

# **City of Laredo**

## **REGULAR MEETING AGENDA**

**City Council - Workshop  
A-2025-W-03**

**Tuesday, July 1, 2025  
1:00 PM**

**City Council Chambers**

**City Council**

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City of Laredo  
City Council Workshop  
A-2025-W-03  
COUNCIL CHAMBERS  
1110 HOUSTON STREET  
LAREDO, TEXAS 78040  
Tuesday, July 1, 2025  
1:00 P.M.

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. MOMENT OF SILENCE
- IV. ROLL CALL

#### CITIZEN COMMENTS

Citizens can participate through in-person comments. Citizens wishing to provide in-person comments are required to fill out a witness card and submit it to the City Secretary no later than 1:15 p.m. and identify themselves at the microphone. Comments are limited to three (3) minutes per speaker. Speakers may not pass their minutes to any other speaker. All comments should be relevant to City business and delivered in a professional manner. No derogatory remarks will be permitted.

#### V. COMMUNICATIONS

- 1. Presentation by Mayor Dr. Victor Trevino, providing general comments on city matters, upcoming initiatives, and other relevant updates for the Council and the public.

[25-1208](#)

(Recess)  
(Press Availability)

#### VI. CONSENT AGENDA

All of the following items may be acted upon by one motion. No separate discussion or action on any of the items is necessary unless desired by a Council Member.

#### COMMUNITY DEVELOPMENT: TINA MARTINEZ, DIRECTOR

- 2. Discussion with possible action on proposed funding amounts for FY 2025-2026 for 3rd Party Funding contracts through General Fund and Hotel Motel Occupancy Tax as recommended by the Civic Partnership and Engagement Advisory Committee and staff.

**25-1202**

#### END OF CONSENT AGENDA

**VII. STAFF REPORTS**

3. Discussion with possible action on FY 25-26 budget priorities regarding Capital Improvement Plan and resolutions for financial planning and transparencies, and any other matters incident thereto. [25-1206](#)

**VIII. EXECUTIVE SESSION**

The Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any posted agenda item when authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), and/or 551.087 (Economic Development). Following closed session, the open meeting will reconvene at which time action, if any, may be taken.

**IX. GENERAL COUNCIL DISCUSSIONS AND PRESENTATIONS****Request by Mayor Dr. Victor D. Treviño**

4. Discussion with possible action on presentation and review of City of Laredo Employee Health insurance program and any matters related thereto. [25-C-104](#)

**Sponsors:** Mayor Pro Tempore Vanessa Perez

**X. ADJOURN**

This notice was posted at the Municipal Government Offices, 1110 Houston Street, Laredo, Texas, at a place convenient and readily accessible to the public at all times. Said notice was posted on Friday, June 27, 2025 at 5:00 p.m.

# City of Laredo

## City Council

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**Meeting Date:** 7/1/2025

**Communications 1.**

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# City of Laredo

## City Council

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Meeting Date: 7/1/2025

Consent Agenda 2.

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### SUBJECT

Discussion with possible action on proposed funding amounts for FY 2025-2026 for 3rd Party Funding contracts through General Fund and Hotel Motel Occupancy Tax as recommended by the Civic Partnership and Engagement Advisory Committee and staff.

### VIVA LAREDO PLAN ALIGNMENT

**Alignment Rating: Moderate**

**Supporting goal(s)/policy(ies):**

#### **Goal 8.4 - Promote transparent, inclusive, and equitable governance.**

*"Expand opportunities for citizen participation in government."*

(Source: Viva Laredo City of Laredo Comprehensive Plan, p. 8.14)

**Relevance:** Third-party funding mechanisms, especially those vetted by civic committees, represent a form of indirect civic participation and institutional partnership that supports inclusivity and transparency in municipal financial planning.

#### **Goal 6.6 - Celebrate and strengthen Laredo's identity, culture, and tourism sector.**

*"Support efforts to promote tourism and attract outside investment, with a focus on arts, culture, and heritage."*

(Source: Viva Laredo City of Laredo Comprehensive Plan, p. 6.33)

**Relevance:** Funding through the Hotel Motel Occupancy Tax often supports cultural and tourism-related organizations, aligning with efforts to enhance Laredo's cultural identity and economic development through arts and heritage promotion.

#### **Policy 8.5.1 - Build partnerships with nonprofits, civic institutions, and philanthropic organizations.**

*"Partner with nonprofits and civic groups to implement plan goals and policies."*

(Source: Viva Laredo City of Laredo Comprehensive Plan, p. 8.16)

**Relevance:** This policy supports the City's engagement with third-party entities as a vehicle to deliver services aligned with community goals and strategic development areas.

