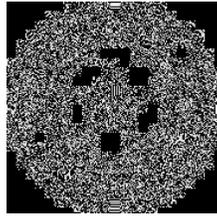


**JOHN F. COOK**  
MAYOR



**JOYCE WILSON**  
CITY MANAGER

**CITY COUNCIL**  
ANN MORGAN LILLY, DISTRICT 1  
SUSIE BYRD, DISTRICT 2  
EMMA ACOSTA, DISTRICT 3  
CARL L. ROBINSON, DISTRICT 4  
MICHEL R. NOE, DISTRICT 5  
EDDIE HOLGUIN JR., DISTRICT 6  
STEVE ORTEGA, DISTRICT 7  
CORTNEY CARLISLE NILAND, DISTRICT 8

**SPECIAL WORK SESSION MEETING MINUTES  
COUNCIL CHAMBERS  
NOVEMBER 3, 2011**

The City Council met at the above place and date. Meeting was called to order at 10:09 a.m. Mayor John Cook present and presiding and the following Council Members answered roll call: Ann Morgan Lilly, Carl Robinson, Michiel Noe, Steve Ortega and Cortney Niland. Late arrival: Representative Emma Acosta at 10:15. Absent: Representatives Susie Byrd and Eddie Holguin requested to be excused from the meeting.

**AGENDA**

1. Discussion and action regarding priorities for the State of Texas 83<sup>rd</sup> Legislative Session and work during the interim.

Mayor John Cook opened the meeting by asking State Representative Joe Pickett to give an overview of the financial and legislative situation at the state level. Representative Pickett reminded the City Council that whatever they identify as their state legislative agenda, it is just one legislative agenda that the elected state delegation receives. They also receive agendas from the County, school districts, hospital district. They try to find the common threads among the various agendas to advance in the Texas Legislature.

Representative Pickett expressed appreciation to both the City's in-house counsel, Sylvia Firth, and to the outside counsel, Snapper Carr, Brandon Aghamalian and Curtis Seidlits of Focused Advocacy Team, noting that he hears from them regularly regarding the City's concerns and initiatives. He told the City Council members that he also encourages direct communication from them to him regarding legislative matters.

Sylvia Firth, Chief of Staff for the Mayor, noted that all members of the state delegation had staff representatives present at this meeting and that our lobbyists also were present.

All participants then introduced themselves, including members of the audience.

Ms. Firth asked Council to set out their legislative priorities for the lobbyists and for the state delegation.

Brandon Aghamalian, Snapper Carr and Curtis Seidlits explained that they need City Council to tell them what they should focus on for El Paso and on what issues they should report back to the Council. The legislative issues are usually complicated legal issues. There needs to be a tight legislative story to tell for El Paso, a very organized story that other state delegations can grasp. The tighter and more disciplined and well researched the legislative message is the better chance it has of being heard and understood.

Mr. Carr requested that City Council members identify the issues they are struggling with and how those issues fit into the mission and goals of the Council.

Mr. Seidlits stressed to the City Council that the earlier legislative priorities are set, the better their chance of succeeding with them.

Mr. Aghamalian walked through the handouts he distributed (on file in the City Clerk's Office). He briefed them on the conservative opposition to the City's proposed parks district amendment on the state wide ballot for November 8, 2011.

Mr. Carr briefed Council on the 82<sup>nd</sup> Legislature Interim Charges issued by Lieutenant Governor David Dewhurst and House of Representatives Speaker Joe Straus.

Mr. Carr asked Representative Pickett to explain some of the interim charges given to the Committee he chairs, the Defense and Veterans Affairs Committee. Representative Pickett explained that the reduction of the military is a big issue that may affect El Paso. Freedom Crossing Mall is not doing as well as the military planned and the army is putting other similar projects in other communities on hold.

**Public Comment:**

Richard Dayoub, Director of the Greater El Paso Chamber of Commerce, advised City Council on the Chamber's work with Ft. Bliss on countering negative issues that may affect Ft. Bliss and on encouraging positive issues that promote Ft. Bliss. He informed City Council that we may be keeping the 1<sup>st</sup> Armored Division here longer than originally anticipated.

