



City of Corpus Christi

1201 Leopard Street
Corpus Christi, TX 78401
cctexas.com

Meeting Minutes

City Council Workshop Session

Thursday, April 19, 2018

9:00 AM

City Council Chambers

THE USE OF CELLULAR PHONES AND SOUND ACTIVATED PAGERS ARE PROHIBITED IN THE TRAINING ROOM DURING MEETINGS OF THE CITY COUNCIL.

A. Mayor Joe McComb to call the meeting to order.

Mayor McComb called the meeting to order at 9:01 a.m.

B. City Secretary Rebecca L. Huerta to call the roll of the required Charter Officers.

City Secretary Rebecca L. Huerta called the roll and verified that a quorum of the City Council and the required Charter Officers were present to conduct the meeting.

Charter Officers:

City Manager Margie C. Rose, City Attorney Miles K. Risley and City Secretary Rebecca L. Huerta.

Present 8 - Mayor Joe McComb, Council Member Rudy Garza, Council Member Paulette Guajardo, Council Member Michael Hunter, Council Member Debbie Lindsey-Opel, Council Member Ben Molina, Council Member Lucy Rubio, and Council Member Greg Smith

C. BRIEFINGS TO CITY COUNCIL:

1. Budget Workshop 3 - Overview of Fiscal 2018-2019 Operating Budget

Mayor McComb referred to Item 1. City Manager Margie C. Rose provided an overview of the budget presentation.

Director of the Office of Management and Budget Eddie Houlihan presented information on the City's current retirement costs and plan design.

Texas Municipal Retirement System Senior Regional Manager Anthony Mills presented an update on the Texas Municipal Retirement System (TMRS) consisting of the following topics: TMRS history and membership; TMRS investments; TMRS funding basics; how one-time and yearly ad hoc adoptions may affect the City's liability; how the system's soundness is related to the City's choices; pension issues in the news; how TMRS's plan design addresses potential problems; addressing benefits that are not sustainable; that state law requires TMRS funding discipline; unrealistic assumptions may understate pension costs and lead to long-term problems; state and local governance;

recognition of TMRS's practices; Corpus Christi's TMRS plan specifics; the annual rate letter; plan change options; and peer cities and their TMRS plans.

Council members and Mr. Mills discussed the following topics related to the City's TMRS retirement plan: the planned increase in the deposit rate in January 2019; the Texas Comptroller's Star Program; the City's control over the plan; plan sustainability from TMRS's perspective versus the City's perspective; obligations to existing employees versus new employees; changing contribution and vesting requirements for new employees via a tiered benefit structure not being allowable per existing state statute; closing the plan to new employees after a certain date and the resulting acceleration of the amortization schedule and that the liability for existing employees is statutorily required to be funded; that the City's funding requirements for existing employees would dramatically increase if the plan were to be closed to new employees; that TMRS currently has no position on tiered plans; the drawbacks of a tiered plan; the effect on the plan of contractual obligations relating to Police collective bargaining contracts; advance-funding of future costs; the fully funded plan rate; short- versus long-term plan flexibility; a moral, ethical and legal liability to fund existing employees and retiree retirement benefits; public versus private retirement plans; that the City has approximately \$662 million in TMRS plan assets on the books; and the approximately \$261 million to be funded in the plan over the next 25 years.

Director Houlihan presented information on the following topics related to the City's budget: FY 2018 revenues; FY 2018 expense reductions currently under way; FY 2019 General Fund projected obligations and considerations; in a worst-case scenario, the Police and Fire health plan design will need to be addressed to control expenses in those funds; that the civilian employees' health insurance plan has already undergone substantial cost-saving changes, like the current high deductible as well as significant decreases in plan benefits; a health benefits update; potential Solid Waste fee increases; United Corpus Christi Chamber of Commerce's residential street recommendations; potential revenue sources and expenditure reductions in the Enterprise Fund; possible transfer to the General Fund from Utilities; consideration to implement a one-cent property tax increase, resulting in \$1.7 million in additional revenue that could be dedicated solely to Public Safety; and other fee increases.

Council members and City Manager Rose discussed the following topics regarding the City's budget: working with the Nueces County Appraisal District relating to industrial district agreement payments; the potential positive effect on the budget from the health benefits procurement currently in progress; including projected revenues from the Texas Ambulance Supplemental Payment Program (TASPP) in the budget; the fairness of across-the-board cuts for all departments; the effect on departments of a larger-than-usual number of retirements in January 2019, particularly in the Police Department; coming to a decision regarding having a Police academy; unanticipated/unbudgeted sales tax revenues; reasons for variances in projected versus actual revenues; not actually being in a \$20 million dollar budget deficit now; worst-case deficit projections; property tax revenue trends; Police and Fire collective bargaining commitments being planned for in past and current budgets; financial obligations created by past councils; the effect on property values and related revenue resulting from damage from Hurricane Harvey; the negative financial impact of the Affordable Care Act and rising healthcare costs; addressing the predictability of industrial district revenues; not blaming previous city councils

relating to budget challenges; council's role as a policy maker; that the voter-approved two-cent property tax increase for residential streets is included in the budget presented; and public safety.

D. ADJOURNMENT

The meeting was adjourned at 11:09 a.m.