### **Summary of alignment:**

The proposed discussion on FY 2025-2026 third-party funding amounts demonstrates **moderate alignment** with the Viva Laredo Comprehensive Plan by advancing civic engagement, public-private partnership, and cultural development. While it does not directly fulfill a singular plan goal verbatim, it facilitates the implementation of citywide objectives through funded partnerships that support inclusive governance (Goal 8.4), cultural and tourism programming (Goal 6.6), and institutional collaboration (Policy 8.5.1).

**PREVIOUS COUNCIL ACTION**

On January 21, 2025, City Council approved Resolution No. 2025-R-26, which established the Civic Partnership and Engagement Advisory Committee.

**BACKGROUND**

Local nonprofit organizations had the opportunity to submit an application to be considered for funding. The application process opened on February 16, 2025 and closed on March 20, 2025. Shortly after that the staff initiated the review of the applications to prepare a report for the committee.

On May 29, 2025, the advisory committee met to discuss applications and concluded their review and recommendations by June 11, 2025.

**COMMITTEE RECOMMENDATION**

That the recommended amounts be approved.

**STAFF RECOMMENDATION**

That this motion is passed.

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**Fiscal Impact**

Fiscal Year:	2025-2026
Budgeted Y/N?:	Y
Source of Funds:	General Fund
Account #:	101-3010
Change Order: Exceeds 25% Y/N:	N

**FINANCIAL IMPACT:**

General Fund: \$337,991.33

Fiscal Year:	2025-2026
Budgeted Y/N?:	Y
Source of Funds:	Hotel Motel
Account #:	244-49
Change Order: Exceeds 25% Y/N:	N

**FINANCIAL IMPACT:**

Hotel Motel: \$363,750.00







# Civic Partnership and Engagement Advisory Committee

Purpose: To evaluate all applications for Third Party funding received by non-profit organizations and to recommend to City Council as to which non-profit organization will be funded and at what amount.

Current Members:	
<b>Priscilla Pantoja (Mayor)</b>	<b>Angie Tellez (Dist. V)</b>
Vacant (Dist. I)	<b>Adrian Zapata (Dist. VI)</b>
<b>Esther Firova (Dist. II)</b>	<b>Cynthia Mares (Dist. VII)</b>
<b>Estella Rodriguez (Dist. III)</b>	<b>Juan Caballero (Dist. VIII)</b>
Vacant (Dist. IV)	



# APPLICATION PROCESS TIMELINE FY 2025-2026

- ❖ Notice to public: LMT ad on February 16, 2025 & February 23, 2025
- ❖ Application training: February 27, 2025
- ❖ Application due date: March 20, 2025
- ❖ Applications were scheduled for review by Civic Partnership and Engagement Advisory Committee ( May - June 2025)
- ❖ For consideration applications must average a score of 70 or higher based on the criteria listed on the checklist provided with the application.
- ❖ City Secretary's Office **Hand Delivered** Submissions: At least 45 mins. before 4:00pm **One (1) Copy ONLY**

## **3<sup>RD</sup> PARTY FUNDING ALLOCATION**

### **General Fund**

25 agencies applied

Total amount requested: \$898,200

Committee Recommended Amount \$337,991.33

### **Hotel / Motel**

13 agencies applied

Total amount requested: \$619,500

Committee Recommended Amount \$363,750

**GENERAL FUND**  
**2025-2026**  
**FOOD/SHELTER/HEALTH NEEDS**

Organization/Agency	Current Amount 2024-2025	Amount Requested 2025-2026	Committee/Staff Recommendation	Use of Funds
Bethany House	\$30,000	\$50,000	\$13,333	To Maintain or Increase Meals and Purchase Supplies to Prepare Meals
Casa de Misericordia	\$30,000	\$23,700	\$2,500	To Support the Salary and Benefits of the Social Worker
Catholic Charities Diocese of Laredo	\$20,000	\$25,000	\$1,750	Food Distribution Events, Medical Equipment, Salaries and Food Security for Families
Kidney Foundation of Laredo	\$15,000	\$15,000	\$15,000	Transportation expense, Assist with food, nutritional and vitamins for patients, assist patients with financial assistance for insurance premiums, medications, and co-pays.
Laredo Stroke Support	\$15,000	\$25,000	\$25,000	Programs for Patients
Laredo Regional Food Bank	\$30,000	\$25,000	\$25,000	Operations
Mercy Ministries of Laredo	\$21,000	\$21,000	\$0	Medication Assistance Program
Ruthe B. Cowl	\$100,000	\$200,000	\$22,000	Physical Therapist Salaries for Different Therapy Programs
Volunteers Serving the Need	\$15,000	\$15,000	\$15,000	Food Purchases for Distribution

