



Mayor Javier Villalobos
Mayor Pro Tem/Commissioner J. Omar Quintanilla
Commissioner Tony Aguirre, Jr.
Commissioner Joaquin Zamora



Commissioner Rodolfo "Rudy" Castillo
Commissioner Victor "Seby" Haddad
Commissioner Pepe Cabeza de Vaca
City Manager Isaac J. Tawil

**NOTICE OF WORKSHOP TO BE HELD BY THE
MCALLEN BOARD OF COMMISSIONERS
MONDAY, APRIL 14, 2025 – 3:30 PM
MCALLEN CITY HALL
CITY COMMISSION CHAMBERS; 3RD FLOOR
1300 HOUSTON AVENUE
MCALLEN TEXAS, 78501**

AGENDA

"At any time during the course of this meeting, the City Commission may retire to Executive Session under Texas Government Code 551.071(2) to confer with its legal counsel on any subject matter on this agenda in which the duty of the attorney to the City Commission under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code. Further, at any time during the course of this meeting, the City Commission may retire to Executive Session to deliberate on any subject slated for discussion at this meeting, as may be permitted under one or more of the exceptions to the Open Meetings Act set forth in Title 5, Subtitle A, Chapter 551, Subchapter D of the Texas Government Code."

CALL TO ORDER

1. Present questions to staff relating to the April 14, 2025 Regular Meeting Agenda, to be discussed at such meeting.
2. City of McAllen Employee 457(b) Plan Discussion.
3. City of McAllen Employee Health Plan Report.
4. **EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 (CONSULTATION WITH ATTORNEY), SECTION 551.072 (DELIBERATION REGARDING REAL PROPERTY), SECTION 551.074 (PERSONNEL MATTERS) AND SECTION 551.087 (ECONOMIC DEVELOPMENT)**
 - A) Discussion and possible lease, sale or purchase of Real Estate Property, Tracts 1 and 2. Tex. Gov't. Code §551.072.
 - B) Consultation with City Attorney regarding a resolution authorizing the exercise of eminent domain authority to acquire two tracts of land being: (1) ROBINSON LOT 1 located at 3209 S. Business 83, McAllen, Texas and (2) KING'S HIGHWAY 2.15 AC OUT OF 5.066 AC LOT 1 2.15AC located at 0 S. 33rd Street, McAllen, Texas for providing, enlarging, or improving an auditorium, roadway, park, recreational facility, convention facility, or other public use. Tex. Gov't. Code §551.071.
 - C) Consultation with City Attorney regarding legal aspects of infrastructure development. Tex. Gov't. Code §551.071.
 - D) Consideration of Economic Development matters. Tex. Gov't. Code §551.087.

ADJOURNMENT

IF ANY ACCOMMODATION FOR A DISABILITY IS REQUIRED (OR INTERPRETERS FOR THE DEAF), NOTIFY THE CITY SECRETARY'S DEPARTMENT AT 681-1020 FORTY-EIGHT (48) HOURS PRIOR TO THE MEETING DATE. WITH REGARD TO ANY ITEM, THE BOARD OF COMMISSIONERS MAY TAKE VARIOUS ACTIONS INCLUDING BUT NOT LIMITED TO RESCHEDULING AN ITEM IN ITS ENTIRETY FOR A FUTURE DATE OR TIME.

C E R T I F I C A T I O N

I, the Undersigned Authority, do hereby certify that the attached agenda of the meeting of the McAllen Board of Commissioners is a true and correct copy and that I posted a true and correct copy of said notice on the bulletin board in the Municipal Building, a place convenient and readily accessible to the general public at all times, and said Notice was posted on April 11, 2025 at 3:30 PM and will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.

/s/
Perla Lara, TRMC/CMC, CPM
City Secretary



ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM

1.

DATE SUBMITTED

MEETING DATE

4/14/2025

1. Agenda Item: Present questions to staff relating to the April 14, 2025 Regular Meeting Agenda, to be discussed at such meeting.
2. Party Making Request:
3. Nature of Request:
4. Routing:
Jose Trujillo Created -
5. Staff Recommendation:
6. Advisory Board:
7. City Attorney:
8. Manager's Recommendation:



ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM

2.

DATE SUBMITTED

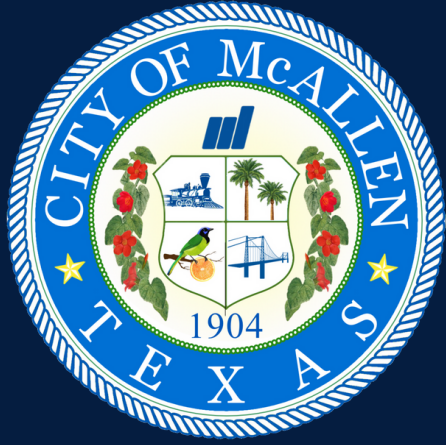
04/01/2025

MEETING DATE

4/14/2025

1. Agenda Item: City of McAllen Employee 457(b) Plan Discussion.
2. Party Making Request: Jolee Perez
3. Nature of Request: Status Report on City of McAllen Employee 457(b) Plans
4. Routing:

Jolee Perez	Created/Initiated - 4/1/2025
Jeff Johnston	Approved - 4/1/2025
Austin Stevenson	Final Approval - 4/9/2025
5. Staff Recommendation: Discussion only.
6. Advisory Board:
7. City Attorney: None. -AWS
8. Manager's Recommendation:



CITY OF MCALLEN 457b PLANS

Presented by: Jolee Perez; Director of Benefits





457b PLANS

Mission Square

Total assets are \$23,585,828.

Annual contributions (2023) were \$1,982,145.

Participant Count 784 (540 Active / 244 Terminated with Balance)

Nationwide

Total assets are \$6,261,900.

Annual contributions (2023) were \$470,398.

Participant Count 125 (105 Active / 20 Terminated with Balance)

The City also maintains a Retiree Health Savings Account with Mission Square.

SERVICE FACTORS

01

Fees

02

Fund Mix

03

Fund Performance

04

Compliance

05

Support Services

06

Education





EXCITING ENHANCEMENTS

Outside Consultant

We have been working with an NFP to review our current providers and City processes surrounding the 457b plans.



Resolution

Presenting a drafted resolution for adoption by City Commission establishing roles and responsibilities.



457b Investment Committee

Creating a Committee made up of Employees to ensure that their voices are heard and they are



Improved Governance

A committee ensures structured, consistent decision-making and accountability for investment oversight.

The committee regularly reviews investment performance, makes proactive adjustments, and ensures cost-effective investment options.

Improved Plan Performance

Increased Expertise

A team with diverse financial and legal knowledge provides informed oversight, better performance evaluation, and keeps up with trends and regulations.

The committee ensures proper diversification, reduces exposure to risks, and adapts to market changes to protect assets.

Better Risk Management

Regulatory Compliance

The committee ensures the plan adheres to regulations, avoiding penalties and maintaining trust.

