

Amendment of Use and Purpose of Council Assistants

Discuss current roles, flexibility, duties, and proposed changes to expectations.

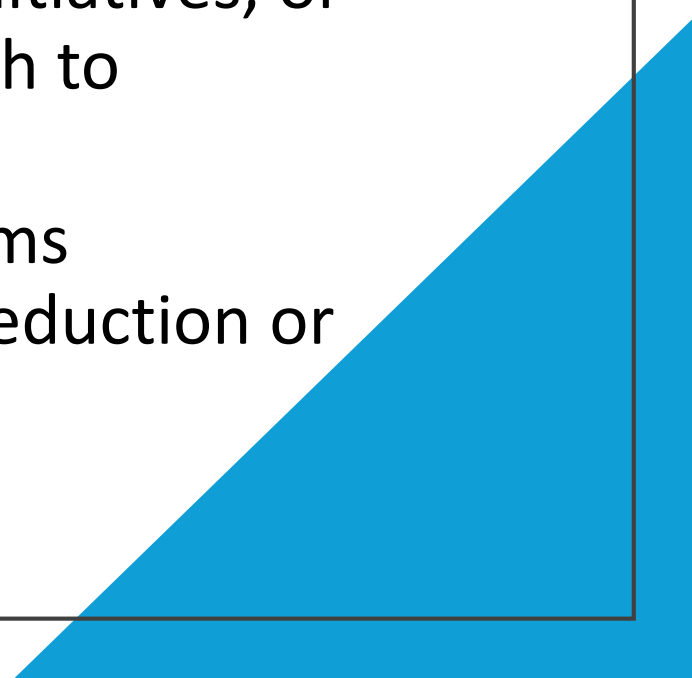
Depending on the Council's direction, associated expenses within the Mayor & Council Office budget, including travel allowances and administrative support, will be adjusted accordingly.

Potential Use of Promotion Funds for District Projects

Explore whether a portion of citywide promotion funds should be allocated for district-driven initiatives (beautification, cultural events, economic development projects).

Request Council feedback on allowable uses, oversight, and desired outcomes.

Programs and Initiatives

- Request Council input on:
 - Programs or initiatives they want included/excluded at the district level.
 - Any new services, initiatives, or expansions they wish to prioritize.
 - Low-priority programs recommended for reduction or elimination.
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Bond Referendum Alternatives



Primary Considerations

Postponing projects increases long-term costs.

Alternative funding approaches will require:

- Tax rate adjustments
- Service reductions
- Reallocation of current funds
- Creative funding strategies

Key Alternatives



INCREASE INTEREST &
SINKING (I&S) TAX
RATE



UTILIZE EXISTING
CAPACITY (APPROX.
10¢ REDUCTION OVER
PAST 10 YEARS).



DOES NOT REQUIRE
VOTER APPROVAL.



CAN COVER PUBLIC
SAFETY AND STREET
INFRASTRUCTURE
CAPITAL EXPENSES.

Pay-As-You-Go (PAYGO) Strategy



FUND PROJECTS
INCREMENTALLY THROUGH
CURRENT REVENUES.



SLOWS PROJECT TIMELINES.



REQUIRES CUTS OR
REPRIORITIZATION OF
PROGRAMS.

Service & Program Reductions

- Begin with:
 - Outside agency funding
 - Incentive programs (TIRZ, NEZ, TRZ, Tax Abatements)
 - Protect primary services: Public Safety, Infrastructure, Public Health.

Special Assessments & Fees

- Utilize Special Assessment Districts (Chapter 372) for
 - Street improvements
 - Localized infrastructure projects
 - Consider a Street Maintenance Fee on utility bills.

Public Improvement Districts (PIDs)

- Establish PIDs within council districts:
 - Fund parks, recreation centers, and localized improvements.
 - Requires property owner consent (50% by value/area).
 - Assessment tied to direct benefits.

Grants & Public-Private Partnerships

Aggressively pursue state/federal grants for:

Explore partnerships for recreation centers and housing projects.

Public Safety

Public Health

Affordable Housing

Specific Propositions: Alternative Approach Summary

Proposition

Public Safety

Street Infrastructure

Public Health

Affordable Housing

Alternative Strategy

Increase I&S rate, reduce incentives, seek grants. PID option for localized facilities.

Increase I&S rate, special assessment districts, street fees, PAYGO for minor projects.

Consider postponement. Reallocate funds. Seek external grants.

Cut waivers/incentives. Redirect funds. Pursue federal/state housing grants. Explore PIDs in redevelopment areas.

Long-Term Recommendation

Bond referendum remains the most cost-effective, transparent, and community-driven method.



If unsuccessful:

Prioritize essential services.

Increase I&S tax rate where appropriate.

Review M&O expenses citywide.

Implement program reductions as necessary.

Leverage PIDs, assessments, and external funding opportunities.

Final Message

Postponing does not eliminate the need; it only increases costs and risks service degradation.

City administration recommends proactive, transparent engagement with the community to highlight the long-term benefits of any bond referendum and the trade-offs required if alternative measures are pursued.

City of Laredo Efficiency Study Framework

City of Laredo Efficiency Study Framework



PURPOSE OF THE STUDY



KEY SECTIONS OF THE STUDY



METHODOLOGY & APPROACH



SAMPLE AREAS REVIEWED



TIMELINE



WHO CAN CONDUCT THE STUDY



RECOMMENDATIONS FOR LAREDO



NEXT STEPS

Purpose of the Study

1

Conduct a comprehensive review of city department efficiencies

2

Identify cost-saving opportunities & operational improvements

3

Align services with strategic goals & financial sustainability

4

Prepare for the pending bond referendum & budget cycle

Next Steps & Council Q&A



SUMMARIZE COUNCIL
FEEDBACK AND IMMEDIATE
ACTIONS.



NEXT SCHEDULED BUDGET
MEETINGS (DEPARTMENT
PRESENTATIONS, FOLLOW-UPS
POST-ELECTION).



OPEN FOR ANY REMAINING
COUNCIL QUESTIONS OR INPUT.

FY 25-26 Budget Workshop

Thank You