## EDUCATIONAL

Organization/Agency	Current Amount 2024-2025	Amount Requested 2025-2026	Committee Recommendation	Use of Funds
Area Health Education Center	\$33,000	\$85,000	\$5,500	Youth Health Service Corps (YHSC) Program, Emergency Preparedness Training, and Health Career Exploration
Gateway City Pride Association, Inc	\$5,000	\$5,000	\$3,333.33	Supplies for the pride parade and festival
Imaginarium	\$10,000	\$10,000	\$10,000	Books and Other Materials for Project READ
Laredo Philharmonic	\$35,000	\$25,000	\$15,000	To partially cover the expenses of the musicians that are brought in to Laredo to supplement the orchestra
Mexican Cultural Institute of Laredo	\$15,000	\$15,000	\$5,000	Advertisement and supplies for the Viva Mexico celebration on September 16
Rio Grande International Study	\$12,500	\$25,000	\$16,500	Partial Watershed Science Director Salary and Professional Fees to Cover Program Expenses
South Texas Council	\$0	\$25,000	\$15,041.67	Scout reach program for salaries, supplies, travel and registration assistance.

## HEALTH AND WELFARE

Organization/Agency	Current Amount 2024-2025	Amount Requested 2025-2026	Committee Recommendation	Use of Funds
Children's Advocacy Center of Laredo	\$50,000	\$60,000	\$7,708.33	Child Advocacy Programs and Salaries and MEP Program
Laredo Main Street	\$25,000	\$90,000	\$20,000	For payroll, advertisement and supplies
Pets Alive	\$10,000	\$25,000	\$22,625	Provide vet care and spay/neuter assistance to community members.
SCAN	\$13,500	\$15,000	\$13,416.67	Salaries
Smiles from Heaven	\$25,000	\$25,000	\$25,000	Dedicated to promote childhood cancer awareness, assist children and families affected by pediatric cancer and blood disorders, and to bring hope through advocacy, education, spiritual needs and financial aid.
Sacred Heart Children's Home	\$15,000	\$15,000	\$15,000	Vehicle maintenance for transporting the children to their needs



# RECREATIONAL

Organization/Agency	Current Amount 2024-2025	Amount Requested 2025-2026	Committee Recommendation	Use of Funds
Boys and Girls Club of Laredo	\$50,000	\$25,000	\$13,750	Offer after school/summer programs and sports programs. Building maintenance for the nonprofit.
Laredo Heat	\$0	\$25,000	\$23,333.33	To cover the insurance cost, utilities and transportation cost for essential program activities.
Laredo Tennis Association	\$20,000	\$25,000	\$7,200	Establishing Programs and Events, and Increasing Educational and Health Components
Total:			<b>\$337,991.33</b>	

*Requested Motion: To approve General Fund recommended amounts.*

# HOTEL/MOTEL

## 2024-2025

Organization/Agency	Current Amount 2024-2025	Amount Requested 2025-2026	Committee Recommendation	Use of Funds
Border Olympics, Ince	\$135,000	\$135,000	\$80,000	To Promotion All Border Olympics Events Using All Forms of Communication. Funds Will Also Be Used to Execute All Events Held
Boys and Girls Club of Laredo	\$10,000	\$20,000	\$18,750	Games between United States and Mexico held at the facility. Sports and advertisement
Catholic Charities	\$0	\$15,000	\$0	Catering and missioners expenses for the medical mission activity.
Laredo Center for the Arts	\$57,000	\$70,000	\$10,000	Staff Payroll, Utilities, and Daily Gallery Supplies
Laredo Chamber of Commerce	\$35,000	\$35,000	\$35,000	To Offset Expenses in Advertisement, Awards, Promotional Materials, and Website Development
Laredo Cultural District	\$12,500	\$24,500	\$10,000	To promote all cultural, artistic and musical events in the First Friday Caminarte, Second Saturday Market Days and Casa Ortiz Historical Tours.
Laredo Heat Youth Soccer	\$30,000	\$50,000	\$40,000	Operating Expenses: Tournament Fees, Payroll, Player Equipment, Rental Fees and Improvement Expenses
Laredo Main Street	\$30,000	\$30,000	\$25,000	Marketing Materials for the Annual Jamboozie Festival
Princess Pocahontas	\$15,000	\$25,000	\$5,000	Pageant stage
The Society of Martha Washington	\$25,000	\$25,000	\$17,000	To Defray the Expense of The Elegant Stage Built for The Colonial Pageant & Ball

