

JOHN F. COOK
MAYOR



JOYCE WILSON
CITY MANAGER

CITY COUNCIL
ANN MORGAN LILLY, DISTRICT 1
SUSANNAH M. BYRD, DISTRICT 2
EMMA ACOSTA, DISTRICT 3
CARL L. ROBINSON, DISTRICT 4
RACHEL QUINTANA, DISTRICT 5
EDDIE HOLGUIN JR., DISTRICT 6
STEVE ORTEGA, DISTRICT 7
BETO O'ROURKE, DISTRICT 8

SPECIAL WORK SESSION MEETING OF THE CITY COUNCIL MINUTES
10TH FLOOR CONFERENCE ROOM
APRIL 29, 2010

The City Council met at the above place and date. Meeting was called to order at 9:17 a.m. Mayor John Cook present and presiding and the following Council Members answered roll call: Ann Morgan Lilly, Susie Byrd, Emma Acosta, Carl Robinson, Rachel Quintana, Eddie Holguin, Jr., Steve Ortega, and Beto O'Rourke. Early departure: Eddie Holguin, Jr. at approximately 10:30 a.m.

AGENDA

1. Discussion and action on staff presentations regarding:
 - a) Status of sources of revenue for the City, to include information regarding existing sources of funds and their performance in the current fiscal year, and the outlook on performance in future years.
 - b) Potential sources of new revenue and funding and the potential impact on operations.
 - c) The impact of present and pending capital expenditure obligations on debt service and operating costs.
 - d) The effect of Fort Bliss-related and other growth in the City on the City's Operations and Maintenance Fund and on the City's Debt Policies, including the need for new facilities and additional public safety services and this impact on fiscal resources.
 - e) The current City organizational structure and possible reorganization opportunities.
 - f) Report on revenue sources and their impact on the development of the City Manager's proposed budget for Fiscal Year 2011.
2. Discussion and action regarding present and future financial structures as may be used by the City for the needed capital expenditures and operations and maintenance of the City.

Mayor Cook introduced the purpose of the work session and Joe Gonzalez, the facilitator, of the work session.

Joe Gonzalez explained that candid discussion among the Council will be necessary to give City staff direction on the coming year. The overall outcome is that staff will leave with clear direction on what Council would like to staff to do and how to fund what Council would like staff to do. Mr. Gonzalez explained he would throw out ideas and then give everyone on Council the opportunity to respond to the ideas and to be heard. He stressed that everyone would be listened to by everyone else. Mr. Gonzalez then invited City Manager Joyce Wilson to discuss her expectations of the meeting.

Ms. Wilson stated that the process for the 2011 budget preparation had begun. She explained she wanted to use this meeting to lay out to Council her proposal for organizational restructuring, administrative consolidation, and realities that are hitting the FY10 and FY11 budget. There are new facilities coming on line and there is an inflationary aspect in the public safety budgets. The City either needs to look at new revenue opportunities or contemplate reductions in services. Ms. Wilson asked Council members to give

her their priorities. She stated she also wants to use this meeting to discuss the capital plan and Bus Rapid Transit decisions and funding and to discuss general maintenance needs as they relate to street infrastructure.

Mr. Gonzalez asked Council members for their reaction to the revenue discussion.

Rep. Carl Robinson stated that there is a necessity for adjustments to be made. Essential services are the most important priority. He urged the rest of the Council to think of the best interests of the City as a whole as opposed to individual districts.

Mayor Pro Tem Emma Acosta stated that Mr. Gonzalez did not meet with her yesterday so he did not get her input on today's meeting prior to the meeting. Regarding the proposed bond election she stated that Council needs to see a solid overview of the capital projects and capital structure and project completion dates so as to be able to analyze the issue effectively.

Rep. Susie Byrd stated she had no comments at the moment.

Rep. Ann Lilly expressed that she is frustrated by the Central Appraisal District's property valuation figures and the inability of City Council to rely on their accuracy when planning the budget and the revenue anticipated from property taxes.

Rep. O'Rourke stated that he is impressed with how well the City is run and budgeted relative to other cities. This coming year the choices of new revenue and cutting services will prompt a discussion of a new role for municipal government. We may want to send the City's "wants" regarding new or expanded City services to the voters.

