

OSCAR LEESER
MAYOR

TOMMY GONZALEZ
CITY MANAGER



CITY COUNCIL
PETER SVARZBEIN, DISTRICT 1
JIM TOLBERT, DISTRICT 2
EMMA ACOSTA, DISTRICT 3
CARL L. ROBINSON, DISTRICT 4
MICHEL R. NOE, DISTRICT 5
CLAUDIA ORDAZ, DISTRICT 6
LILY LIMÓN, DISTRICT 7
CORTNEY CARLISLE NILAND, DISTRICT 8

SPECIAL WORK SESSION MEETING OF THE CITY COUNCIL MEETING MINUTES
MAIN CONFERENCE ROOM
June 28, 2016

The City Council met at the above place and date. Meeting was called to order at 4:01 p.m. Mayor Oscar Leeser present and presiding and the following Council Members answered roll call: Emma Acosta, Carl Robinson, Michiel Noe, Lilia Limón and Cortney Niland. Late arrivals: Jim Tolbert at 4:02 p.m., Claudia Ordaz at 4:02 p.m., and Peter Svarzbein at 4:14 p.m.

AGENDA

1. NO ACTION was taken on the following items:

For discussion and action: FY 2017 Budget as presented by the City Manager/Budget Hearings Schedule

Mayor Leeser provided an introductory statement. He stated he would veto any tax increase.

Mr. Tommy Gonzalez, City Manager, gave an overview of the FY2017 City Budget and spoke of budgeting strategies to be employed and those that were employed in FY2016. There is a 6.8% tax increased proposed. (PowerPoint presentation on file with City Clerk's Office)

Representative Acosta questioned the rise in maintenance and operation costs. She questioned Fire collective bargaining, voted on by citizens. Quality of Life, voted on by citizens. Street CIP, voted on by City Council. 1.7% General Fund. 2.11% Debt service.

Representative Robinson questioned use of amnesty periods for Municipal Court citations.

Richarda Duffy Momsen, Municipal Clerk, explained.

Mayor Leeser commented on Forward Drop Program for EPPD to build the force as the Chief would like to see.

Representative Niland stated, "2.5% increase on pay is being proposed for 90% of the workforce."

Representative Limón questioned Slide 2 on the projected cost for the salary increases.

Mr. Gonzalez will provide that.

Representative Acosta questioned the yearly \$250,000 for ADA improvements.

Representative Limón asked if the first \$500,000 has been expended.

Mr. Gonzalez replied, "It has been encumbered."

Representative Limón requested the list of ADA improvements.

Mayor Leeser stated, "Julio Perez, ADA Coordinator, may have the list."

Representative Ordaz questioned, "\$500,000 for 2 signalized intersections, did Council approve those?"

Mr. Ted Marquez, Director of Streets and Maintenance, replied, "Council did not vote on it."

Representative Ordaz asked, "Is it in the Street CIP?"

Mr. Gonzalez replied, "No. It is part of the FY17 proposed budget."

Mr. Robert Cortinas, Director for Office of Management and Budget, explained that Council may not be accustomed to seeing capital items built into the operating budget, General Fund, but this year that is happening.

Representative Ordaz questioned, "Has Streets and Maintenance done a study for what streets need signals?"

Mr. Marquez replied, "We are doing that now."

Representative Niland spoke of an NPR story on traffic accidents/crashes.

Representative Limón asked how Streets and Maintenance Department's priority list for signalization is prepared.

Mr. Marquez stated, "10 intersections are on the list right now."

Representative Svarzbein questioned, "When were traffic signals installed?"

Mr. Marquez replied, "Over the last few years we've installed 3 signals."

Representative Niland questioned, "Is there an online budget format for citizen input?"

Mr. Cortinas replied, "Yes."

Representative Ordaz questioned, "How many suggestions were received?"

Mr. Cortinas replied, "26 responses, but not all were budget."

Representative Svarzbein stated that some of his District 1 requests are not included on the Council Budget Requests.

Mayor Leeser stated again that it is important to show the taxpayers that there will not be a tax increase in FY2017. "We need to live within our means".

Mr. Gonzalez stated, "The challenge here is that we are buying the boat, the new house, and bringing new furniture but we are trying not to raise taxes. Council needs to help make the tax rate decrease to occur."

Representative Ordaz asked Mr. Gonzalez, "What cuts would need to be made to avoid a tax increase?"

Mr. Gonzalez stated, "We may need to allocate in successive years, bond refinancing and accumulated savings."