## CONTINUED

Organization/Agency	Current Amount 2024-2025	Amount Requested 2025-2026	Committee Recommendation	Use of Funds
TAMIU Alumni Association	\$20,000	\$25,000	\$20,000	Help fund Fall 2025 Milestone Mingle, Fall 2025 Commencement Hospitality Room. Spring 2026 Milestone Milestone Mingle and Spring 2026 Commencement Hospitality Room.
WBCA	\$75,000	\$75,000	\$75,000	Advertisement for the WBCA events.
Webb County Heritage Foundation	\$90,000	\$90,000	\$30,000	Partial Costs of Staff Salaries, Heritage Tourism Expenses, and Promotional Activities.
Total:			<b>\$363,750</b>	

*Requested Motion: To approve Hotel/Motel recommended amounts.*

# BETHANY HOUSE EXPANSION PROJECT

- **2022-R-132** Authorizing Interim City Manager to enter into a five (5) year commitment with Bethany House of Laredo, Inc. for Fiscal Years 2023-2028 in the amount of \$979,000.00 annually. The approval of this commitment and funds would be from Federal grant allocation and General Fund. This long term commitment is required to ensure the success and sustainability of the proposed homeless low barrier shelter project. This commitment will also be contingent on satisfactory completion of an environmental review, and receiving an "Authorization to Use Grant Funds" each year; and based on the available and approval of the annual budget by City Council and the Federal yearly allocations during the five-year term.
- A five (5) year commitment with Bethany House of Laredo Inc for Fiscal years 2023- 2028 in the amount of \$979,000 annually would ensure the success and sustainability of the Homeless low barrier shelter proposed. (As approved by Council on August 1, 2022) Motioned by CM Gonzalez Seconded by CM Torres. 7 in favor.
- It is proposed that approximately \$440,000 would be from federal funds and \$500,000 be from general fund for FY 2024-2025. (Year 1)

# BETHANY HOUSE EXPANSION PROJECT



Building	Status Percentage	End Date
Bldg E	100%	August 2025
Courtyard	30%	August 2025
Bldg D	70%	August 2025
Bldg C	70%	August 2025
Bldg B	70%	August 2025
Bldg A	70%	August 2025







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# City of Laredo

## City Council

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**Meeting Date:** 7/1/2025

**Staff Report 3.**

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# City Of Laredo - Grants Management Policy Resolution

## Preamble

RESOLUTION NO. 2025-R-XXX

A RESOLUTION OF THE CITY OF LAREDO, TEXAS, ESTABLISHING A COMPREHENSIVE GRANTS MANAGEMENT POLICY TO PROMOTE TRANSPARENCY, MITIGATE RISK, AND ENSURE THE SUSTAINABILITY OF EXTERNAL FUNDING.

WHEREAS, the City of Laredo actively pursues federal, state, and philanthropic grants to enhance services, infrastructure, and programs; and

WHEREAS, responsible grants management is critical to ensuring legal compliance, fiscal accountability, and alignment with strategic and financial plans; and

WHEREAS, other Texas cities such as San Antonio, Austin, Plano, and McAllen have adopted grants management protocols emphasizing transparency, pre-approval procedures, and risk-based oversight; and

WHEREAS, the City seeks to formalize consistent standards that govern application, acceptance, and administration of all externally funded programs.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAREDO THAT:

### SECTION 1. Purpose

This resolution establishes the City of Laredo's Grants Management Policy with the intent to:

- Promote transparency and accountability in all phases of grants management;
- Mitigate operational and financial risks associated with external funding;
- Ensure long-term sustainability of grant-supported programs;
- Align funding pursuits with strategic, capital, and financial plans.

### SECTION 2. Policy Requirements

#### A. Pre-Application Approval

1. All City departments and divisions must obtain written authorization from the City Manager or designee prior to initiating or submitting any grant application.
2. The pre-application request must include:
  - Project description;
  - Anticipated award amount;
  - Required cost-share or match;
  - Estimated long-term maintenance and operations (M&O) costs;
  - Staffing or facility impacts;
  - Partner organizations, if applicable.

#### B. Cost-Sharing, Match, and Long-Term Funding

1. Grants requiring a local match or cost-share must identify:
  - Source of funds (General Fund, enterprise fund, in-kind, etc.);
  - Impact on department budgets;
  - Multi-year funding commitments, including M&O or personnel requirements beyond the grant term.
2. M&O costs must be planned, budgeted, and approved prior to grant acceptance.
3. Grant programs that create recurring obligations beyond the grant period must include a sustainability plan reviewed by the Budget Department and approved by the City Manager.

#### C. Third-Party Partnership Standards

1. Any grant involving nonprofits, contractors, or subrecipients must:
  - Follow City Council-adopted third-party partnership policies;
  - Clearly define roles, deliverables, and accountability standards;
  - Utilize subrecipient agreements, not owner-agent structures;
  - Include indemnification clauses and cost recovery provisions where applicable.
2. The City Manager may deny or defer partnership-based grants that do not meet City operational or fiscal standards.

