

OSCAR LEESER
MAYOR

JOYCE WILSON
CITY MANAGER



CITY COUNCIL
ANN MORGAN LILLY, DISTRICT 1
LARRY ROMERO, DISTRICT 2
EMMA ACOSTA, DISTRICT 3
CARL ROBINSON, DISTRICT 4
MICHEL NOE, DISTRICT 5
EDDIE HOLGUIN JR., DISTRICT 6
LILY LIMÓN, DISTRICT 7
CORTNEY NILAND, DISTRICT 8

SPECIAL MEETING OF THE CITY COUNCIL MINUTES
COUNCIL CHAMBERS
MAY 5, 2014

The City Council met at the above place and date. Meeting was called to order at 9:38 a.m. Mayor Oscar Leeser present and presiding and the following Council Members answered roll call: Cortney Carlisle Niland, Larry Romero, Emma Acosta, Carl Robinson, Michiel Noe, Eddie Holguin, Jr., Lilia Limón, and Ann Morgan Lilly.

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1. Discussion and presentation on the FY 2015 Budget Process and Budget Hearing Calendar.

Ms. Lynly Leeper, Chief Budget Officer, presented a PowerPoint presentation (copy on file in City Clerk's office).

Representative Acosta questioned, "July 16th Budget hearing composition and July 17th Budget hearing composition.

Ms. Joyce Wilson explained we do not have time to expand the schedule to allow for departments to be taken singularly or to break out big departments.

Representative Acosta questioned, "Number of employees and number of turnovers?" She asked to include these in each department's budget. She also questioned, "Incentive agreements and 380 agreements?" She would like detail.

Dr. Thomas Fullerton, UTEP Professor, gave a presentation on revenue projections.

Representative Acosta questioned Dr. Fullerton on property taxes, number of new homes coming onto the tax base each year.

Representative Niland questioned Dr. Fullerton on when revenues will drift up. Answer: 2015

Representative Niland wants to show citizens how much of the debt services ratio is attributable to the Quality of Life bond projects, Quality of Life bond issuance 2012 and to show how acceleration of particular projects coming in will affect the debt service.

Ms. Joyce Wilson replied, "We can do that."

Ms. Carmen Arrieta-Candelaria replied, "We can do that."

Representative Robinson would like to highlight the Quality of Life bonds and the tax implications of the baseball stadium.

HOT Tax growth, "Is it the City's amounts as shown?"

Representative Acosta brought up "curb stoning" of vehicles - people selling cars on the side of the road.

Representative Niland pro forma for baseball stadium originally was done very consecutively at 2% growth. She asked Ms. Arrieta-Candelaria to recalculate with Dr. Fullerton's numbers.

Representative Romero questioned, "The three departments who have not done their strategic plan? What is the feasibility of going to each department head and asking for a 5% reduction in; staff, services travel, outside contracts?"

Ms. Joyce Wilson explained we are already starting at a reduced level. 5% would be severe cuts in Police and Fire. Libraries barely accredited. Parks reduced field maintenance and level of services.

Ms. Wilson continued to explain the drastic cuts - 5% would entail \$40,000,000.

Mayor Leeson spoke of a no growth budget.

Mr. David Almonte, Deputy City Manager, explained Police travel costs are not paid by the General Fund.

Ms. Joyce Wilson stated the priority is to put libraries back whole so they do not lose accreditation and also the maintenance of parks and fields.

Representative Noe would like a no growth budget.

Representative Acosta stated when budget is presented, please provide: adopted budget, adjusted budget, zero increase budget, and budget reduction for each department.

Representative Niland stated operations, maintenance, and services are often not factored into Quality of Life bond calculations. She would like each Department Head to explain how Quality of Life bonds affects operating and maintenance.

Representative Niland and Mayor Leeson discussed.

Representative Noe spoke of tax increases and how they are perceived and published in newspaper.

Representative Niland brought up the need for street improvements and maintenance and her frustration with the condition of the streets.

Dr. Fullerton commented 10,000 to 15,000 new residents of the city are added each year. Dr. Fullerton said it is very difficult to cut our budget due to that constant growth in population.

Representative Noe and Representative Niland discussed the impact of Quality of Life bonds and how to present that impact in the budget.

Public comment:

Ms. Lisa Turner

NO ACTION taken on this item.

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2. Discussion and action on managed competition for residential solid waste collection and recycle services.

Much discussion among Council members and Scott Pasternak regarding the rates for solid waste services among El Paso and nine other cities, some of which are privatized and other municipal.

Representative Limon asked Scott Pasternak to go over the chart of rates among the comparable cities.

Representative Niland questioned, "How Burns & McDonnell drew the conclusion that one national solid waste company, the lack of competition reduces the likelihood of competitive proposals?"