Rep. Steve Ortega said that at the City Council meeting on April 27th we had learned that the City's bond rating went up and that is incredible. He explained he would like to see how some new expenditures in the FY11 budget can actually result in an increase in revenue, ultimately. If we go over 25 cents for the debt service we need to go to the voters to ask if they want to fund it.

Rep. Eddie Holguin agrees tax increases should go to the voters. He said that for years he has been saying that the spending here is out of control. It's good that we're going to the voters.

Rep. Quintana stated that the Council needs to focus on needs versus wants. She explained that her priority is public safety. The bond election may need to be pushed back another year, even though the projects are important. In her district, the long anticipated new recreation center would be pushed back. Council needs to ask, "Is this a 'want' or a 'need' in each district?"

Mayor Cook commented that this discussion makes him glad he called the meeting. He explained that the City is within the 25 cent cap that they imposed on themselves. Going forward it may not be possible to stay within the 25 cent cap.

Mayor Pro Tem Acosta stated that she would like to see a capital budget for more fire stations, police stations, parks along with the corresponding operating budgets to run those facilities so that Council understands the full cost of new capital projects.

Deputy City Manager Pat Aduato explained that for the last two years the capital budget has come forward to Council with the operating budget along with it.

Rep. Robinson cautioned that we need to be mindful that we are continuing to grow, with the expansion of Ft. Bliss and overall, so we have to take that growth into consideration, the expanded needs that come with that growth. We, the City, told Ft. Bliss and the Department of Defense that we wanted Ft. Bliss to grow so we need to have adequate services and public safety to address that growth.

Rep. Pat O'Rourke agreed that growth is here, but we need to be clear about how to control the growth sustainably. We have a shallow tax base. The further afield we have to extend City services, the further we burden the tax base. If he could wave a magic wand he would stop development at the edge of the City and concentrate on building up the City's core. He does not want to stop growth, but he wants to control it in a sustainable way. He stated that he does not think there are a lot of frivolous expenses in the budget.

Rep. Byrd stated that Council needs clear goals about how to meet the housing demands through infill development. Studies show that infill development pays off much more quickly than development at the City's edges that infill development pays off in 5 years and begins to add value immediately. From a tax policy perspective we need to set strong goals for housing demand.

Rep. Ortega agreed with Rep. Byrd.

Joe Gonzalez summarized that the Council has agreed that the Council needs to balance needs versus wants and that good information is necessary to make informed decisions on the capital budget.

Ms. Wilson walked through the PowerPoint presentation (on file in the City Clerk's office), citing it as a good synopsis of the City's financial situation. At the heart of the budget expenditure growth is public safety – the salary increases tied to collective bargaining agreements. Ninety percent of costs in public safety are personnel costs. Also impacting the budget are new facilities: Pat O' Rourke Recreation Center, Cielo Vista Library, full year funding for the expanded Zoo. She told Council we need to address how to fund these costs. Ms. Wilson discussed the slides covering revenue projections and compensation expenditures, COLA for non-uniformed City employees, collective bargaining negotiated increases, transportation, 911 District, vehicle towing and storage and the administrative functions in the EPPD Chief's Office.

Ms. Wilson outlined reorganization opportunities as presented on the PowerPoint. She discussed the plans for beefed up code enforcement.

Ms. Wilson went over potential revenue opportunities. She said that the bottom line is that reliance on property taxes is not sustainable. She recommended we go to the State about the funding of education and she told Council we need to look at how we fund transportation issues.

Deputy City Manager Bill Studer explained what a street utility is and how the street utility works in Austin. Businesses are charged for their impact on the condition of the streets and resurfacing.

Rep. Robinson questioned the reorganization and his belief that we need to improve communication among departments and individuals. He asked Ms. Wilson if the reorganization would allow one hand to know what the other hand is doing in the organization.

Ms. Wilson answered that is what she hopes will result. The restructuring is designed to make it clear who is responsible for duties and to increase accountability.

Mayor Pro Tem Acosta asked, "What is the cost savings of the reorganization?"

Rep. Byrd recommended that the Council should ask Police and Fire to defer all increases this year and in turn, that savings could be used to help grow the Police Department. She said she hears concerns from many officers that they need to grow the force. She would like to see the City engage in this discussion with the Fire and Police associations.

Ms. Wilson said that Police Chief Greg Allen is setting up meetings with the El Paso Municipal Police Officers Association. For Fire, the City is about to engage in contract negotiations so the discussion can take place as part of that.

Rep. Byrd suggested that the Stormwater Utility be asked to assume the plan review aspects of the stormwater functions.

Deputy City Manager Adatao explained that currently the El Paso Water Utilities' staff members are members of the Department Development Committee. The actual flood plane management duties are currently handled by the Engineering Department.

Rep. Lilly agreed with Rep. Byrd about stormwater management. About the street improvement tax she expressed concerns about the burden on the residents. In District I on streets such as Festival and Mesa Hills big, heavy trucks are doing damage to the streets. She would hate to ask the residents to pay for the damage done by those trucks. She questioned Deputy City Manager on how the tax would be assessed. Mr. Studer explained several options.

Rep. O'Rourke stated that consolidation is working well between the City and the County with Information Technology. He would like to see more savings provided across the taxing entities through shared services. Now that there is a feeling of urgency generated by the state of the economy, more consolidation may be possible politically.

Rep. O'Rourke stated that he would like to see the State Representatives work more effectively at representing the City's interests. He also would like to see the federal government pay the cost of the property tax break given to disabled veterans. He questioned if the City should be taking on expanded services and new functions even if they are estimated to be revenue positive, such as the towing of impounded vehicles. He asked if there were more opportunities to move additional positions from uniformed personnel to civilian personnel.

Rep. Ortega agreed with Rep. O'Rourke. He said consolidation will take courage and leadership as the discussion continues. He believes the impact of the violence in Juarez on our public safety budget needs to be addressed. He asked, "Where is the federal response to this catastrophe?" He urged our federal lobbyists to address this issue in Washington.

Rep. Quintana likes consolidation but wants the level of service to be the same or even better. She observed that the consolidation of City and County information technology is too new to be judged a success or a failure. She questioned Ms. Wilson on when the City employees will get the 4th quarter increases discussed in the FY10 budget.

Ms. Wilson said she could not decide that right now. The City first needs to get through the budget. Depending on the revenues and expenditures, salary increases may not be possible this year.

Rep. Quintana questioned what will happen with the reorganization of the Parks Department. Ms. Wilson replied that a lot depends on whether or not a regional parks system is created.

Rep. Byrd asked if there could be a blue ribbon committee for law enforcement.

Ms. Wilson answered that Sheriff Richard Wiles was going to take the lead on that. The City convened the Blue Ribbon Committee for Parks.

Rep. Ortega stated that time is pressing with the legislature. We need to get the discussion moving. Ms. Wilson said she would put an item on the City Council agenda.

Mayor Cook commented that he has lots of reservations about consolidating EPPD and the Sheriff's Office. Under consolidation the City would lose control of an efficient Police Department because under State law the Sheriff becomes the highest ranking public safety official. It is wiser to consolidate functions, not departments.

Mayor Cook also expressed his concern about consolidation of Museums and Cultural Affairs with the Parks Department. He is concerned that across the board cuts by department could decimate Museums and Cultural Affairs.

Mayor Cook explained that the state legislators did stand by local legislative options, as did all the big Texas cities, but they could not convince the rest of the legislators.

Regarding manifestos, Mayor Cook would like to see a study and the projected impact on retailers. At a time when we are trying to entice Mexican shoppers over here, elimination of manifestos may not be well timed. We need to be very cautious.

Ms. Wilson addressed some needs in the operating budget.

- There is a need for the Streets Department to start building an operating fund for the striping of the streets since that striping only has a life span of 18 months or so.
- She explained that in the Parks Department the staffing level at some of the sites constitutes safety issues, with a sole employee in charge of a facility or a sole lifeguard serving at a pool.
- She stated that the book replacement fund for the libraries has never been addressed adequately. She will consider all of these issues in the operating budget.

Ms. Wilson stated that in the capital budget transportation issues must be addressed, with the City being more aggressive in the development of the Alameda corridor.

Mayor Cook commented that before the Council agreed to do the TSM model only for transportation, there appeared to be financial issues staying within the target for debt management. Now that the Council has focused on the TSM model, he believes we can stay within the debt management target.