Representative Niland questioned, "What is the \$3.5 million savings? What exactly are those efficiencies?"

Mr. Gonzalez replied, "It is true savings. I need to get with staff to figure out what will work. Hopefully by Thursday or early next week I can tell you what my thoughts are."

Representative Niland wants to make sure she understands what, clearly, the efficiencies have been.

Representative Niland questioned, "Would any capital projects on the horizon be negatively impacted?"

Mr. Gonzalez replied, "The projects are revenue driven so they do not have a relationship with the General Fund."

Representative Niland expressed concern over matches for MPO projects. She did not see a line item in the budget for this and asked how the matches will be addressed.

Mr. Gonzalez replied, "You should have the money set aside before you go after a project."

Mr. Gonzalez stated, "Part of the FY16 savings should be dedicated to the MPO project matches."

Mayor Leeser is hoping for additional savings from continued Lean Six Sigma projects and from combining two police academies into one.

Representative Niland expressed frustration about the conflicting statements of a balanced budget and a 3.8 % tax increase.

Mr. Gonzalez stated that on the \$9.6 million savings, he meant that for a tax decrease, but some of it was used for additional needs.

Representative Niland, again, asked for an articulation of the savings and efficiencies. She stated she is not comfortable without that. "Where is the \$12.7 million dollars? If it is able to be absorbed now, why wasn't it absorbed in the first place and not presented to Council as a budget proposal?"

Mayor Leeser wants to make sure we do a really tight budget without any money left over at the end of the year.

Representative Niland asked, "Why are we suddenly being told we can now absorb \$12.8 million but we could not absorb it yesterday? This seems disingenuous and it frustrates me."

Representative Acosta stated, "In M & O we would have to absorb millions in cuts and millions in debt service". She shares Representative Niland's concerns because she, too, does not know where the City Manager is going to cut. "People knew when they voted for Quality of Life and firefighters that it would cost additional money."

Representative Acosta said, "Mr. Gonzalez is saying we cannot meet the needs, but says he is going to cut some more."

Mayor Leeser is concerned that we may make people leave if the City becomes unaffordable.

Representative Acosta stated, "The voters voted for these improvements."

Mr. Gonzalez stated, "I will describe the cuts, but it will not be today."

Representative Acosta stated, "The MPO matches have not even been identified."

Representative Svarzbein stated, "Back in March when we discussed debt modeling it would have been the time to discuss this with Council. This should have happened then." He stated he is very apprehensive to hold the line on taxes for one year and cut off our noses to spite our face for subsequent years.

Representative Tolbert agrees with Representative Niland's questions and concerns and wants the answers that she wants. He agrees with the Mayor's fiscal policies.

Representative Noe stated, "Some of the comments do not show appreciation for all the savings that have been absorbed already." He supports the Mayor. He believes it is Council's responsibility to absorb some of the sticker shock to the taxpayers, even though the taxpayers did vote for Quality of Life bonds and firefighters raises.

Representative Limón questioned, "How soon will Council get the savings breakdown?"

Mr. Gonzalez replied, "By the end of the week or by July. Maybe Thursday, late Thursday, but would prefer next week."

Representative Limón would like to get down into the budget, into the line items, not consider the budget at a goal level.

Representative Ordaz questioned "How accurate is this budget?"

Mr. Gonzalez replied, "Accurate."

Representative Niland expressed serious concerns about loose numbers being thrown out today.

Representative Niland added that it is very concerning that Council was told \$12 million was needed to fulfill promises made to the people and now Council is being told the \$12 million can be absorbed. She wants to know how? She asked, "Tell us what the information is that allows \$12 million absorption to happen?" She does not have the information she needs or the information that the Mayor seems to have.

Mayor Leeser explained the request he made to Mr. Gonzalez for a budget with no increases. He has not seen the specific list of cuts.

Representative Niland stated, "We are starting the dialog with a gun to our head. The Mayor's statement that he will veto any increase."

Mr. Gonzalez stated, "It will not be easy to get to a zero tax increase budget. It will be difficult."

Representative Ordaz asked, "Did Mr. Gonzalez know there would be a savings, but he wanted to use it for something else?"

Mr. Gonzalez explained.

Representative Ordaz wishes she had known about the savings beforehand.

Representative Niland asked Mr. Gonzalez to come with specific savings numbers and a preliminary list.

MAC funding was discussed.

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The Special City Council Meeting was **RECESSED** at 6:05 p.m. and **RECONVENED** at 9:08 a.m. Wednesday, June 29, 2016.