Ms. Joyce Wilson, City Manager, explained how she had structured the cost comparison.

Representative Noe noted there is no real analysis of pros and cons, only cons. Representative Noe would like to see the risks and benefits.

Representative Niland agreed.

Mayor Leaser noted we need to be careful about dismantling our system, privatizing and dismantling. We would need to rebuild again if privatization fails and that would be very costly.

Representative Lilly agreed with the Mayor's comments.

Representative Limon does not want to see privatization. Impressed by what she sees supporting our municipal services.

Representative Acosta wants to see the pros and cons. Council never said they wanted to privatize the entire department, only part of it.

Ms. Smyth explained this was a preliminary study to see if the department/city should go forward with an RFP. The money is in the landfill, not in the collection services. It depends on who owns the land and landfill.

Representative Niland asked, "What the cost to the budget would be to put out an RFP for one zone?"

Mayor Leaser is concerned about the sustainability of privatization given the whole landfill question.

Ms. Carmen Arrieta-Candelaria, Chief Financial Officer, stated performance merits could be put in the RFP.

Ms. Joyce Wilson wanted to make sure Council really wants the City to go down the RFP path. Right now we do not have a service deficiency; with Sun Metro we did have a service deficiency.

Representative Robinson stated, "If it ain't broke, why try to fix it?" Questioned why we are trying to fix a department that does not cost the General Fund one penny. Representative Robinson mentioned that the Council threw away 2.5 million which we could have gotten from flow control. He stated that some members of Council are being hypocrites, saying they want to save money, yet they dismissed flow control and the money it would have generated.

Ms. Joyce Wilson explained we are already doing a lot to control cost, routes streamlined. Wants to make sure Council wants us to go down this path before City staff engages in the work and the cost of an RFP.

Representative Lilly said she gets fewer than five calls a year complaining about this service, garbage collection.

Representative Acosta does not believe that Council has the information today that is needed to make a decision. She would like to see the Environmental Fund's income statement during the budget process.

Mayor Leaser asked Ms. Smyth to get all Council members that information prior to the budget process.

Representative Limon would like to see the full presentation from the consultant whom we paid to be here.

Representative Noe praised Ms. Smyth as being an incredibly capable department head and said it would be hard for a private company to compete against her department. He does want to move forward with examining whether or not there is some cost savings.

Representative Niland wants to look for cost savings. She is not displeased with the services currently provided. However, she does want to explore savings. She learned today that if we move recycling to every other week it would save \$400,000.

Cost of RFP would be \$50,000 or up to \$90,000 to pay a third party.

Representative Acosta questioned, "How many houses are collected? 4,000 houses?"

Representative Acosta and Ms. Smyth discussed what services should be included in the RFP. Environmental Services provides so many services. This will be a nine-month process. It will not be done by September 1, 2014.

Representative Niland asked, "Why do communities explore managed competition or privatization?"

Mr. Scott Pasternak answered, "To see if there is a cost savings."

Ms. Joyce Wilson replied that she will sit down with department staff and consultant and determine what the "baby steps" are so that we still would control the service and customer service component, but not all the equipment and the employees.

Representative Robinson stated he has never seen a trash bill decrease yet here in El Paso.

Public comment:

Ms. Lisa Turner, citizen, stated, "You will not save any money. You will have to raise taxes if you privatize. Number of households and the mileage kills it; gas, maintenance. Arlington and Tucson cannot meet the level of our service. Ms. Turner asked that commercial collection be included, too.

Representative Noe questioned, "\$5.00 service fee and where it goes?"

Ms. Joyce Wilson explained it goes to overhead services.

Representative Limon questioned Ms. Smyth, "How long she has been there and if the department was functioning at the same level?"

Ms. Smyth explained that when she came on board, money was being lost on the commercial market and that service was privatized. Now, the department is in the position to go back into the commercial market and the roll off market.

Representative Holguin questioned, “The \$16.00 fee and what is included?” City department landfill costs (departments not billed for use), assistance to elderly and disabled in picking up trash.

Representative Noe questioned, “Role of government is not providing people with jobs for the rest of their lives. Role is to save money for taxpayers.”

Motion made by Representative Acosta, seconded by Mayor Pro Tempore Niland, and carried to **DELETE** the item and allow Ms. Ellen Smyth to bring back all her cost savings opportunities during the budget process.

AYES: Representatives Lilly, Romero, Acosta, Robinson, Noe, Limón and Niland

NAYS: Representative Holguin

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Motion made by Mayor Pro Tempore Niland, seconded by Representative Romero, and unanimously carried to **ADJOURN** this meeting at 12:55 p.m.

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APPROVED AS TO CONTENT:

Richarda Duffy Momsen, City Clerk