Rep. Byrd asked if the transportation issues would be funded by Certificates of Obligation. The Mayor said yes, but that does not include a Quality of Life bond issue.

Ms. Wilson said that the City could maintain a 25 cent cap on the debt service rate and if there were a successful Quality of Life bond issue election, the debt management could be adjusted.

Chief Financial Officer Carmen Arrieta-Candelaria explained the differences between Scenario I and Scenario II on the slide titled, "Tax Rate Impact of Current and Proposed Debt Through 2010." She stated the slide includes all Sun Metro projects.

Rep. Ortega questioned if the premise for both of the scenarios is that there will be minimal federal funding. Ms. Arrieta-Candelaria said yes.

Mayor Cook stated that his goal for this meeting is to determine what realistically can be considered for a Quality of Life bond issue and the other debt obligations of the City.

Ms. Wilson estimated that the Quality of Life bond issue would range between \$100,000,000 and \$150,000,000. She charted that the public process could begin in 2011 to solicit community input and then place it on the ballot for 2012. Or, the Council could take the position to make the decision on the bond issue prior to the May 2011 municipal election, calling for a bond election in the Fall of 2011. She recommended that the bond election be held in May 2012.

Mayor Cook asked the Council Members if they want to make the decision as to what the voters will vote on—the particulars of the Quality of Life bond issue—because not all of the current Council members will be here when the election is held.

Rep. Ortega asked the Mayor to state his preference.

Mayor Cook said he preferred for this administration to make the decision on the projects for the bond issue and then to hold the election in 2012.

Rep. Robinson stated that 2011 is too soon for the election; more time is needed to sell the bond issue to the public.

Rep. Robinson discussed the Central Appraisal District and that 50-55% of the tax dollars go to the school districts. Very little goes to the City, yet we are the ones who provide the core services: public safety, trash services, and streets. He asked if the Council could have a joint meeting with the school districts so they could get a better understanding of the City's needs.

Mayor Cook explained that the mission and goals of the school boards are separate from the City's.

Rep. O'Rourke said that he likes Rep. Robinson's idea. He would like to get an idea of what the average El Pasoan is going to be paying in combined taxes in the next two years.

Mayor Cook commented on his experience with the 2000 Quality of Life bond issue and the need to be very clear with the voters on the proposed projects and the expected delivery dates.

Rep. Lilly agreed we could have a meeting with the school districts although she does not think it will do much good,

Rep. Robinson said it will give the public a better picture of where the tax dollars are going. Only 25% is going to City services.

Mayor Pro Tem Acosta said that the public perception is that because we have a consolidated tax system managed by the City, the City sends out the tax bill for all the entities and we get blamed for the total that includes the taxes of the other entities.

Ms. Wilson said that if this City Council wants to make the decision on the projects for the bond issue, she will come back to Council with project possibilities.

Rep. Byrd asked for more information about the meeting with the school districts and what we expect to get out of that. She does not want to get into their budgets. She praised the value derived from the education provided by the school districts. She would like to talk with them about their playgrounds and making them available for the neighborhoods.

Deputy City Manager Deborah Hamlyn stated that the school districts have not come to the table willingly regarding school playground/parks cooperation.

Rep. Ortega commented that if the bond election is to be held in Fall, 2011, it is not fair to have an old Council determine what a new Council has to sell to the public.

Mayor Cook recalled that in the 2000 Quality of Life bond issue the community advocates made it happen; they did the road work of selling the bond issue and the projects. Mayor Pro Tem Acosta stated that while the community advocates do sell the projects, it is the Council Members who get the questions from the voters.

Rep. Ortega stuck to his guns.

Rep. Quintana said she would like to frame the bond issue with this Council. She wondered if City Council could meet with all the school districts together in one big group, the sooner the better.

Joe Gonzalez asked each Council Member if he or she would like a joint meeting.

Mayor Pro Tem Acosta said the Council would need to meet with four school districts: EL Paso Independent School District, Ysleta Independent School District, Socorro Independent School District and Canutillo Independent School District. All those school districts may have different needs and demands.

Rep. Robinson stated that as we talk about the budget with the school districts, shared services should be a key point. Why can't the community use the schools' playgrounds? Citizens paid for that school. If we have new school with a playground, why can't it serve a dual purpose as a park, too?

