

JOHN F. COOK
MAYOR



CITY COUNCIL
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JOYCE WILSON
CITY MANAGER

OFFICE OF THE MAYOR

DATE: May 19, 2006

FROM: Mayor John F. Cook 

TO: City Council Members

CC: Joyce Wilson, City Manager
Pat Aauto, Deputy City Manager
Charlie McNabb, City Attorney
Robert Andrade, Executive Assistant

RE: May 23, 2006 City Council Agenda, Item 8A - backup

The following item appears on the May 23, 2006 City Council Agenda as item 8A:

Discussion and action from the Manufacturing Cabinet of the El Paso Lyceum regarding recommendations to Council on the following items:

- The development of the original video regarding manufacturing
- Establishing a position within the City to support the Maquiladora industry
- A regional strategy planning process for manufacturing

Attached are the Manufacturing Cabinet's recommendations to Council for your review. The Manufacturing Cabinet approved the recommendations on April 19, 2006. If you have any questions, please call my Executive Assistant Robert Andrade at (915) 541-4591.

Thank you.

THE EL PASO LYCEUM MANUFACTURING CABINET

PREFACE

El Paso today is living very exciting times. The decisions we make today will determine how we will position ourselves to take advantage of the great opportunities that are at our doorstep. As chair of the manufacturing cabinet and more importantly as a citizen of this great city, I applaud the vision of our Mayor to take a proactive approach and systematically organize community input, in the form of these cabinet recommendations, into the City's decision-making process. As in any system, a feedback loop is essential for the proper maintenance and subsequent growth to that process. As such, it is a great honor and awesome responsibility to have the opportunity to collectively make recommendations to our City Mayor, City Council and our City Manager for your consideration and subsequent action.

The manufacturing cabinet was created in the wake of the El Paso Economic Summit in late 2005 and formalized soon after. The charge is simple: Advise the City Mayor and City Council on manufacturing issues. Since then we have assembled and paved a vision for manufacturing in the city. By the same token, we have also documented opportunities for improvement and economic development. The recommendations I am presenting on behalf of the manufacturing cabinet today are only the beginning to a structured approach that the cabinet believes is essential in further preparing El Paso and the surrounding region to take advantage of the manufacturing opportunities for expansion and innovation currently in the area and those that have yet to relocate to our area.

El Paso, together with Juarez and Southern New Mexico, is the third-largest manufacturing center in North America by number of manufacturing workers (233,200 jobs) behind Los Angeles (369,700 jobs) and Chicago (334,700 jobs). According to Dallas Federal Reserve Bank, Cd. Juarez alone has an estimated regional gross domestic product of more than \$8 billion. It has the largest maquiladora employment concentration of any Mexican city. About 18 percent of all trade between the United States and Mexico crosses at the El Paso–Juarez border, and forecasts are for U.S.-Mexico trade volume to increase 6 to 8 percent annually during the next two to three years. A 2005 report by the El Paso branch of the Dallas Federal Reserve Bank stated, "Texas/Mexico border cities have, in general, developed as complements, providing each other with unique goods and services, acting as a single urban area and spurring the growth of their respective neighbors." The entire border region around El Paso operates as one interconnected industrial bloc, even though it resides within two U.S. states and two countries. According to Harold Hunt a researcher for the Real Estate Center for Texas A&M, in his report "El Paso Gears Up for the Future", he contends that as more companies adopt a global perspective during the site selection process, optimal assembly, manufacturing and distribution locations are coming to light. A clearer picture of global supply chains is emerging, and the Juarez–El Paso–south Central New Mexico border region is an increasingly important part of that picture. Add to this the fact that the Army has chosen Ft. Bliss as the location for the Future Combat System (FCS), which has been

called the centerpiece of the Army's modernization program. Manufacturing in this city and surrounding region will be required to have a new degree of expertise, organization and true focus.

THE EL PASO LYCEUM MANUFACTURING CABINET

Members

José Canales (Chair), El Paso Community College
José Quiñones (Vice Chair), City of El Paso, EPIA
Roberto Coronado (Asst. Chair), Federal Reserve Bank of Dallas
Fred Borrego, Alco Machine Tool & Steel
Rudy Garcia, New Mexico Director of Mexican Affairs
Ray Graham, Business and Teacher Education Consulting
Dolores Gross, El Paso Community College
Oscar Kuri, Juárez BASC (CELC)
Lance Levine, Foreign Trade Association
Ann M. Lilly, El Paso City Representative
Juan Massey, New Mexico Office of Mexican Affairs and Trade
Ricardo Netzahualcoytl, Electrolux (Juárez)
Manuel Ochoa, El Paso Regional Economic Development Corporation
Jerry Pacheco, New Mexico International Business Accelerator
Alfonso Perez, Lear Manufacturing (Juárez)
Ralph Roman, PCA - El Paso
George Saucedo, El Paso Hispanic Chamber of Commerce
Javier Veloz, Upper Rio Grande Workforce Development Board

Under consideration for addition to Cabinet:

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Ocatvio Duarte, State of New Mexico – Econ Dev 505-731-8821
Stan Czaski, TMAC, 'sczacki@utep.edu' 915-747-6272

Appointments:

Patrick Abeln, El Paso International Airport
David Dobson, City of El Paso Economic Development Department

Manufacturing Cabinet Data Collection and Analysis Sub-Committee:

Roberto Coronado, Dallas Federal Reserve Bank of Dallas, El Paso Branch
Jesús Cañas, Dallas Federal Reserve Bank of Dallas, El Paso Branch
Ebetuel Pallares, Intern at the El Paso Branch, PhD student from UTEP's
International Business Program

Approved by the Manufacturing Cabinet on Nov. 17, 2005
Amended by the Manufacturing Cabinet on April 19, 2006

**THE EL PASO LYCEUM
MANUFACTURING CABINET**

CHARGE:

To act as an advisory council to the Mayor and City Council on matters that deal with manufacturing.

Vision Statement:

To be a premier international manufacturing center.

Mission Statement:

To create economic value, quality, delivery and a skilled labor pool throughout the supply chain.

MISSION OBJECTIVES:

- Retain and expand existing industry
- Identify and attract targeted industry clusters
- Identify and implement short term and long term strategies
- Develop a mechanism to determine what the education and training needs of targeted industries
- Bring together the public and private sector organizations

THE EL PASO LYCEUM
MANUFACTURING CABINET

RESOLUTION ONE

That the City Council support the development of a regional video that features our manufacturing industry and the attributes we possess that fulfill the manufacturing client's location decision model. All regional recruiting organizations, public and private, should be encouraged to adopt the video as a recruiting tool.

RESOLUTION TWO

That the City Council request that the City Manager establish a position within a City of El Paso department to network with regional economic development offices to coordinate outreach (One-stop Shop) efforts to support the Maquiladora industry. The industry faces challenges from federal, state and local sources. This position will serve as a city advocate for the industry. It will seek to facilitate business to business linkages to enhance business retention and expansion among El Paso business community and eliminate bureaucratic red tape. It will encourage industry management to participate in community events: political, social, cultural, artistic, entertainment, recreational, etc.

This position will focus on manufacturing and in particular the cross-border manufacturing industry. As mentioned in the "Proposed Scope of Duties" for this position attached below, the individual chosen must have experience in the manufacturing and/or maquiladora industry, have experience managing or coordinating economic development projects with public and private sector initiatives, and be bilingual (English and Spanish orally, and English in writing) in order to effectively communicate with regional organizations, Mexican government officials and business leaders.

See Addendum 1

RESOLUTION THREE

That the City Council allocate resources and facilitate a regional strategy planning process for manufacturing, and that the process be open, inclusive, and participatory for regional entities, and as part of this plan, that the current regional economic development delivery system be evaluated.

The Strategic Plan for Manufacturing should be a comprehensive approach that may include but not limited too:

1. Identification of current efforts for recruitment, retention and/or expansion of manufacturing entities
2. Identify current organizations private or public involved
3. Identify niche-manufacturing compatible with our areas of strength in the region
4. Analyze our true potential in regards to capitalizing on target segments of manufacturing
5. Develop a checklist of the tasks necessary to capitalize on target segments of manufacturing
6. Determine what additional resources and organizations that may be necessary to position El Paso to meet the needs of prospective manufacturing clusters
7. Analyze workforce/educational training requirements for manufacturing sectors
8. Develop an overall strategy that specifically supports the Maquila industry and addresses the needs of its supplier base and ties in to the overall manufacturing strategic plan

ADDENDUM 1
SCOPE OF DUTIES
(PROPOSED)

EXECUTIVE MANUFACTURING LIAISON

Under general direction, manage the regional manufacturing sector

Typical Duties:

Participate in the formulation and development of the manufacturing sector for the City of El Paso. Involves promoting the El Paso region as a manufacturing supplier base to maquila plants in Cd. Juarez, and identify U.S. and other foreign suppliers to be recruited to expand to El Paso. Develop and maintain key contacts at the federal, state and local government levels to ensure personalized assistance to assist the City in its manufacturing industry affairs in Cd. Juarez, Cd. Chihuahua and other northern cities. Promote the export of El Paso goods and services throughout northern Mexico, coordinating the focus of specific products with the El Paso market as an investment and commercial destination. Identify agents, representatives, distributors, licensee and joint venture candidates, as necessary, to facilitate trade partnerships for El Paso companies developing trade in the region. Participate in regional plans, and attend meetings of governmental and private sector initiatives that impact international trade and the maquiladora activity. Assist the City of El Paso Manufacturing Cabinet with regional efforts to include coordinating with local officials from Cd. Juarez and the State of New Mexico to expand manufacturing opportunities in the region.

Assist in researching marketing strategies. Involves assisting in preliminary market research on trade related matters for the El Paso region, companies targeting export markets or searching for suppliers. Develop appointment schedules for visiting companies providing appropriate office space and services during their stay.

Knowledge, Abilities and Skills

- Considerable knowledge of business and economic development issues related to El Paso and the region.
- Considerable knowledge and business acumen on international issues.
- Some knowledge on US and Mexico customs laws and regulations affecting international trade.
- Some knowledge on marketing techniques, and business principles and manufacturing industry practices.
- Good knowledge of federal, state and local regulations governing domestic and international trade.

- Ability to communicate clearly and concisely, orally and in writing, and to present comprehensive reports and analysis to the business groups, regulatory bodies and public agencies.
- Ability to establish and maintain effective working relationships with city departments, foreign officials, businesses, and other governmental entities and the public.
- Bilingual and bicultural (English and Spanish both orally and in writing), other languages acceptable: Chinese, Japanese, and Korean. Fluency in a third language highly recommended.

Minimum Qualifications

Bachelor's degree in business or public administration, economics, finance or related field, and five (5) years of professional business, economic development, marketing experience, international business experience, and includes 3 years of international manufacturing or trade, US manufacturing or maquiladora (production-sharing) industry in Mexico, or interstate commerce program administration.