#### D. Council Approval of High-Risk or Long-Term Grants

1. City Council approval is required for:
  - All grant applications;
  - Any program creating permanent staffing or capital maintenance costs;
  - Any award involving policy changes, program restructuring, or non-standard use of City-owned property;
  - Any partnership involving non-governmental entities operating on City land or assets; - Any grant application submitted retroactively or without pre-approval.
2. The City Manager may elevate other grant opportunities for Council consideration if deemed high-risk due to:
  - Legal or regulatory complexity;
  - New operational responsibilities;
  - Potential reputational or political risk.

#### SECTION 3. Applicability

This resolution applies to all City departments, divisions, boards, commissions, and affiliated entities seeking or administering external grant funding.

#### SECTION 4. Implementation

The City Manager shall establish administrative procedures and compliance mechanisms to support this resolution, including staff training, grant tracking systems, and coordination with the Finance, Budget, and Legal departments.

#### SECTION 5. Effective Date

This resolution shall take effect immediately upon passage.

PASSED AND APPROVED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2025.

CITY OF LAREDO

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Dr. Victor Treviño, Mayor

ATTEST:

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, City Secretary

APPROVED AS TO FORM:

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, City Attorney



# **City of Laredo – Long Range Financial Management Policy Resolution**

## **Preamble**

RESOLUTION NO. 2025-R-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, ESTABLISHING A FORMAL POLICY FOR BUDGET DEVELOPMENT AND LONG-TERM FINANCIAL PLANNING TO PROMOTE FISCAL RESPONSIBILITY, STRUCTURAL BALANCE, AND STRATEGIC ALIGNMENT WITH COMMUNITY PRIORITIES, CITY CHARTER AND ADOPTED ORDINANCES.

WHEREAS, all provisions of this Section shall be implemented in a manner consistent with Article IV, Section 6 of the City of Laredo Charter.

## **Section 1 - Purpose and Scope**

This resolution outlines the principles and expectations governing the development of the City's annual operating and capital budgets and long-term financial forecasts. It is intended to promote transparency, financial discipline, and informed decision-making.

## **Section 2 - Structurally Balanced Budgets**

1. The City's General Fund budget shall be structurally balanced each fiscal year, wherein recurring revenues equals recurring expenditures.
2. Recurring revenues shall refer to revenues reasonably expected to continue year-over-year, such as property tax, sales tax, user fees, and franchise revenue. Structurally balanced refers to a budget where recurring revenues are equal to or greater than recurring expenditures.
3. Use of fund balance to balance the General Fund budget shall be prohibited.
4. Midyear budget amendments shall preserve structural balance unless offset by new recurring revenues, reallocation of existing recurring funds, or Council-authorized use of fund balance in accordance with policy.

## **Section 3 - Long-Term Financial Forecasting**

1. The Budget Office shall maintain a rolling five-year financial forecast for all major funds.
2. Forecasts shall be updated annually and include baseline, optimistic, and pessimistic scenarios where appropriate.

- 3. The City Council shall review and consider the long-term financial forecast annually prior to adoption of the proposed budget and may use it to establish budget priorities or financial guardrails.
- 4. City Council may adopt fiscal guidance annually based on the long-term financial forecast to inform departmental budget development.

**Section 4 - Capital and Strategic Plan Integration**

The annual operating and capital budgets shall align with the City’s adopted Capital Improvement Plan (CIP), Viva Laredo Comprehensive Plan, departmental master plans, and Council-adopted strategic priorities.

**Section 5 - Transparency and Public Engagement**

- 1. The City shall publish a Proposed Budget and Adopted Budget annually in formats accessible to the public.
- 2. Budget development shall incorporate public input through hearings, outreach efforts, and digital access to key documents.

**Section 6 - Policy Integration and Effective Date**

- 1. This resolution is part of the City’s consolidated Financial Management Policy Framework and shall be interpreted in conjunction with the City’s adopted Fund Balance Policy, Debt Management Resolution, and Cost Recovery Resolution.
- 2. This policy shall take effect immediately and apply to all budgets beginning in FY 2026.

PASSED AND APPROVED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2025.

ATTEST: \_\_\_\_\_, City Secretary

APPROVED: \_\_\_\_\_, Mayor, City of Laredo

## **City of Laredo - Cost Recovery & User Fee Policy Resolution (Updated)**

### **Preamble**

RESOLUTION NO. 2025-R-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, ESTABLISHING A FORMAL COST RECOVERY AND USER FEE POLICY TO ENSURE EQUITABLE PRICING, TRANSPARENCY, AND LONG-TERM FINANCIAL SUSTAINABILITY WITH EXTERNAL ORGANIZATIONS, PROGRAMS AND EVENTS.