457b INVESTMENT COMMITTEE



Isaac
Tawil

City Manager



Jeffrey
Johnston

Assistant
City Manager



Jolee
Perez

Director of
Benefits



Sonia
Resendez

Director of
Finance



Maria
Chavero

Director of
Finance / Utilities



Mark
Vega

General Manager
MPU

Additionally, (3) Members at Large, (1) Police Officer and (1) Fire Fighter.

QUESTIONS?





ITEM SUMMARY

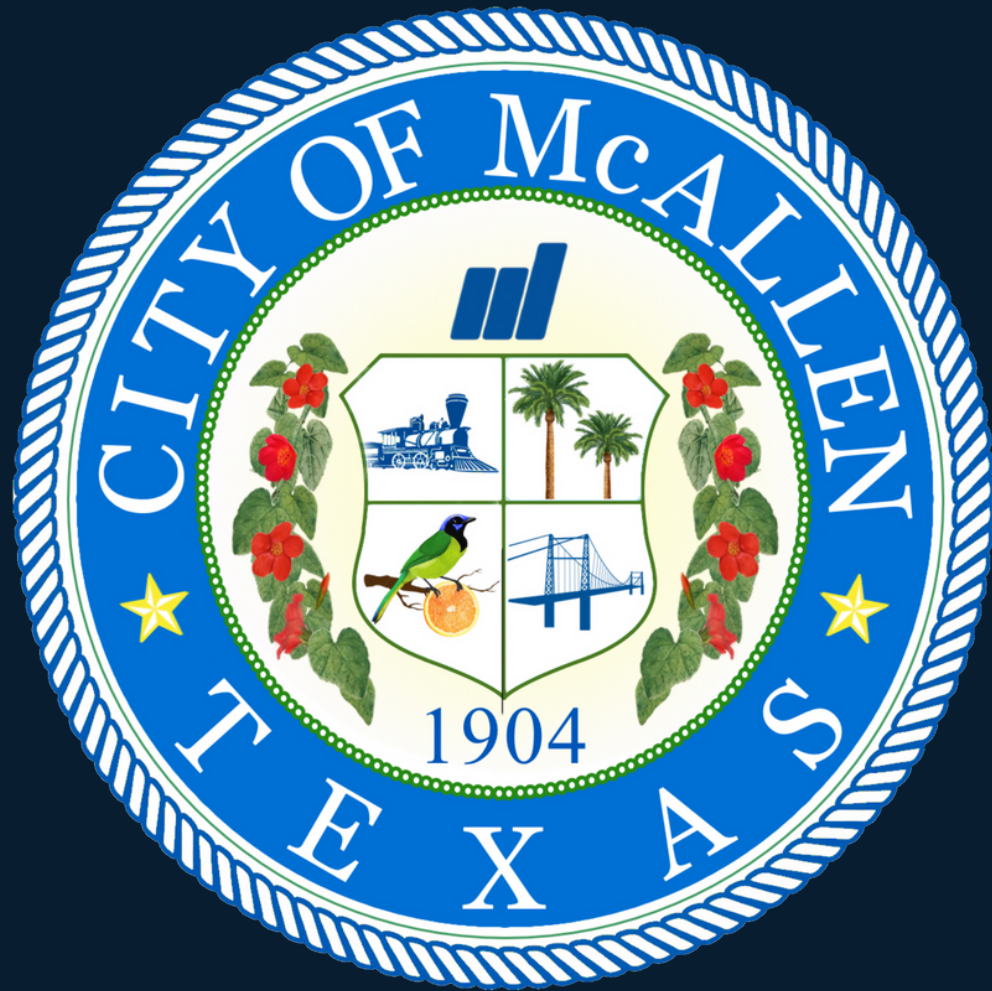
BOARD: City Commission

AGENDA ITEM	DATE SUBMITTED	MEETING DATE
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3.
04/08/2025
4/14/2025

1. Agenda Item: City of McAllen Employee Health Plan Report.
2. Party Making Request: Jolee Perez
3. Nature of Request: Report and Discussion on the City of McAllen Employee Health Plan
4. Routing:

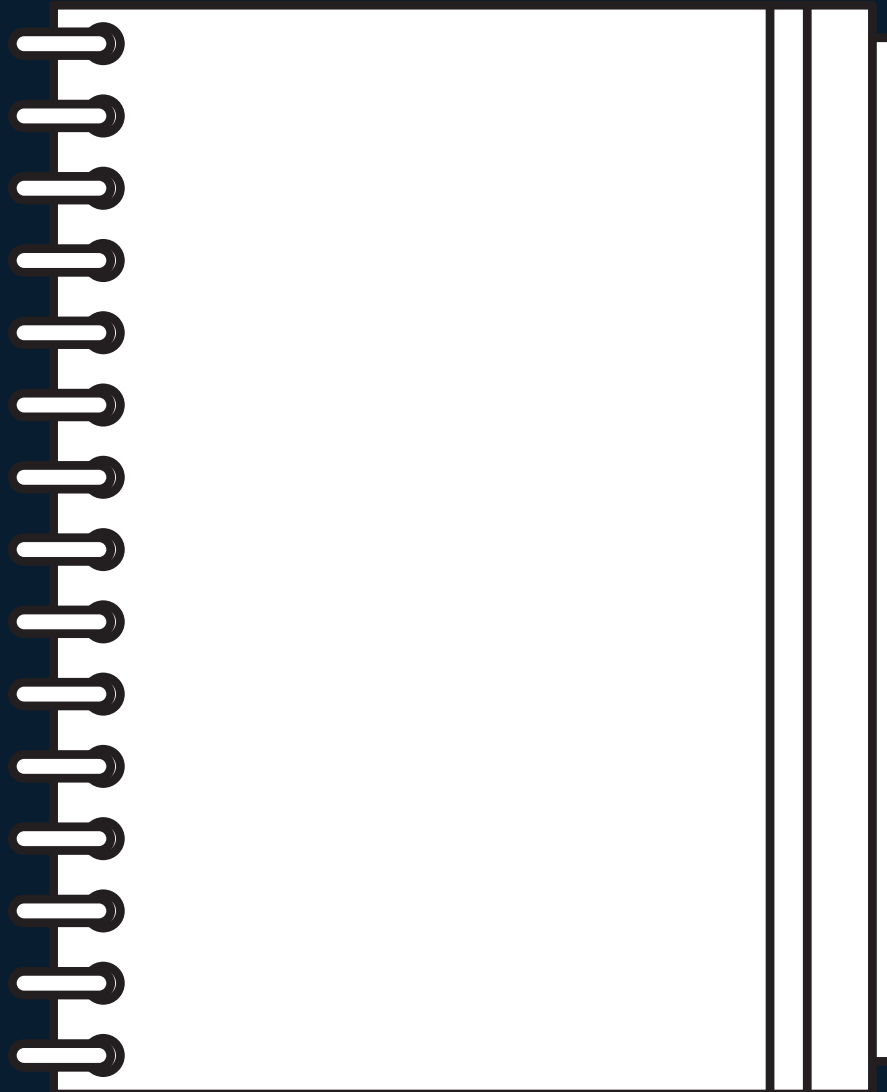
Jolee Perez	Created/Initiated - 4/8/2025
Jeff Johnston	Approved - 4/9/2025
Austin Stevenson	Final Approval - 4/9/2025
5. Staff Recommendation: Discussion Only
6. Advisory Board:
7. City Attorney: None. -AWS
8. Manager's Recommendation:



CITY OF MCALLEN

EMPLOYEE BENEFITS

THE AGENDA



FRONTIER HEALTH



BUDGET RECAP & PROJECTIONS

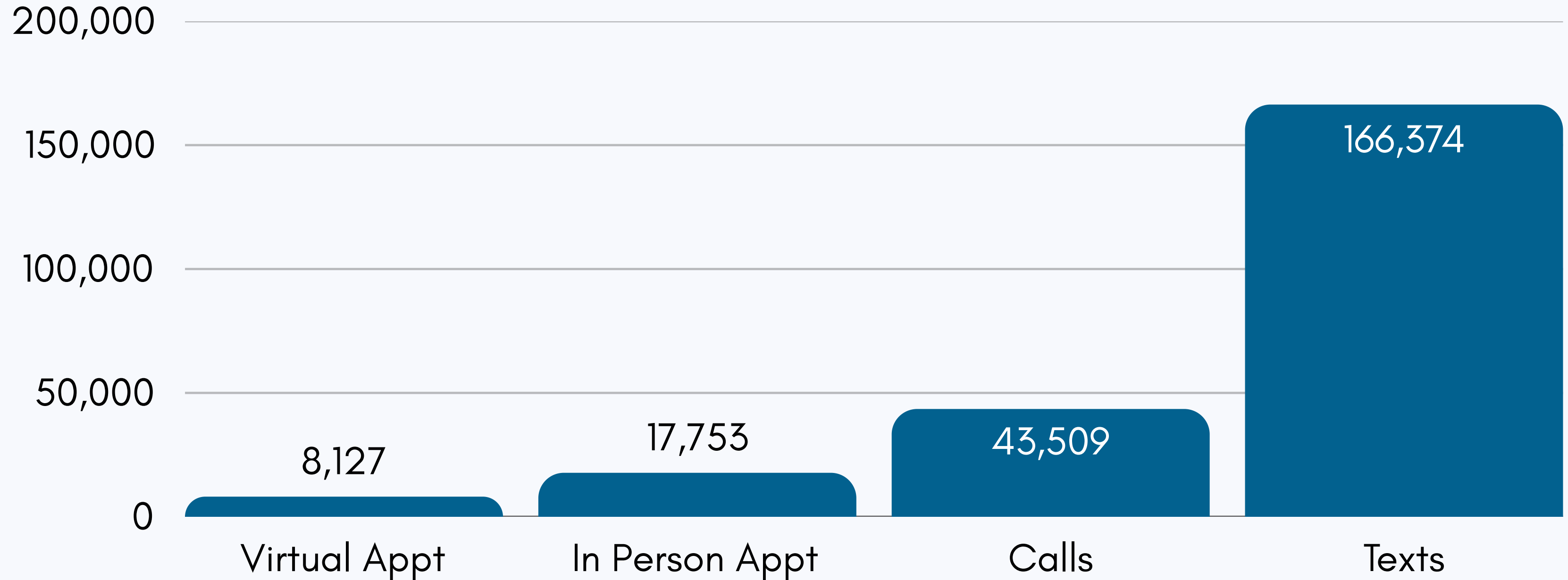


RECOMMENDATIONS

FRONTIER HEALTH

UTILIZATION

October 2022 - December 2024



Between October 2022 and December 2024, there have been 4221 eligible members on the health plan. Of those, 2558 had appointments with Frontier, for a utilization percentage of 60.6%.