Representatives Byrd, Lilly, O'Rourke, Ortega, and Quintana all agreed they want a joint meeting.

Mayor Cook said he thinks a joint meeting is a formula for frustration unless you have a specific agenda. So, no, he does not want a joint meeting as it stands now. You need to have realistic expectations. If you expect the school boards to cut their budgets so that the City's budget can benefit, that is unrealistic.

Joe Gonzalez asked each Council Member when he or she would like the Quality of Life bond issue to be held. He gave three options:

- 1) Fall 2011
- 2) Spring 2011
- 3) Spring 2012

Rep. Robinson: Fall 2011.

Mayor Pro Tem Acosta: Spring 2011; second choice Spring 2012

Rep. Byrd: would like the process to start in Fall 2011. She is not as concerned about the election date.

Rep. Lilly: Fall 2011

Rep. O'Rourke: Spring 2011 or Spring 2012

Rep. Ortega: Spring 2011 or Spring 2012

Rep. Quintana: Spring 2011, but will compromise on Fall 2011

Mayor Cook: Fall 2011

Ms. Wilson stated that she will use Fall 2011 as the target and work toward it. Mayor Cook commented that we could always delay the date if Fall 2011 were shown to be too soon.

Rep. Ortega asked if the Council should address the 25 cent cap on debt service. Ms. Wilson explained the City could stay under the cap, but the capital projects will not come on line as quickly. Rep. Ortega said that is the voters vote for something that elevates the debt service over the cap amount, so be it. Ms. Wilson reiterated that the Quality of Life bond issue would be focused on 100 to 150 million dollars.

Rep. Ortega asked if the bond election would use a district model, with projects in each district, or a large, signature project. Mayor Cook said a needs assessment should determine the projects. Ms. Wilson said the City could look at one need within each district but not projects of equal dollar figures; there is a need within each district. Regarding signature projects, a couple could be considered.

Rep. Byrd questioned the transportation funding projections. Ms. Wilson explained.

The Mayor called for Public Comment.

Liza Turner, citizen, addressed several issues that concern her, including economic development and the hurdle El Paso Electric Company rates impose on economic development; her objections to fee increases; her advocacy of freezes on employee pay, layoffs, cuts in employee benefits, increased pension contributions from City employees and reduction in holidays for city employees; eliminating the 2% for the arts in public projects; and her objection to the comments on the property tax breaks allotted to disabled veterans.

Ms. Wilson, OMB Director David Almonte and Mayor Cook commented.

Ric Schecter, citizen, expressed surprise at Council's outlook toward spending. He stated he prefers to focus on efficiency and spend as little as possible. He said many people from Mexico and New Mexico come to use our services without paying for them. He urged taxing of abandoned buildings; complete consolidation of the City and the County; combined taxing entities should address job creation; consider becoming a New Mexico city rather than a Texas city; privatize museums and zoo. He commented that the unemployment rate negatively will affect citizen's willingness to approve bond issue and higher taxes.

Joe Gonzalez asked Council Members for final comments.

Rep. Robinson said it had been good to listen to how we can address our challenges, overcome them, and do better.

Mayor Pro Tem said it had been worthwhile to have the meeting and to focus on savings.

Rep. Byrd said it allowed Council to weigh in on FY11 plans prior to the budget process.

Rep. Lilly said the meeting had been very helpful to tie up loose ends prior to going into the budget.

Rep. O'Rourke said the meeting had been positive. He thanked the members of the public, Ms. Turner and Mr. Schecter for their input and he thanked Council Members for their participation, especially those who had remained for the whole meeting.

Rep. Ortega said the meeting had shown the Mayor and the City Manager's planning and leadership and thanked them for helping Council to have this dialog.

Rep. Quintana said she was glad because this made her better prepared for the budget. She looks forward to the shared summit with the other taxing entities.

Mayor Cook said the meeting had satisfied his goal of addressing the timing of the Quality of Life bond issue and the City's financial constraints. He applauded the Council, City staff and the public for participating in the meeting.

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Motion made by Representative Ortega, seconded by Representative Byrd, and unanimously carried to adjourn this meeting at 12:19 p.m.
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APPROVED AS TO CONTENT:

Richarda Duffy Momsen, City Clerk