WHEREAS, the City of Laredo partners with numerous external organizations, including nonprofit entities, athletic leagues, civic and cultural partners, and event organizers, who provide services and events that benefit the community but also generate direct and indirect costs to the City;

WHEREAS, it is the policy of the City Council to ensure that the level of public subsidy provided to any program, service, or partner is aligned with the demonstrated level of community benefit, fiscal capacity, and long-term financial priorities;

WHEREAS, the City of Laredo provides services that vary in their degree of public benefit, requiring a consistent and transparent method for evaluating appropriate levels of subsidy and user charges;

WHEREAS, the City Council seeks to promote fiscal sustainability, equitable cost sharing, and responsible stewardship of taxpayer resources;

WHEREAS, this resolution complements the City's Debt Management Policy and Reserve Policy, and will serve as part of the consolidated Financial Management Policy framework;

### **Section 1 - Purpose and Application**

This policy establishes a structured cost recovery framework to determine the appropriate level of City support or subsidy for services, events, or programs provided by outside organizations, including but not limited to:

- Nonprofit organizations
- Civic or cultural partners
- Youth and adult sports organizations
- Special event or festival organizers
- Other public or private entities that receive in-kind, financial, or logistical City support

City departments shall apply this policy when evaluating applications for City sponsorship, co-hosting, fee waivers, or direct funding support.

**Section 2 - Definitions and Cost Types**

Cost recovery calculations shall consider:

- Direct Costs: Staff, materials, utilities, supplies, or contracts tied to the service;
- Indirect Costs: Departmental overhead, citywide services, administration;
- Capital Costs: Facilities, vehicles, and equipment used to deliver the service.

**Section 3 - Tiered Service Model**

Each program, event, or partnership shall be categorized into one of the following tiers based on its relative community benefit and private benefit:

<b>Tier</b>	<b>Community Benefit</b>	<b>Target Cost Recovery</b>
Tier 1	Fully Public Benefit (e.g., City-run, free to all)	0–10%
Tier 2	Primarily Public Benefit (e.g., non-profit education or health fair)	10–40%
Tier 3	Mixed Benefit (e.g., ticketed events with free components)	40–60%
Tier 4	Primarily Private Benefit (e.g., club sports, exclusive access)	60–90%
Tier 5	Fully Private Benefit (e.g., commercial use of public property)	90–100%

Each department is expected to meet the lower bound of the applicable tier unless a formal exception is granted by the City Manager or City Council.

**Section 4 - Evaluation Process and Review**

1. Application Required: Any organization requesting City funding, fee waivers, or in-kind support must submit a completed Cost Recovery Evaluation Form to the relevant department.
2. Departmental Analysis: The sponsoring department shall conduct a cost-benefit analysis and assign a preliminary cost recovery tier.
3. Council Approval: Final approval of subsidies, waivers, or City support is subject to City Council action during the budget process or via separate resolution.

**Section 5 – Fee Updates and Review**

Each department shall submit a comprehensive cost recovery review to the Finance Department and Budget Department at least once every three (3) years.

Fee updates should be included in the budget process and include justifications for any continued subsidy.

**Section 6 - Grant and Special Event Program Requirements**

Programs and events must demonstrate a cost recovery plan that prevents General Fund subsidization of overhead, unless City Council has approved a waiver or sponsorship.

**Section 6 - Enforcement and Reporting**

Violations of this policy shall first be addressed administratively. If unresolved, the City Manager shall 27

report the matter to the City Council with recommendations for corrective action, suspension, or funding restrictions.

Finance shall publish a Citywide Fee Index annually, and all fees shall be made available publicly online and through departmental channels.

**Section 7 - Effective Date**

This resolution shall take effect immediately and apply to all fees adopted or updated beginning in FY 2026.

PASSED AND APPROVED THIS \_\_DAY OF \_\_\_\_\_, 2025.