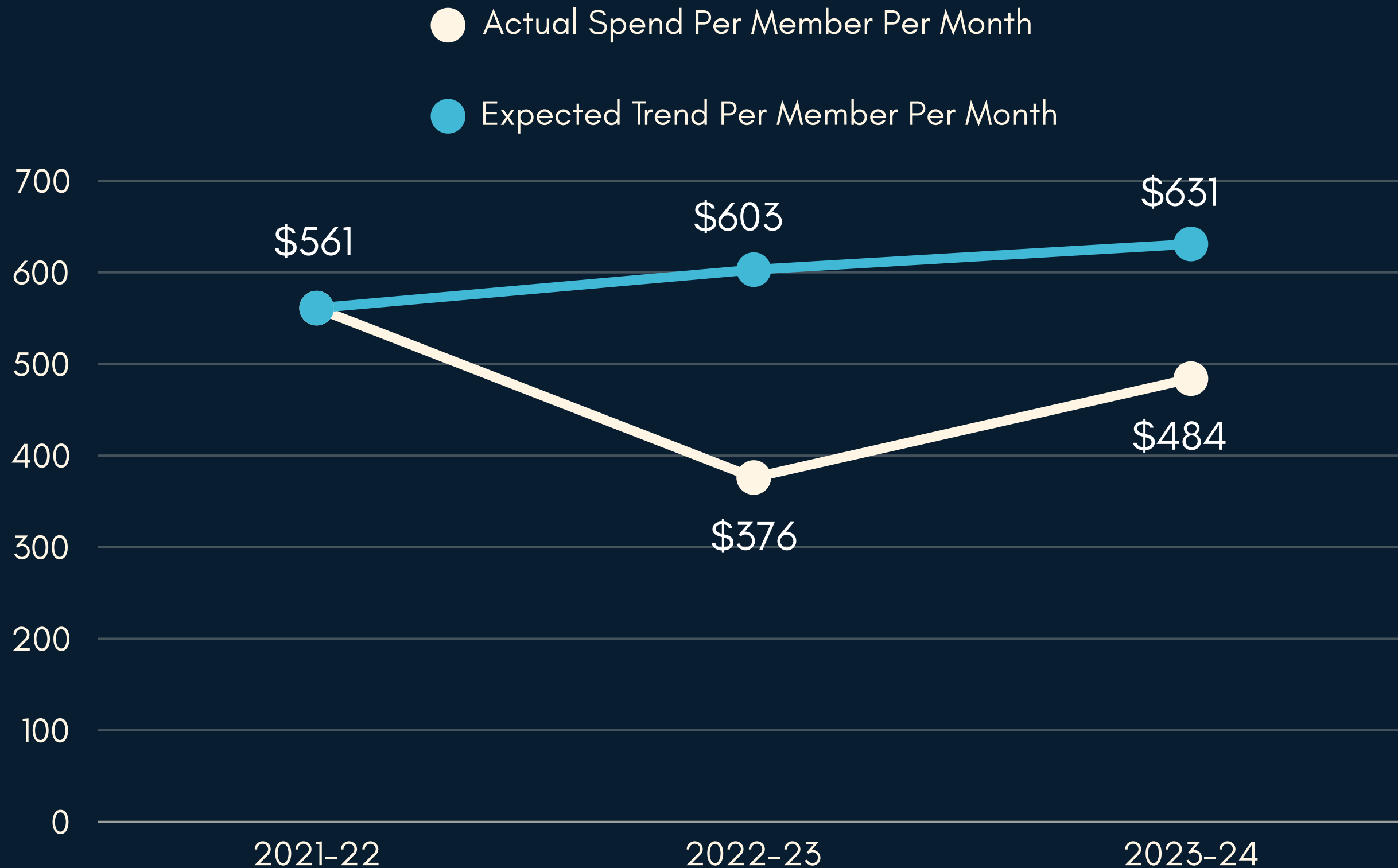
OUTCOMES

Metric	Engaged (Visited Frontier 1x or more)	Non Engaged (Has not visited Frontier)
Headcount	1,980	1,759
Medical PMPM	\$364.31	\$291.39
RX PMPM	\$161.90	\$136.28
ER Visits / 1,000	167.7	156.9
IP Admits / 1,000	215.2	312.70
IP Readmits / 1,000	32.3	73.3
Average Condition Count	3.2	1.9
% With Any Condition	86%	57%
% With Core Condition	57%	32%

OUTCOMES

Metric	FY Ending 2022	FY Ending 2023	FY Ending 2024
Primary Care Visits / 1000	2,909	5,220	4,839
ER Visit Claimants	121	62	32
Urgent Care Visit Claimants	191	179	129
Ambulance Visit Claimants	128	87	74
High Cost (>\$50K) Claimants	44	52	30

PLAN SPEND TREND

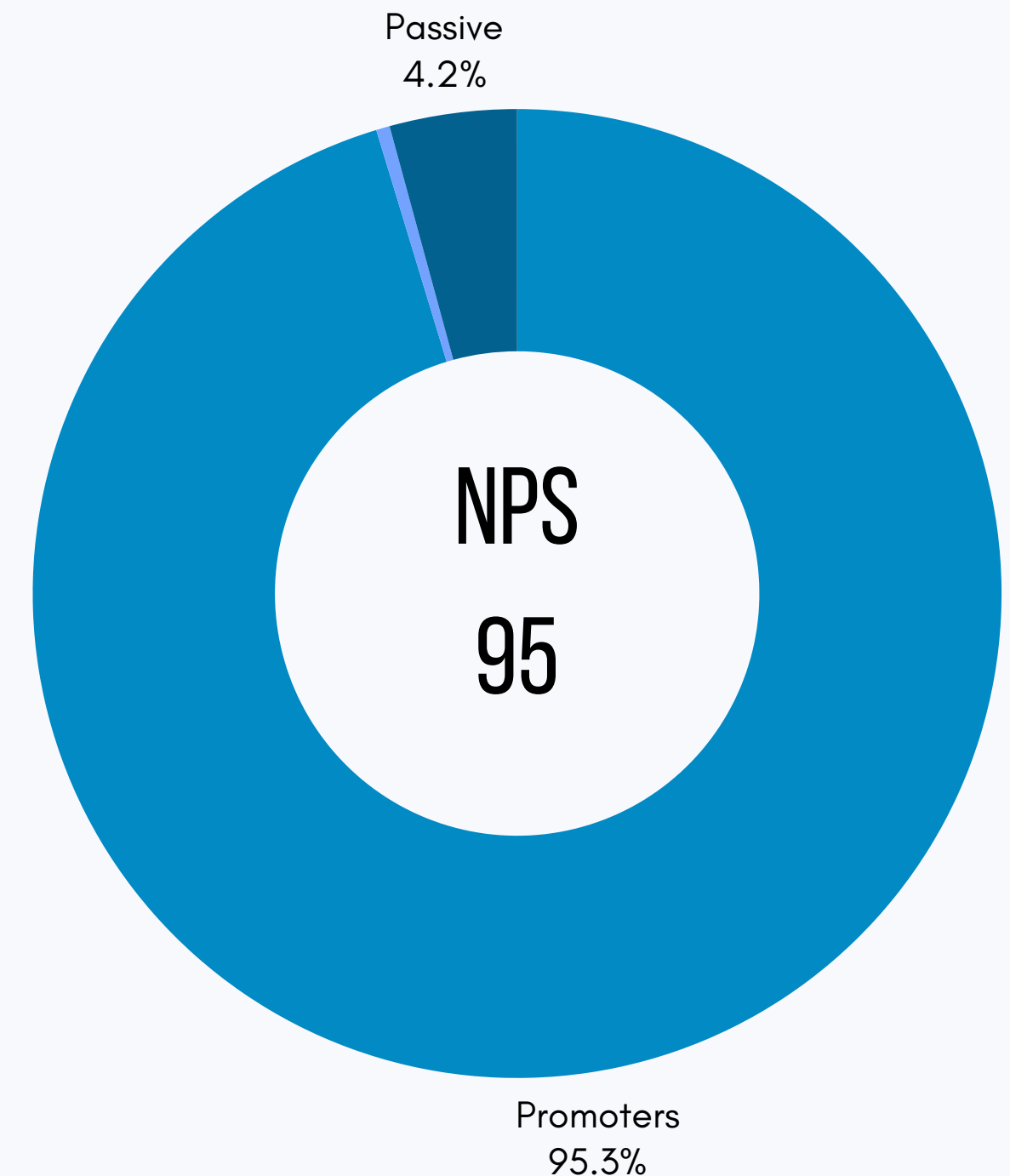


The chart identifies what the City has been able to avoid in plan spend when factoring in medical inflation and trend. In 2022-23, the City avoided \$5.4M of additional claims and In 2023-24, another avoidance of \$2.75M. This is net of capitated membership fees and is inclusive of total plan spend (med & rx).

Number is conservatively based on 2700 membership lives which incurred medical claims during this period and not total membership.

SATISFACTION

A Net Promoter Score (NPS) is a widely used metric for measuring customer loyalty and satisfaction. Based on a single question—"How likely are you to recommend this product or service to others?"—respondents rate their likelihood on a scale of 0 to 10, categorized as Promoters (9-10), Passives (7-8), and Detractors (0-6). The score ranges from -100 to +100, with higher scores indicating stronger customer loyalty and positive word-of-mouth potential.



SATISFACTION

"I am so glad I listened to my husband who encouraged me to go see my PCP at Frontier, McAllen. I am beyond pleased with her attention to detail and to my health care needs. She takes the time to give examples and explain everything so well. The Frontier staff works efficiently and effortlessly and communicates very well with us! Thank you, Frontier!"

"I will always recommend Frontier Direct to friends and family because they care for their patients and provide exemplary treatment for fast recovery."

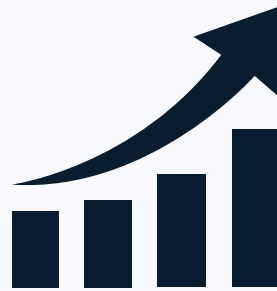
"Thank you Frontier for being the only care takers that made me feel like my well being really mattered!!!"