Mr. Aghamalian and Mr. Carr stated that each committee in the Texas House and Senate has been given two common charges:

- 1) Promoting manufacturing jobs and industry.
- 2) Increasing transparency in state government.

Ms. Firth went over unfinished business, issues that are ongoing from the last legislative session. She asked Council if she, the lobbyists and the state delegation should undertake a study on the sales price disclosure that affects the Central Appraisal District and the municipal court fees, specifically court costs.

Representative Acosta raised the issue of competition from New Mexico in recruiting for small business development, stating that New Mexico has a more attractive tax structure for businesses, so El Paso, on New Mexico's state border, loses new business to Santa Teresa and Las Cruces.

Mr. Aghamalian explained that the State of Texas is studying economic development effectiveness, what programs Texas has that work and what they cost. Each program is being studied for how many jobs it created and at what cost. Investment and job retention also need to be considered in that analysis. Last legislative session the Legislature passed a bill to create a blue ribbon committee to examine economic development.

Mr. Carr said we can ask that committee to look at the communities that border the US and Mexico and that border other states, like El Paso.

Representative Acosta gave an example of an alternative energy start-up company located in New Mexico instead of El Paso due to what the owner said was a friendlier business climate.

Ms. Firth explained we are competing across state lines and we need to explain that to the Legislatures. We are not Dallas competing against Houston or San Antonio competing against Austin where it is all in the Texas family. We are competing against Las Cruces and Albuquerque.

Mr. Aghamalian advised Council that the legislators need something more than a global problem feed. They need real, specific examples.

Representative Pickett recommended pulling in other affected communities, like North Texas and East Texas, that border other states in the same way El Paso did with the gaming issue. By involving communities on the New Mexico, Louisiana and Oklahoma border that will embrace more legislators in the effort, maybe twenty five legislators rather than just our five El Paso legislators.

Representative Acosta stated that the environmental laws in New Mexico are more lax.

Representative Pickett advised Council to be prepared for the other side of the argument: nationally Texas is where everybody wants to come due to tort reform in the state, no personal income tax. These features are very attractive to companies.

Representative Acosta summarized some of New Mexico's environmental laws.

Representative Pickett gave examples of where in Texas the laws are tougher environmentally.

Mr. Aghamalian stated that cities are the leading drivers of economic development in the state. Ft. Worth took an issue to the legislature about attracting large capital investments and they were supported by the legislators. If communities hope to succeed with their economic development legislation, they need to bring forth very specific projects, not general ideas.

Representative Ortega congratulated Mayor Cook on preparing a meaningful list of legislative issues. He advised his fellow elected officials to focus on game changing issues. He named three: 1) Bridge crossing and wait times; 2) Medical Center of the Americas Development; 3) Military base evolution. He said the federal government is going to expect communities with major military installations to start picking up some of the slack.

Ms. Firth told the Council that this is what she and the lobbyists are looking for—a handful of issues to concentrate on and advance through the legislative session.

Representative Acosta stated she wants economic development to be one of the designated game changing issues. Unemployment is over 10% and that is a big issue for El Pasoans.

Mayor Cook said the City could focus on the state's blue ribbon committee on economic development to get other delegates on board for the economic development issues.

Representative Steve Ortega commented that Texas is an oil and gas state and is unlikely to change that in favor of legislation promoting alternative energy.

Representative Cortney Niland said that pension reform is necessary. She asked Council if they stand united on that to support the rest of the state. She also said that we need to let the state's blue ribbon committee know that we are a manufacturing town. She ranked priorities.

- 1) Representative Niland agreed that the ports of entry and wait time are priority # 1
- 2) Medical Center of the Americas (MCA)
- 3) Riders that need to be reversed such as military riders that are impeding us.

Representative Pickett and Mr. Carr stressed to the Council how imperative it is that we let other cities know that we support their issues.

Ms. Firth asked the Council to provide four or five game changer issues. Regarding Medicare/Medicaid Rembursement and MCA development, the City traditionally has been in a support role because the City has not been directly affected. However, if the issue is framed as an economic development issue, a physician recruitment issue, we may have more success advancing it. The "we are a poor community" message has not worked.

Representative Carl Robinson stated that we first need to examine our internal City policies that are adversely affecting new business development before we point fingers at State policies.

Representative Robinson questioned how we are addressing code enforcement. Tires are an issue requiring more stringent legislation and enforcement.