ATTEST: \_\_\_\_\_, City Secretary

APPROVED: \_\_\_\_\_, Mayor, City of Laredo



## **City of Laredo - Debt Management Policy Resolution (Updated)**

### **Preamble**

RESOLUTION NO. 2025-R-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, ESTABLISHING A DEBT MANAGEMENT POLICY TO PROMOTE FISCAL DISCIPLINE, SUSTAINABLE CAPITAL INVESTMENT, AND PUBLIC ACCOUNTABILITY

WHEREAS, the City of Laredo is committed to responsible financial stewardship that maintains public trust and supports long-term service delivery;

WHEREAS, the outcome of the 2025 bond referendum reflects public concern regarding the City's long-range financial planning, debt issuance, and capital investment practices;

WHEREAS, the City Council recognizes the need to adopt strong, transparent debt management standards that guide future financial decisions and infrastructure strategies;

WHEREAS, peer cities across Texas have adopted formal debt policies that establish clear limits, guide funding practices, and strengthen creditworthiness; and

WHEREAS, all provisions of this policy shall be implemented in a manner consistent with Article IV, Section 6 of the City of Laredo Charter; and

WHEREAS, in the event of any conflict between the provisions of this Fund Balance Management Policy and the requirements or threshold levels established under any existing or future bond covenants of the City, the bond covenants shall prevail and supersede the provisions of this resolution to the extent of such conflict. The City shall continue to comply with all legally binding debt obligations, and this Policy shall not be interpreted or applied in a manner that would cause the City to violate the terms of any bond covenants.

### **Section 1 - Policy Purpose**

The purpose of this resolution is to establish a uniform debt management policy that:

- Aligns debt issuance with long-term capital and infrastructure needs;
- Preserves and strengthens the City's credit profile;
- Ensures affordability and transparency in public borrowing;
- Responds to the community's call for greater financial clarity and discipline.

## **Section 2 - Scope**

This policy applies to all forms of long-term financing and debt obligations issued by the City of Laredo or any of its departments or funds, including but not limited to:

- General Obligation Bonds (GO Bonds);
- Certificates of Obligation (COs);
- Public Property Finance Contractual Obligations (PPFCOs);
- Revenue Bonds;
- Lease-purchase financing;
- Any other capital-related instruments supported by City revenues or annual appropriations.

This includes debt issued from or on behalf of:

- The General Fund
- Enterprise Funds
- Internal Service Funds
- Special Revenue Funds

## **Section 3 - Policy Guidelines**

This section covers the use of debt, structuring guidelines, criteria for issuing Certificates of Obligation, debt capacity and affordability thresholds, refunding conditions, and treatment of PPFCOs.

Enterprise fund debt must be self-supporting with at least a 1.25x coverage ratio for all revenue-backed obligations, incorporated into long-range rate models and capital plans, and reported in the City's Annual Comprehensive Financial Report (ACFR) Continuing Disclosure Section.

No long-term debt may be issued without a written joint review from the Finance and Budget Directors documenting policy compliance and City Council Approval.

The City will consider issuing non-voter and voter approved debt for capital programs.

## **Section 4 - Credit Ratings and Transparency**

The City shall maintain open communication with rating agencies, publish an Annual Debt Profile Report, through the City's Annual Comprehensive Financial Report (ACFR) Continuing Disclosure Section, to ensure ongoing compliance with policy provisions.

## **Section 5 - Revenue-Backed Debt Coverage**

All revenue-backed debt must maintain a minimum 1.25x coverage ratio.

No General Fund pledge is permitted without Council approval and a repayment plan.

## **Section 6 - Policy Administration**

The Finance Director shall retain primary responsibility for debt issuance, compliance with statutory and bond covenant obligations, and management of debt service schedules.

The Budget Director shall serve as the strategic lead for affordability analysis, debt capacity forecasting, and policy alignment with the City's long-range plans, including implementation of Viva Laredo, the Capital Improvement Plan, and efficiency initiatives.

Together, the Finance and Budget Departments shall coordinate to ensure that debt issuance supports City priorities, reflects sustainable fiscal policy, and is fully integrated into the City's financial forecasts, budget cycles, and public transparency efforts.

The Budget Department shall present long-range affordability scenarios as part of the annual financial planning process and provide input to Council during consideration of all major debt issuances.

**Section 7 - Effective Date**

This resolution shall take effect immediately and apply to all debt issuances beginning in FY 2026.

PASSED AND APPROVED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2025.

ATTEST: \_\_\_\_\_, City Secretary

APPROVED: \_\_\_\_\_, Mayor, City of Laredo

# **City of Laredo - Fund Balance Management Policy Resolution (Updated)**

## **Preamble**

RESOLUTION NO. 2025-R-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, ESTABLISHING A FORMAL FUND BALANCE MANAGEMENT POLICY TO ENSURE FINANCIAL STABILITY, SUPPORT BOND RATING GOALS, AND PROMOTE LONG-TERM FISCAL HEALTH

WHEREAS, the City of Laredo recognizes that strong Fund Balance policies are critical to maintaining operational stability, sustaining public services during economic disruptions, and achieving long-term financial goals;

WHEREAS, the City seeks to strengthen public trust and fiscal accountability by establishing formal fund balance and Fund Balance targets for the General Fund, enterprise operations, and other major funds;

WHEREAS, adherence to Fund Balance policies is a key factor in preserving the City's bond ratings and financial credibility;

WHEREAS, all provisions of this policy shall be implemented in a manner consistent with Article IV, Section 6 of the City of Laredo Charter; and

WHEREAS, in the event of any conflict between the provisions of this Fund Balance Management Policy and the requirements or threshold levels established under any existing or future bond covenants of the City, the bond covenants shall prevail and supersede the provisions of this resolution to the extent of such conflict. The City shall continue to comply with all legally binding debt obligations, and this Policy shall not be interpreted or applied in a manner that would cause the City to violate the terms of any bond covenants.

## **Section 1 - Purpose**

This Fund Balance Management Policy establishes minimum and target fund balance requirements for key operating funds of the City of Laredo to:

- Ensure cash flow stability across fiscal cycles;
- Provide financial flexibility during economic or operational disruptions;
- Strengthen the City's ability to maintain service delivery without excessive reliance on short-term solutions;
- Support the City's creditworthiness and alignment with rating agency expectations;
- Maintain compliance with this Fund Balance policy to support the City's goal of preserving or improving its bond rating and financial credibility.

## **Section 2 - General Fund Unassigned Fund Balance**

1. The City shall maintain a minimum unassigned fund balance of 15% of General Fund operating expenditures (approximately 60 days of operations).
2. The target range shall be 20% to 25%, with a preference for remaining at the upper end of the range during periods of economic expansion or revenue stability.
3. Any unassigned fund balance above 25% may be appropriated by Council for non-recurring capital projects, or other one-time uses, provided that such use does not compromise liquidity or debt affordability.

## **Section 3 - Enterprise Fund Balances**

1. Each enterprise fund shall maintain a minimum working capital balance of 15% of Enterprise Fund operating expenditures (approximately 60 days of operations), for year end, with the exception of Mass Transit and Municipal Housing.
2. The target range shall be 20% to 25%, with a preference for remaining at the upper end of the range during periods of economic expansion or revenue stability.
3. Each enterprise fund shall maintain a minimum annual debt service coverage ratio of 1.25x for all revenue-backed obligations.
4. Enterprise funds shall prepare and update long-range rate models that demonstrate the fund's ability to maintain Fund Balance and coverage compliance. The Finance Department shall request rate models from City's financial advisors.

## **Section 4 - Use of Fund Balances**

Council must authorize any use of Fund Balances below policy thresholds. Authorized uses may include:

- Emergency response to natural disasters, public health, and/or public safety threats;
- Unanticipated one-time capital expenditures that cannot be deferred;
- Mitigation of revenue losses during economic downturns;
- Temporary support for operational stability pending long-term financial realignment.

All such uses must be non-recurring in nature and documented in a Council-approved resolution.

## **Section 5 - Replenishment Plan**

1. If any fund's balance falls below its stated minimum threshold, the City Manager, in coordination with the Finance and Budget Directors, shall prepare a written Fund Balance Replenishment Plan within 90 days of the triggering event.
2. A triggering event is defined as any audited or projected year-end balance falling below the minimum due to operational deficits, emergency withdrawals, or unexpected obligations.

3. The Fund Balance Replenishment Plan must outline steps to restore compliance within three fiscal years, or provide justification to extend that timeline.

**Section 6 - Monitoring and Reporting**

1. The Finance Department shall monitor Fund Balance levels and report to City Council quarterly as part of the financial reporting package.
2. Fund Balance status shall also be summarized in the City’s Annual Budget, Annual Comprehensive Financial Report (ACFR), and Long-Range Financial Forecast.

**Section 7 - Capital and Designated Fund Balances**

1. Council may, by separate action, establish Capital Fund Reserves or Designated Maintenance Reserves within the General Fund or enterprise funds.
2. These Fund Balances may be funded from year-end surpluses above target levels and may be used to support:
- Facility reinvestment and major repair projects;
  - Fleet or technology replacement cycles;
  - Grant match requirements;
  - One-time capital acceleration projects.

**Section 8 - Policy Review and Effective Date**

1. This Fund Balance Management Policy shall be reviewed at least every three years or in conjunction with major updates to the City’s Financial Management Policies.
2. This resolution shall take effect immediately upon passage and shall apply to all City budgets and financial decisions beginning in Fiscal Year 2026.

PASSED AND APPROVED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2025.

ATTEST: \_\_\_\_\_, City Secretary

APPROVED: \_\_\_\_\_, Mayor, City of Laredo

# City of Laredo

## City Council

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**Meeting Date:** 7/1/2025

**Council Item 4.**

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