HIGHLIGHTS PLAN YEAR 23-24



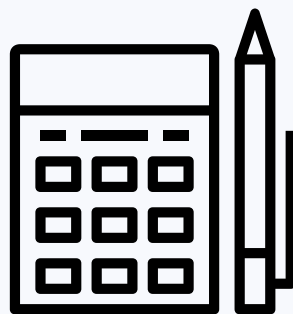
MEDICAL EXPENSES DECREASED 4.7%

Primary Care, ER Claimant Count, Urgent Care Visits, and High Cost Claimant spend were among highest contributors to reductions in expense.



PHARMACY EXPENSES INCREASED 20.4%

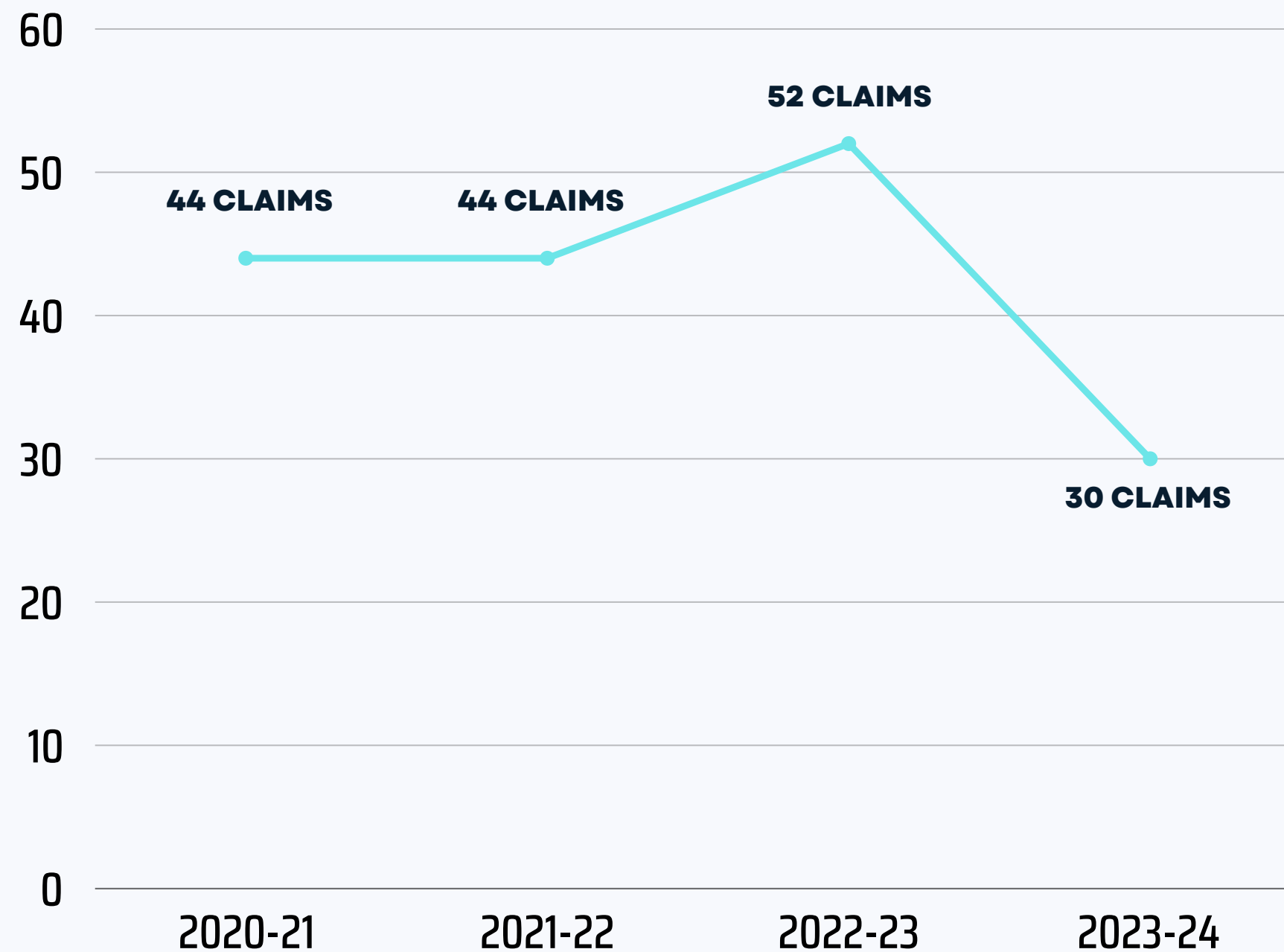
Cancer, Anti-Virals, Anti-Inflammatory and Diabetes categories were top drivers for spend.



BUDGET WAS OVERLY OPTIMISTIC

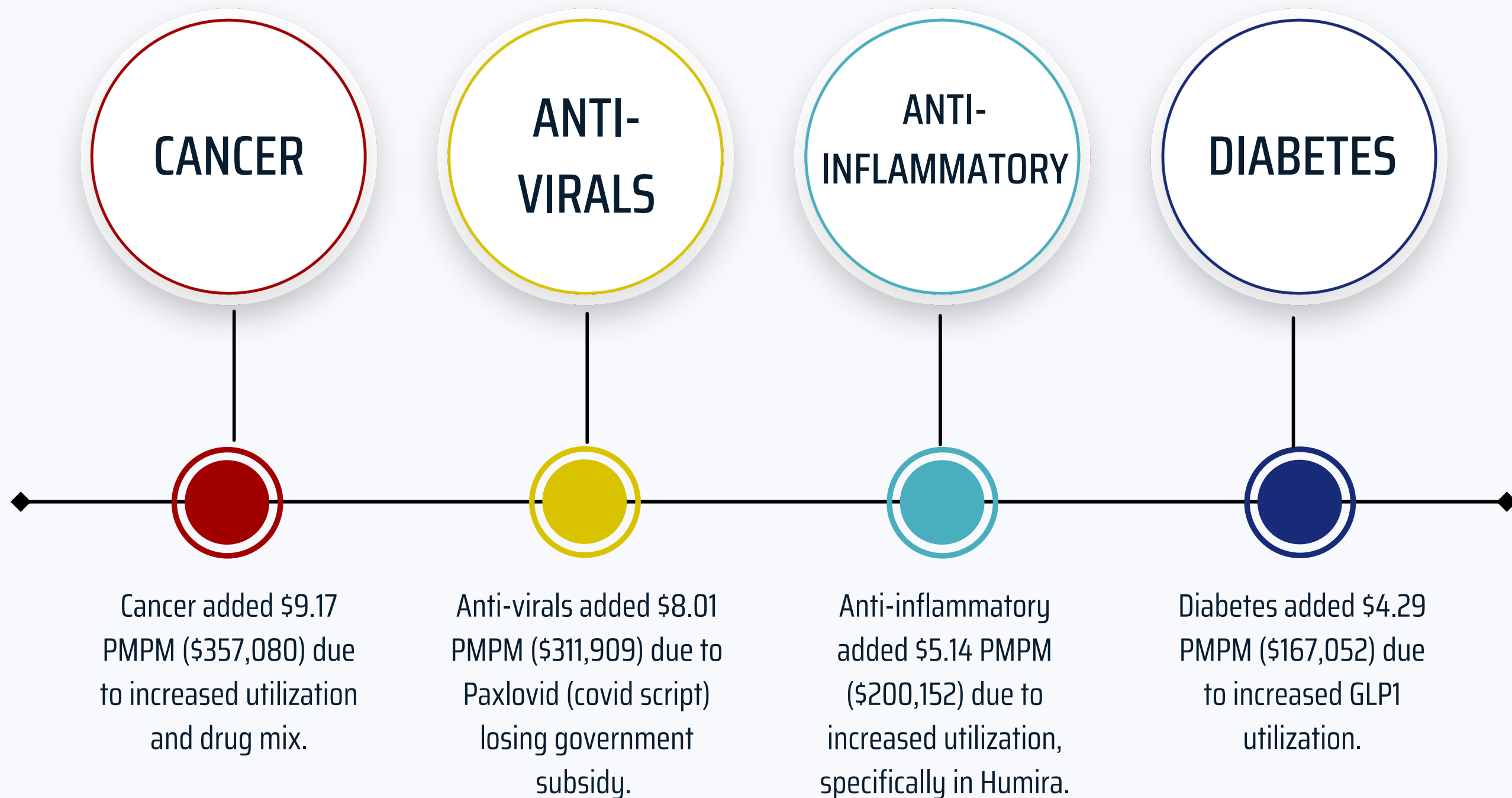
Position vacancies, increase in health opt-out new hires and unanticipated pharmacy expenses led to the city ending with a net deficit for fiscal year 23-24.