The City Council met at the above place and date. Meeting was called to order at 9:08 a.m. Mayor Oscar Leeser present and presiding and the following Council Members answered roll call: Jim Tolbert, Carl Robinson, Michiel Noe, Lily Limón, and Cortney Carlisle Niland. Late arrivals: Peter Svarzbein at 9:15 a.m., Claudia Ordaz and 9:16 a.m., and Emma Acosta at 9:21 a.m.

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City Manager turned meeting over to OMB Director Robert Cortinas.

Representative Niland questioned the budget projection regarding a deficient and stated it seemed to conflict with information given yesterday.

Mr. Cortinas explained his reasoning.

Representative Noe stated, "But if they are accurate, the projections, they could be useful."

Representative Ordaz questioned Slide 49 – Key Assumption – Revenues that shows property and sales tax increases.

Representative Niland questioned how that could translate into a deficit.

Representative Ordaz asked about property values for FY2017 and the 3.5% discount factor.

Representative Ordaz asked, "Why is the discount being used when historically in December the CAD close out shows otherwise, no discount."

Mr. Cortinas explained CAD valuation calculations and how he used them in projections.

Representative Ordaz went over the historical increases from 2009 through 2015 from CAD.

Mr. Cortinas explained we do not always receive 100% of property tax valuation.

Mayor Leeser stated he agrees with Representative Ordaz that we are being too conservative in the revenue projection. He believes a 3% increase is realistic.

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Goal 1 – Economic Development (Airport, Bridges, Economic Development, Destination El Paso)

Mr. Cary Westin, Director of Economic and International Development, presented a PowerPoint presentation (copy on file in City Clerk's Office).

Mayor Leeser questioned Airport figures for materials and supplies.

Ms. Monica Lombrana, Director of Aviation answered.

Representative Limón questioned Destination El Paso.

Representative Svarzbein asked for a feasibility study on a new bridge with pedestrian access and street car.

Representative Noe urged Council to confirm that Mexico is on board before we spend money for a study.

Representative Robinson agreed that we need to know if Mexico is agreeable before we spend money to do a study.

Representative Svarzbein wants to initiate an exchange student program with our Sister City in Israel.

Mr. Tommy Gonzalez briefed the Council on a similar program he had in Lubbock, Lubbock's Japanese Sister City, and added that involvement of school districts is a key component.

Representative Ordaz stated, "Israel is an entrepreneurial hub of the world and we could learn a lot from them."

Representative Svarzbein praised Israel's STEM and start-up business training for high school students.

Representative Niland agrees with both of Representative Svarzbein's suggestions; she also added that we do need a cost from IPED for the bridge study.

Representative Svarzbein wants a renewable energy conference and for the City to invite solar companies.

Representative Niland asked Legal to look at fees from the energy efficiency factor with the Electric Company to see if the fee could fund a pilot project or conference.

Mr. Cary Westin spoke of pursuing renewable energy conferences again this year.

Public comment:

Ms. Lisa Turner suggested ads on Mesilla Valley Trucking trucks to promote El Paso.

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Goal 3 – Visual Image (Planning & Inspections)

Mr. Larry Nichols, Director of Planning & Inspections) presented a PowerPoint presentation (copy on file in City Clerk's Office).

Representative Ordaz questioned actual expenditures for positions: G323 in budget book.

Representative Niland wants to see actual expenditure figures.

Mr. Cortinas replied, "We did not show actuals, only adopted."

Representative Ordaz questioned the \$4 million figure.

Mayor Leeser spoke of the need to give economic incentives and tax breaks to bring companies to El Paso to create jobs.

Representative Svarzbein suggested large scale murals as ways to invigorate areas of their cities and promote civic pride, and provide opportunities for local artists and students.

Representative Svarzbein discussed the Sun City lights exhibit and the Kern Place pedestrian improvement corridor. Northern terminals of the street car line should be an economic hub.

Public comment:

Ms. Lisa Turner, citizen, asked, "How much money has the City foregone in fees for all these new projects? The taxes generated from the new projects should provide enough revenue to prevent the need to raise taxes. She referenced the economic incentives given to new companies as giving away tax dollars.

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ADJOURN

Motion made by Representative Niland, seconded by Mayor Pro Tempore Noe, and unanimously carried to adjourn this meeting on June 29, 2016, at 10:47 a.m.

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APPROVED AS TO CONTENT:

Richarda Duffy Momsen, City Clerk