Mayor Cook suggested that we change the TXDOT rules as to incorporating tires into road construction.

Representative Pickett explained that is easier said than done. He advised the City to accept the tires for free. He had tried to make TXDOT use a percentage of chrome, glass etc. in their composition but it was too expensive to implement. Local legislation does allow the City to accept tires for free. It may be possible to ask the State to back off on some of the Texas Commission on Environmental Quality (TCEQ) for us.

Representative Robinson explained that the majority of the tires causing the problem are commercial tires.

Representative Niland expressed that she wants to leverage our local strength on the game changer issues we share with the State.

Mr. Carr commented on the pension issue. Across the state while some pension policy issues are the same, the particulars of those pensions and how they are structured are different. There are a variety of pension plans. What can be done is to find the common thread, seek it out constantly, and try to leverage support among cities, counties and state on that common thread.

Mr. Aghamalian said that regarding the pension issue he knows that Representative Pickett has a close working relationship with the chairperson of that committee, Representative Vicky True. We need to involve her in our issue early and often.

Mr. Carr stated that he sees an economic development element within each of the policy issues Council has identified.

Mr. Aghamalian said that he knows Mayor Cook has tasked the City's federal lobbyists with the bridge wait time issue, also. Mayor Cook explained that the freight shuttle operation at the bridges is going to be discussed with Homeland Security Secretary Janet Napolitano. Ms. Firth said that the freight shuttle issue also is a state issue because we will need to utilize TXDOT right of ways.

Mr. Dayoub of the Greater El Paso Chamber of Commerce informed the Council that he had asked Representative Dee Margo and others to bring the chairpersons of the various State committees of the legislature to El Paso to show them what we are doing, what we need and how they can help us.

He said that the Chambers of the "big eight" Texas cities took on pension reform during the last legislative session and they intend to bring it up again in the upcoming session.

Mr. Aghamalian observed that Representative Naomi Gonzalez also is on that committee. He warned the Council to be ready for hand to hand combat because public sector retirees, employees and unions are gearing up in opposition.

Mr. Carr agreed, noting that there are strong, countervailing forces on the pension reform issue.

Representative Ortega asked how many key priorities should be designated.

Mayor Cook stated there should be three or four.

Mr. Aghamalian said that three is ideal, and there should be no more than five.

Mayor Cook asked each Council member to review the legislative priority list and identify three or four top ones.

Representative Noe discussed the Medicare/Medicaid reimbursement issue. He stated that if anything breaks this nation, he believes it will be the cost of health care. We have two choices 1) Limit payments to health care providers; 2) Limit services provided to recipients. He noted that Medicare recipients vote. Medicaid is making huge cuts and more are coming. Our City is listed as a "rural" community and it gets less of the reimbursement from the programs. This burdens property taxpayers; it hinders physician recruitment; it hinders the recruitment of specialists. El Paso has such a huge Medicaid base that the reimbursement issue is more impactful than in more affluent communities. We need to fight to get the Medicaid reimbursement up so as to recruit physicians to the community and to bolster the health care efforts of the Medical Center of the Americas.

Representative Acosta asked if we need to change our categorization as a "rural" community.

Mayor Cook said that in Dallas the Medicaid base is 15-20%; in El Paso it is 55%.

Representative Noe said it is our responsibility to make sure our citizens get health care.

Lawrence Collins, lobbyist for Lawrence Collins and Associates, explained that across the state all communities want higher Medicaid reimbursement. The research he has seen does not show disparities in reimbursement for El Paso as opposed to the rest of the state. It is the huge Medicaid base, the higher percentage of Medicaid patients, that makes the difference.

Representative Pickett asked Mr. Collins to explain to the Council where those Medicaid dollars come from. If our reimbursement for El Paso goes up, who in the State is also affected?

Mr. Collins answered that other parts of the state would get less money in their reimbursements if we get more. Dallas, San Antonio, Austin, etc. will fight us for this reason that it will affect them adversely.

Representative Noe noted that while it would affect these cities, it would affect them less.

Representative Pickett advised the Council to change the argument and focus on the percentage of doctors who accept Medicaid.