HIGH COST CLAIMANTS



High Dollar Claims, defined as those exceeding \$50,000, have gradually increased in recent years, reaching a record high in 2022-23. These claims typically stem from lifestyle and chronic conditions, which develop over time. However, 2023-24 marked the first real decline in such claims in a decade.

PHARMACY INCREASES



BUDGET 23-24

Fiscal 23-24 ended with a net gap of \$1,918,601.

Primary drivers of the gap were the 20.4% spike in pharmacy, along with decreased revenue due to position vacancies as well as an increase in new hires that are covered elsewhere and therefore decline enrollment.





ADDRESSING THE GAP

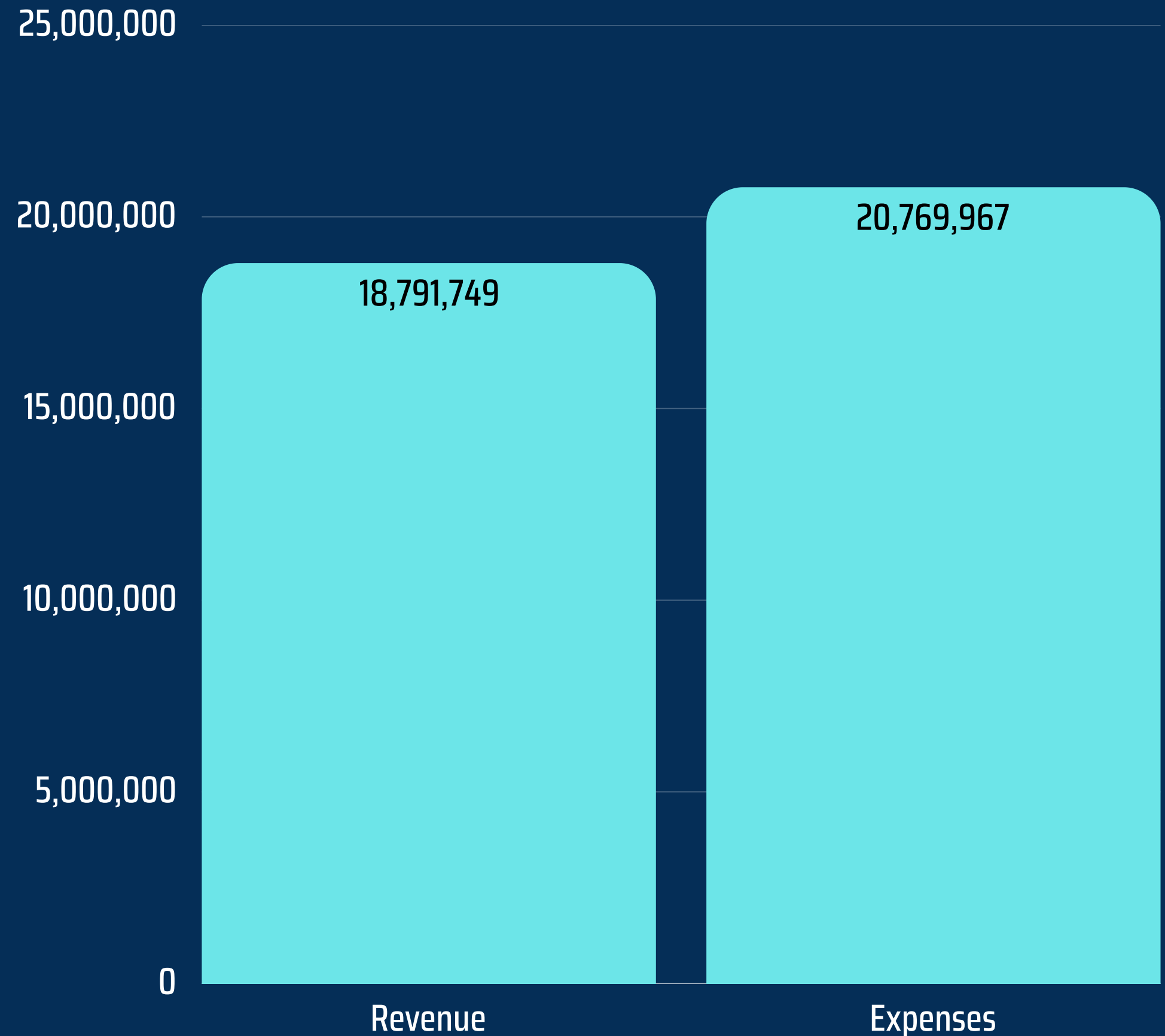
It is our recommendation to fill the deficit incurred from 23-24 in fiscal 24-25 through a series of fund transfers via mid-year budget amendment.

GENERAL FUND	\$1,290,918
DOWNTOWN SERVICES FUND	\$15,553
WATER FUND	\$144,423
SEWER FUND	\$88,876
SANITATION FUND	\$155,532
GOLF COURSE FUND	\$15,553
CONVENTION CENTER FUND	\$47,771
AIRPORT FUND	\$36,661
TRANSIT SYSTEM FUND	\$6,666
TOLL BRIDGE FUND	\$39,994
MCALLEN EXPRESS TRANSIT FUND	\$39,994
ANZALDUAS CROSSING FUND	\$6,666
FLEET/MAT MGMT FUND	\$18,886
WORKERS COMPENSATION	\$11,109
	\$1,918,601

BUDGET 24-25

Assuming the recommended mid-year transfers are approved, the budget for this fiscal year is likely to go to trend due to the same pharmacy increased expense we experienced last fiscal year.

