

**JOHN F. COOK**  
MAYOR



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

**JOYCE WILSON**  
CITY MANAGER

**SPECIAL CITY COUNCIL MEETING MINUTES  
10<sup>TH</sup> FLOOR CONFERENCE ROOM  
AUGUST 24, 2009**

The City Council met at the above place and date. Meeting was called to order at 4:27 p.m. Mayor John Cook present and presiding and the following Council Members answered roll call: Susie Byrd, Emma Acosta, Carl Robinson, Eddie Holguin, Jr., Steve Ortega, and Beto O'Rourke. Late arrivals: Rachel Quintana at 4:29 p.m. and Ann Morgan Lilly at 4:45 p.m.

The following Ad Hoc Committee on Annexation members answered roll call: Suzy Shewmaker Hicks, Dan Olivas, Conrad Conde, Bill Sparks, Nick Costanzo, and Gary Sapp.

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1. Discussion and action on the City of El Paso's annexation policies and procedures.

Mr. John Neal, City Manager's Office, presented a PowerPoint presentation (on file in the City Clerk's office).

Representative Byrd questioned if growth is net new growth or relocation from other parts of town to the outskirts (migration assumption). Mr. Neal responded they could not figure out how to measure the migration assumption with any degree of precision. Representative Byrd then questioned how many people are served per regional command and asked if 150,000 residents was pushing the limits. Mr. Neal responded that the location of the new regional command is best suited to the far east side where growth is occurring.

Ms. Pat Aduato, Deputy City Manager of Development and Infrastructure, stated assessment is made at the point of annexation; and collection would be at the time of closing of the house and has been the City's customary approach. She stated the easiest way for assessment and collection is at time of the plat.

Mr. Dan Olivas asked when it would go into effect and if the 2004 study included commercial property.

Representative O'Rourke questioned the population of service area for the regional command center and asked if the Pebble Hills Regional Command Center served more than one area. Mayor Cook stated that was one of the reasons the new proposal pulls the regional command center out of the annexation calculations.

Representative Robinson asked if there was a grace period and if there should be one. Mayor Cook responded that would be an option but the current annexation policy would prevail with the City negotiating with developers on a case-by-case basis.

Ms. Suzy Shewmaker Hicks asked if the maximum amount per unit would be \$ 450; if there would be a lock box on funds that conceivably could be collected at closing of the property; and if there was a refund plan for infrastructure implementation not met and what the time line for the installation would be. Mayor Cook stated that typically, across the state, annexation fee collection is at plat filing.

Mr. Bill Sparks questioned from the prospective of the existing home owners if the City would use Certificates of Obligations or General Obligations to equip fires stations, etc. Ms. Aduato responded that maintenance and operation typically is not included in annexation fees.

Mr. Conde asked if the \$450 per dwelling unit including multi-family units. Mr. Neal stated that at this point, the City staff has not developed an equivalency formula for multi--family residential units.

Mr. Sapp questioned if the formula for determining annexation fees was predictable, if it was transparent as to who pays and who benefits, and if it was a pro-business policy sustainable over a period of time that promotes smart growth in El Paso. He stated that he likes that it is connected to traditional subdivision development code and would become a fully transparent process; that the outcome is not political, but rational; and it provides a more competitive business climate. He said the constituents Council represented are all existing taxpayers in the City of El Paso. He asked if claw back for developers would be appropriate and if capital deficits are being deferred down the road. He stated that every dollar not collected by developers at annexation is a dollar being paid for by existing El Paso taxpayers. He further stated the dollars need to be traceable and questioned if any landowning developer was going to turn down a reasonable, focused, taxpayer friendly annexation fee assessed at 100% of actual costs.

Mayor Cook mentioned that 34 fire stations exist right now and that all the taxpayers as a group paid for them and now the City was asking for the annexed residents alone to pay for a new fire station in their area.