Bertha Gallardo from Las Palmas/Del Sol hospitals, said that the fee for service was going away. El Paso's population is one third Medicaid/Medicare, one third uninsured and one third private insurance. We have been dinged in the Medicaid reimbursement because of the percentage of services received by our citizens across the border in Mexico. We need to re-examine the way the utilization has been calculated. Now due to the violence in Juarez, fewer El Pasoans are seeking medical care there.

Representative Pickett advised the City Council that we need to be able to explain what we are doing here to get more people insured. That issue must be addressed if we expect the State to pay attention to us.

Mr. Aghamalian stated that this is a long term issue, very long term. Both he and Mr. Carr have been asked to begin looking at it. Bill analysis is important such as with SB 1220. The lower Rio Grande Valley communities share our issues. There are a whole lot of stakeholders involved. If we expect to be heard we need to tell the state legislators a compelling story and it needs to be a different story than we have been telling.

Rick Glancy from Sierra/Providence hospitals explained the strategy he believes is necessary with the legislators.

Mayor Cook said we need to pull all the player together. It is an issue that probably will not be solved this legislative session.

Representative Pickett told the Council that we probably need a third party analysis. We are too close to the issue. The bottom line is that there will be a huge fight if we are trying to take away Medicaid money from other Texas communities.

Mr. Seidlits advised Council that we all need to remember what stadium we are playing in. The newly elected legislators are unlikely to raise Medicaid reimbursement.

Representative Noe said that our local hospitals may fight it because their corporations may lose more at their hospitals in Houston or Dallas than they would gain here at their hospitals in El Paso.

Mr. Carr urged the Council to conduct their due diligence, with the lobbyist team, to determine what the appropriate role is for the City in this issue.

Mayor Cook asked Representative Noe if he would take a leadership role with the Chamber of Commerce' Committee on this issue.

Representative Acosta asked the Council to leave the Medical Center of the Americas and economic development as key game changer issues, breaking out the Medicaid reimbursement issue.

Mayor Cook volunteered to engage himself with the Arms Committee of the Chamber on issues regarding Ft. Bliss. Mr. Dayoub said he welcomed the Mayor's participation.

Representative Robinson also asked to be included on that committee.

Representative Acosta said she wants economic development to be highlighted as a key point on each of the legislative priorities.

Mr. Aghamalian listed the top issues:

- 1) Ports of Entry and bridge crossing wait times.
- 2) Transportation and transportation funding.
- 3) MCA and economic development
- 4) Military issues
- 5) Economic development with an emphasis on manufacturing.

Representative Pickett questioned the Ports of Entry and how the State comes in to play with them. Representative Ortega said he wants good communication between the City's state and federal lobbyists on the Ports of Entry.

Representative Lilly questioned the general fund dedicated fund accounts and their usage. Representative Pickett explained how they work.

Representative Niland elaborated on the top five priorities. She would like to remove the military rider on the utility bills. She would like to see pension reform listed as a priority. She wants to emphasis how ideal we are for the automotive industry.

Mayor Cook stated that REDCO hired a consultant to examine our feasibility as the location for an automotive plant. The consultants concluded we are not a good location due to the channels of transportation. However, we can be a good location for facilities that make automotive engines and transmissions.

Representative Niland asked if transportation and the ports of entry priorities were duplications.

Mr. Carr explained it is transportation funding.

Representative Pickett spoke about local options for transportation funding. He said they may have a better chance of passing in this upcoming legislative session because the State has no more money. They probably will have to commit to local referendums. He advised the Council to approach directly the decision makers in the state: the Lt. Governor, the Speaker of the House and the Governor. TxDOT's budget may be cut to \$12 billion from \$18.64 billion, wiping out construction projects and the companies, jobs and economic development that depend upon those projects. He stated that the State will not increase the gas tax and there will be no more borrowed money.

Mr. Seidlits urged the Council to get local businesses and business leaders to talk to the three top elected state officials regarding local option funding.

Mr. Aghamalian reiterated to the Council that if they tie the discussion to specific, well thought out economic development projects, the discussion goes on a little longer at the state level.

Mayor Cook asked for additional public comment. There was no addition public comment.

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The meeting was adjourned at 12:07 upon the loss of a quorum.  
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APPROVED AS TO CONTENT:

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Richarda Duffy Momsen, City Clerk