GLP1s remain a challenge for the plan as their utilization and label expansion grow. The fiscal 2024-25 budget reflected a slightly lower projected utilization, influenced by the GLP1 shortage in 2023-24.

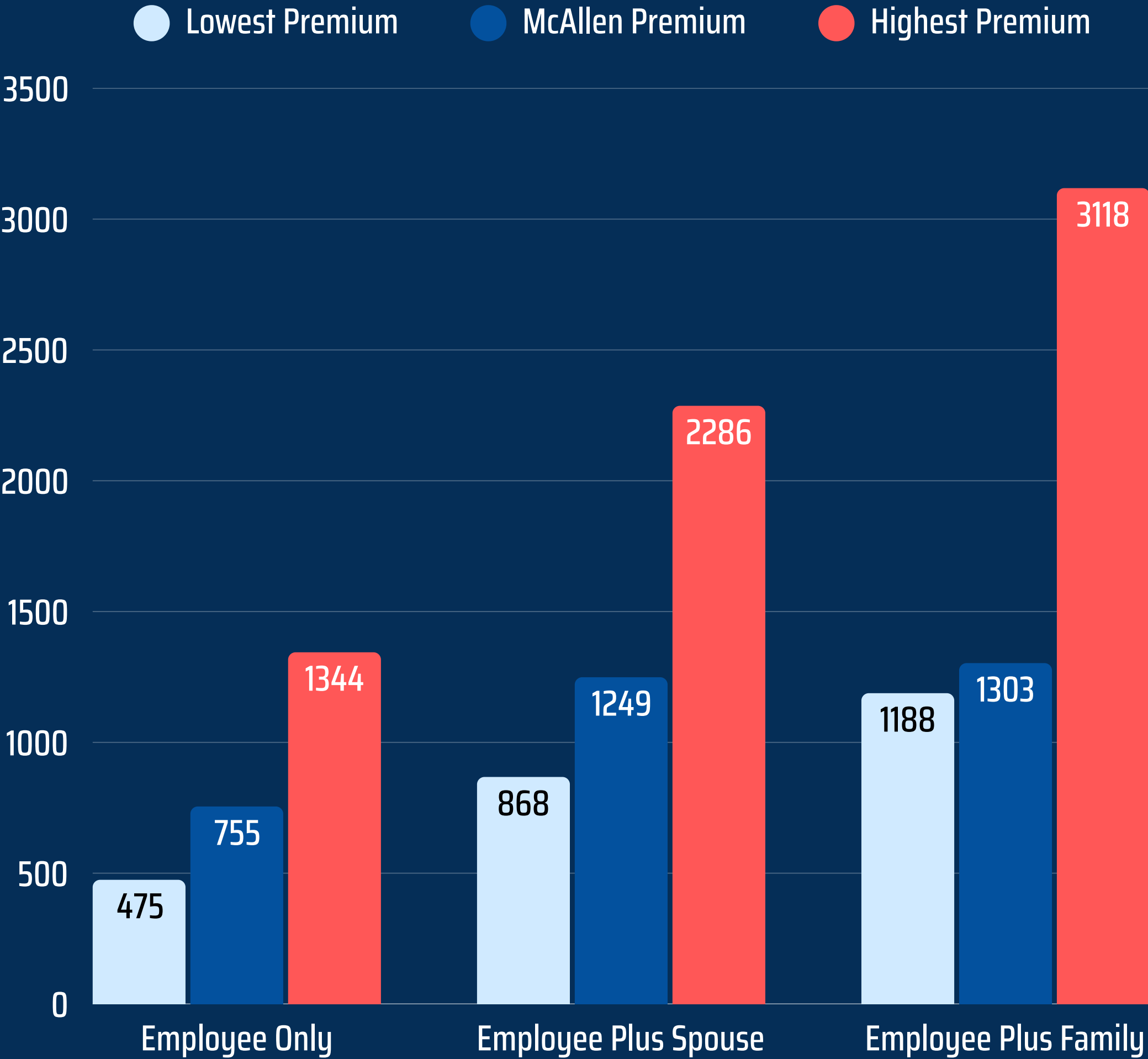


RECOMMENDATION

METHODOLOGY	MONTHLY RATES BY TIER	Base Plan EE Only	Base Plan EE + SP	Base Plan EE + CH	Base Plan EE + Fam	ANNUAL REVENUE	INCREASE TO REVENUE
CURRENT PREMIUMS	EE Subsidy Percentage	93%	93%	93%	93%	\$17,645,340	
	Dep Subsidy Percentage	N/A	44%	47%	45%		
	EE / EE Participation Contribution	\$ 40	\$ 40	\$ 40	\$ 40		
	EE / Dep Participation Contribution	N/A	\$ 278	\$ 220	\$ 304		
	City / EE Participation Contribution	\$ 575	\$ 575	\$ 575	\$ 575		
	City / Dep Participation Contribution	N/A	\$ 216	\$ 198	\$ 244		
	TOTAL PREMIUM	\$ 615	\$ 1,109	\$ 1,033	\$ 1,163		
RECOMMENDATION	EE Subsidy Percentage	92%	92%	92%	92%	\$20,795,340	\$3,150,000
	Dep Subsidy Percentage	N/A	44%	47%	45%		
	EE / EE Participation Contribution	\$ 60	\$ 60	\$ 60	\$ 60		
	EE / Dep Participation Contribution	N/A	\$ 278	\$ 220	\$ 304		
	City / EE Participation Contribution	\$ 695	\$ 695	\$ 695	\$ 695		
	City / Dep Participation Contribution	N/A	\$ 216	\$ 198	\$ 244		
	TOTAL PREMIUM	\$ 755	\$ 1,249	\$ 1,173	\$ 1,303		