Representative Ortega commented on Mr. Sapp's point of full recovery from developers for annexation. He questioned Mr. Neal's new lower figures for libraries and recreation centers. He asked how the reduced cost figure was arrived at and questioned if it was at a lower level of service. He stated the level of services to be maintained would be an optimal level of 75,000 and maximum level of 100,000 for the libraries and a population of 32,000 for the recreation centers. He questioned if the full recovery would be at \$340 as presented previously and Mr. Neal confirmed this.

Representative Acosta stated the City grows by 2,500 to 3,000 ever year which means approximately \$2 million in property tax revenues. She mentioned a considerable amount of work had been put into the cost figures for the annexation presented and was comfortable \$450 per dwelling unit. She stated new regional command for the El Paso Police Department is needed regardless of annexation as the existing demand justifies it.

Mr. Nick Costanzo stated the water and sewer impact fees would be collected at the time of the building permit.

Representative Byrd questioned why the same amount would be asked from all developers regardless of the area where development is occurring and regardless of the expense that location may represent (closer to existing communities and services versus is less expansive).

Mayor Cook asked if everyone could support reduced annexation fees of smart growth incentives be reinstated.

Representative Byrd questioned how much the new regional command center would cost and Mr. Neal responded \$6 to \$6.5 million.

Representative Ortega asked if \$450 would be the maximum annexation fee per lot. Mr. Neal responded the applicant could contest the validity of the charges.

Representative O'Rourke questioned the annexation fee tipping point for homebuyers raised the previous week by Mr. O'Leary and the opposite argument presented by Mr. Sapp and summarized the two points of view. He stated this was a tough line to negotiate. He commented that he approved of the Smart Growth incentive but worried about the transparency of the application for Smart Growth incentives and how they would be measured. Mr. Neal concurred this was staff's concern, the difficulty in measuring the application of smart

growth principles in determining a discount in annexation fees and this was why staff's recommendation is to apply Smart Growth principals to all developments to be annexed rather than apply a discounted fee for those developers who employ smart growth measures.

**PUBLIC COMMENT**

Mr. Richard Dayoub, President and Chief Executive Officer of The Greater El Paso Chamber of Commerce, questioned the timetable of assessment of fees. Mr. Neal responded it would be at the time of annexation. Mr. Dayoub then asked if a compromise could not be reached, if there was a Plan B and would it be involuntary annexation. He also asked about using Tax Increment Reinvestment Zone (TIRZ) or Tax Increment Financing (TIF) as a funding mechanism in lieu of annexation fees.

Mr. Charlie Wakeem echoed Mr. Sapp's sentiments and stated development and prosperity through sustainable development is good growth. He said the taxpayers are sick and tired of their taxes going up every time there is an annexation they must absorb. He mentioned there has not been sustainable development for the last 40 years and said all the City has gotten is rooftop jungles. He stated his belief was the best growth is through smart codes. Mr. Olivas objected to the "rooftop jungles" label. He stated the developers had followed the subdivision code and fingers should not be pointed. He said that when you impact new homes, you impact existing homes; prices go up in exterior, prices go up in the City's interior. He commented that he welcomed the positive dialog in the meeting and the participants looking for solutions.

Mr. Doug Schwartz stated that as it stands now, there is still no evidence development does not pay for itself and until proof of that, \$1 in annexation fees is too much. He stated that developers will just develop outside the City limits in the County.

Representative Quintana commented she likes the lock box approach – applying the fee to the same area.

Representative Byrd commented on smart growth reduction and how it would be applied to the annexation fee.

Mayor Cook outlined the three proposals and asked Council and committee to be ready the following Tuesday (September 1, 2009) for a compromised proposal.

Representative Robinson stated he felt an "us against them" feeling in the room and it bothered him. He stated we need each other and are in this together but we will not always get what we want. He urged a better sense of unity and common goals.

**NO ACTION** was taken.

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Motion made by Representative O'Rourke, seconded by Representative Ortega, and unanimously carried to adjourn this meeting at 6:04 p.m.  
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**APPROVED AS TO CONTENT:**

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Richarda Duffy Momsen, City Clerk