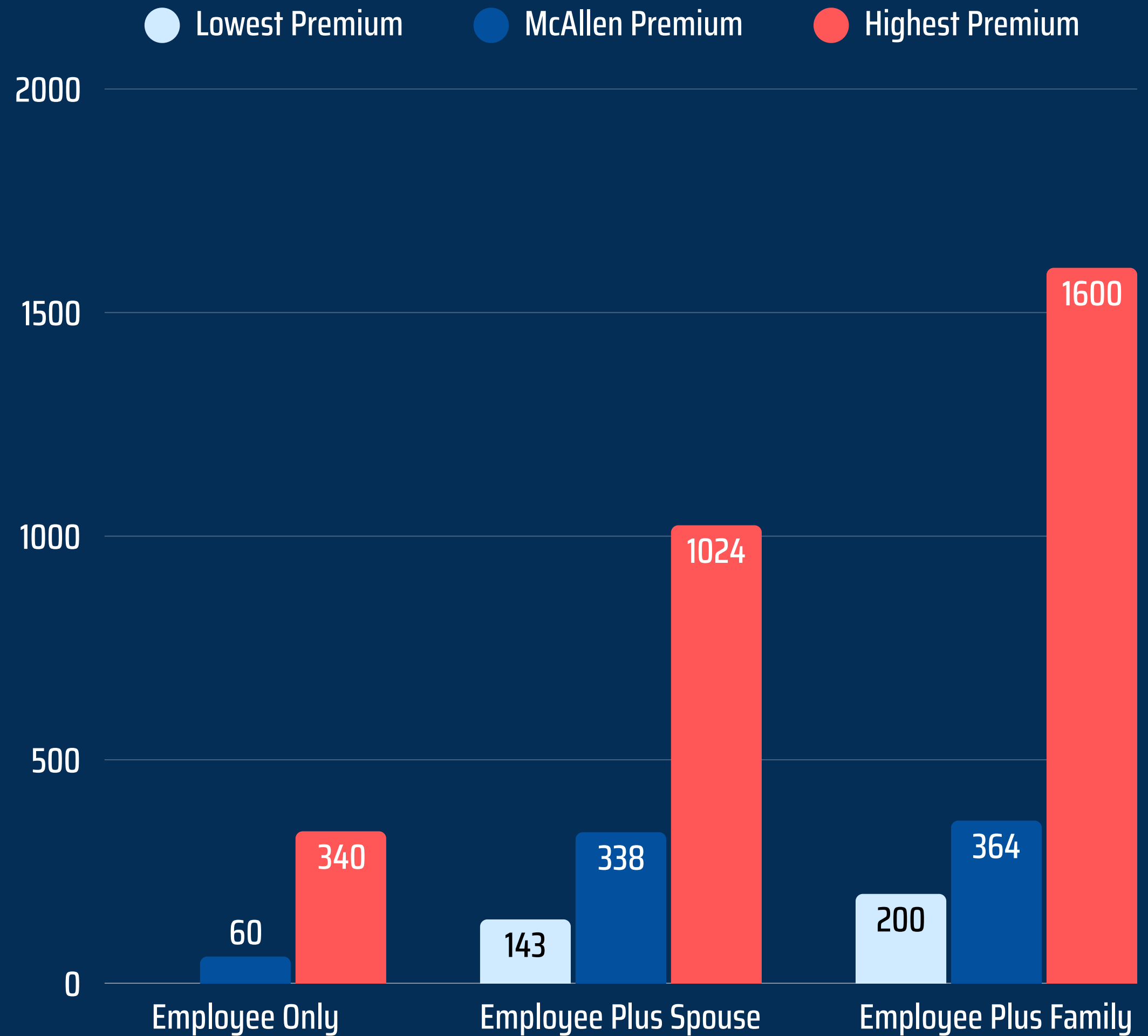
TOTAL PREMIUM COMPARISON

In a recent survey of 41 peers across the state, this chart reflects the lowest and highest among the premiums and where the City of McAllen falls compared to both.



EMPLOYEE CONTRIBUTION COMPARISON

In a recent survey of 41 peers across the state, this chart reflects the lowest and highest among the employee contributions and where the City of McAllen falls compared to both.



SUMMARY



The health plan continues to outperform local and state peers in both medical and pharmacy sectors. Medical costs have trended downward year over year since October 2022, while pharmacy remains our latest challenge and a top priority for the upcoming fiscal year.

Our budget strategy is shifting toward trend forecasting while actively mitigating claims. This approach aims to fully fund expenses in the year they occur and potentially build a surplus for future stability.

A hand holding a pen is positioned over a calculator and various financial charts, including a pie chart and bar graphs. The scene is overlaid with a semi-transparent dark blue filter, and the text "THANK YOU" is prominently displayed in the center. The background features a laptop keyboard and a desk with a pen and other office supplies.

THANK YOU

ITEM SUMMARY

BOARD:	AGENDA ITEM	4.A.
	DATE SUBMITTED	
	MEETING DATE	4/14/2025

1. Agenda Item: Discussion and possible lease, sale or purchase of Real Estate Property, Tracts 1 and 2. Tex. Gov't. Code §551.072.
2. Party Making Request: Austin Stevenson
3. Nature of Request: Discussion and possible lease, sale or purchase of Real Estate Property, Tracts 1 and 2. Tex. Gov't. Code §551.072.
4. Routing:
Alma Villarreal Created -
5. Staff Recommendation:
6. Advisory Board:
7. City Attorney:
8. Manager's Recommendation:



ITEM SUMMARY

BOARD: City Commission

AGENDA ITEM

4.B.

DATE SUBMITTED

MEETING DATE

4/14/2025

1. Agenda Item: Consultation with City Attorney regarding a resolution authorizing the exercise of eminent domain authority to acquire two tracts of land being: (1) ROBINSON LOT 1 located at 3209 S. Business 83, McAllen, Texas and (2) KING'S HIGHWAY 2.15 AC OUT OF 5.066 AC LOT 1 2.15AC located at 0 S. 33rd Street, McAllen, Texas for providing, enlarging, or improving an auditorium, roadway, park, recreational facility, convention facility, or other public use. Tex. Gov't. Code §551.071.
2. Party Making Request: Austin Stevenson
3. Nature of Request: Consultation with City Attorney regarding a resolution authorizing the exercise of eminent domain authority to acquire two tracts of land being: (1) ROBINSON LOT 1 located at 3209 S. Business 83, McAllen, Texas and (2) KING'S HIGHWAY 2.15 AC OUT OF 5.066 AC LOT 1 2.15AC located at 0 S. 33rd Street, McAllen, Texas for providing, enlarging, or improving an auditorium, roadway, park, recreational facility, convention facility, or other public use. Tex. Gov't. Code §551.071.
4. Routing:
Alma Villarreal
- Created -
5. Staff Recommendation:
6. Advisory Board:
7. City Attorney:
8. Manager's Recommendation:



ITEM SUMMARY

BOARD:	AGENDA ITEM	4.C.
	DATE SUBMITTED	
	MEETING DATE	4/14/2025

1. Agenda Item: Consultation with City Attorney regarding legal aspects of infrastructure development. Tex. Gov't. Code §551.071.
2. Party Making Request: Austin Stevenson
3. Nature of Request: Consultation with City Attorney regarding legal aspects of infrastructure development. Tex. Gov't. Code §551.071.
4. Routing:
Alma Villarreal
Created -
5. Staff Recommendation:
6. Advisory Board:
7. City Attorney:
8. Manager's Recommendation:

ITEM SUMMARY

BOARD:	AGENDA ITEM	4.D.
	DATE SUBMITTED	
	MEETING DATE	4/14/2025

1. Agenda Item: Consideration of Economic Development matters. Tex. Gov't. Code §551.087.
2. Party Making Request: Austin Stevenson
3. Nature of Request: Consideration of Economic Development matters. Tex. Gov't. Code §551.087.
4. Routing:
Alma Villarreal
Created -
5. Staff Recommendation:
6. Advisory Board:
7. City Attorney:
8. Manager's Recommendation: