

Texas should take the lead and address healthcare  
By Mitchell Schnurman

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\* Texas' per-capita spending on care and doctors and nurses ranks near the bottom in the nation.

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Reforming healthcare and extending insurance to millions of Americans is a daunting task, politically and economically, which is why the federal government bailed on the subject more than a decade ago.

But at least some states are trying.

Last week, California Gov. Arnold Schwarzenegger introduced a sweeping plan to provide universal health coverage for the country's most-populous state. The plan faces opposition because it dings just about everybody, including doctors, hospitals and small businesses.

Massachusetts and Vermont passed measures last year so every resident could have insurance, and Maine was the first to do so in 2003.

This year, according to the National Conference of State Legislatures, leaders are poised to act on healthcare in at least nine states, including Florida, Colorado, Indiana, Ohio and New Jersey.

Then there's Texas, distinguished not only by its lack of ambition on healthcare but by the depth of its problems. In this state, 1 in 4 residents has no health insurance, the highest level in the country and considerably higher than California.

That means 5.6 million Texans go without coverage for the full year, and an estimated 8.5 million are "naked" at some point, often between jobs.

In other measures of health, such as per-capita spending on care and the number of doctors and nurses, Texas ranks near the bottom in the nation.

That combination of limited access and care has to be a drag on the economy, and it should be an embarrassment to a state that considers itself

a powerhouse. Yet we've heard little from the governor, the Legislature and most other lawmakers in Austin.

There are proposals to capitalize on a federal insurance program for children, largely because the feds match state spending by more than 2-to-1. And Gov. Rick Perry plans some things.

But healthcare isn't prominent on this year's legislative agenda, and as for the idea of extending coverage to everyone or requiring that all businesses offer health plans to workers — no chance of that in Texas.

"It's such a large problem, and it's so complex that most politicians stay away from it," says John Hawkins, vice president for government relations of the Texas Hospital Association. "The Texas Legislature has a history of not tackling big problems until the courts force them to. Even in the face of public opinion, they won't act until their backs are against the wall."

This is a matter of leadership and political courage, in my view. We have the option of waiting for other states to experiment and find workable solutions or to wait on the federal government to impose new rules.

That seems to have been our tack on other issues, such as the minimum wage, as well.

But on healthcare, we have more at stake than just about anyplace. And it's not as if the uninsured go without care; the costs are simply borne by providers, the government and the majority of employees who pay for insurance.

By one estimate cited by Schwarzenegger, the average family pays \$1,186 a year in higher premiums to cover health costs for the uninsured. Other studies have put the number closer to \$1,500 annually.

The cost to hospitals is huge. In the Metroplex, hospitals provided almost \$2.3 billion in uncompensated care in 2005, according to a State Health Services Department survey. That's up 53 percent since 2000.

John Peter Smith and Parkland Memorial hospitals, widely used by the poor, accounted for almost half the total.

But Harris Methodist H.E.B. reported almost \$123 million in uncompensated care, more than the Harris hospital in Fort Worth, the [www.engadget.com](http://www.engadget.com) survey says.

The humanitarian motive for reforming healthcare is compelling, but politicians are banking on economic arguments.

The uninsured usually don't get preventive care, which increases medical costs. And when they're sick, they often go to the emergency room, which also increases the expense.

Schwarzenegger gave this example: To treat a patient with strep throat costs \$91 at a doctor's office; in the ER, it costs \$328.

He said that more than 60 emergency rooms closed in California over the past decade because they couldn't keep treating people without insurance. Last week, closer to home, the Medical Center at Terrell announced that it is closing in 60 days, citing almost \$5 million in uncompensated care.

The hospital had 14,000 outpatient visits in 2006 and about the same number for the emergency room, according to the Terrell Tribune. Almost 30 percent of the hospital's charges were unpaid, the top executive said.

The Texas governor plans to offer some proposals on healthcare in the next few weeks, spokesman Ted Royer said.

But most observers don't expect sweeping suggestions, certainly nothing similar to California or Massachusetts.

"They'll be distinctly Texan because we're a different state with different challenges," Royer said.

Texas lawmakers almost always favor small government and market solutions. But healthcare clearly needs public help financially and structurally so more people can get into the system.

Most Texans work for small companies, but only 37 percent of small firms offer health insurance. Because most employees can't afford even that, just over one-third enroll in the small-company plans.

And even though many believe that immigrants are the main cause of the high number of uninsured, that's not the case. Remove legal and illegal immigrants from the total, and Texas would still have the highest percentage of uninsured, says the Center for Public Policy Priorities in Austin.

Kirk Watson, a former mayor of Austin and recently elected state senator, says he plans to work on healthcare in the current session. He's a cancer survivor, and his 17-year-old son has diabetes. He says they both lead

normal, healthy lives because they were able to get the healthcare they needed.

"We're talking about good economics and good humanity," Watson says. "It's important for the state to take this on. If we do it right, we can save money and save lives."

Some Texas officials have been warning about a looming crisis. A year ago, a large task force that included universities, businesses and policy experts produced "Code Red, the Critical Condition of Health in Texas."

The report recommends that all Texans have access to adequate healthcare; proposes fees on hospitals and surgical centers; and says the state should conduct experiments in healthcare delivery and funding.

"Now is the time for Texas to take bold steps," the report concludes.

Leaders in other states have reached the same conclusion and have started to act. We deserve the same in Texas.

Mitchell Schnurman's column appears Sunday and Wednesday. 817-390-7821 [schnurman@star-telegram.com](mailto:schnurman@star-telegram.com)

## IT HURTS TO SEE RADIOSHACK TURNING AS RECLUSIVE AS ITS CEO By Mitchell Schnurman

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\* Julian Day may harm the company's legacy as much as he helps its bottom line.

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In late March, Bass Hall hosted an inaugural, black-tie event to honor the most important real estate projects in downtown Fort Worth. RadioShack was a winner, cited for its modern, parklike campus on the Trinity River.

When RadioShack's name was called, Nina Petty strode to the stage to accept the award, and many in the audience were stunned. Although Petty had been a key player in building the headquarters, she hadn't worked at RadioShack for eight months.

Petty played her part gracefully, but the snub was unmistakable. Downtown Fort Worth Inc. was holding its version of the business Oscars, and one of the stars — a cornerstone of civic and social life for generations — didn't bother to show up.

This is RadioShack today: a shrinking public company and a withering corporate citizen.

Since Julian Day arrived in July, RadioShack has gone virtually underground, led by a chief executive who shows no interest in becoming part of the community. Day has rejected invitations to meet with the business elite and speak to area organizations. Many local leaders who make the rounds of area events say they've never seen him.

Day has granted no on-the-record interviews and even barred reporters from this week's annual meeting, which for years served as a pep rally to show off RadioShack's latest gadgets.

Day's seclusion is fueling speculation — and local fears — that he's a short-timer who's dressing up RadioShack for a sale. He could net a huge payday, return to his Montana lake house and take comfort in the fact that

shareholders benefited immensely from his brief stay, even if Fort Worth is worse off for it.

That may seem defensible, given that public companies are supposed to maximize their return to investors. But the best enterprises — those built for the long haul — serve many stakeholders, including employees and their hometown.

Even when American Airlines was on the verge of bankruptcy, the company and its leaders never withdrew from the community in the way that RadioShack has.

This isn't just about altruism. It's good business, at least over the long term, because it fosters better morale among employees and good will with the neighbors. Most CEOs know this intuitively.

This week, for instance, Ralph Babb of Comerica Inc. is coming to the Metroplex and giving a speech about his bank's growth strategy for Texas. Comerica is relocating its headquarters to Dallas from Detroit, and the move won't be complete until fall, but he's already reaching out.

At some companies, Day's isolationism would go unnoticed. It's striking here, because RadioShack has been Fort Worth's leading corporate patron for decades, with a civic commitment rivaled only by the Bass family.

RadioShack's longtime leader Charles Tandy jump-started downtown's revival in the 1970s. He teamed with Sid Bass to bring Fort Worth a first-class hotel, and the company built the Tandy towers, an enclosed shopping mall and subway line.

When John Roach was CEO, he spearheaded major public initiatives on education and the arts, and he was a force at Texas Christian University. More recently, Len Roberts pushed for the riverfront campus, recognizing that it could become a catalyst in the Trinity Uptown project.

That legacy of leadership was one reason that city and county leaders were willing to cough up \$96 million in public incentives for RadioShack's campus. It was unthinkable that RadioShack might not be part of downtown Fort Worth.

In addition to the jobs and the bricks and mortar, the company and its employees were consistently among the most generous contributors to the United Way, the symphony, the museums and the Van Cliburn.

That's all in retreat now, in part because RadioShack is struggling financially and has laid off about 800 downtown workers in the past year. RadioShack gave \$764,325 to the United Way in 2006, a significant amount — but less than half as much as the previous year and far less than the \$2 million it gave five years earlier.

When RadioShack officials said that Day had to focus on fixing the company — and couldn't spare the time to hobnob with local leaders or talk with analysts and reporters — people understood.

But Day has been here for nearly a year now, and he's still practically invisible. And the company has taken on his public persona.

This is where I usually write that the CEO has declined a request for an interview. Except that RadioShack's media-relations people don't actually decline anything these days. They sent an e-mail with a perfunctory "thanks for your interest" and "we have nothing further to add," as if they'd said anything of any substance at any time in the past six months.

RadioShack has repeatedly stonewalled reporters as more bad news spills out of the place, and no one doubts that the attitude comes from the top.

Day may be doing a fine job of cutting costs and doubling the stock price, but is this any way to rebuild a company? Or to lead it?

The current issue of Fortune magazine declares that Business is back! — fully recovered from the fallout of Enron and the dot-com meltdown. Executives are asserting themselves again in public debates, urging expanded healthcare coverage, more sustainable products and environmentally friendly practices.

"Now CEOs are standing up and speaking out again," the magazine cover says.

Someone should send Julian Day a copy, in case RadioShack canceled its subscription.

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## IT'S AN IDEA THAT DESERVES OUR SUPPORT

By Mitchell Schnurman

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\* Why stick with the original design for TCC's downtown campus? It's simply grand.

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Ed Bass is so determined to change the plaza design for the new Tarrant County College campus that he bankrolled a peer review, offered to rustle up money to buy the block, and even urged trustees to hire another architect to finish the job.

Enough, already. It's time to tell Bass no.

Not because he's so late to the game, and not because changes would mean more delays and expense.

TCC's board should reject the downtown developer's proposal on the merits. The original design by Vancouver architect Bing Thom is simply better, much better, than anything Bass and his consultants have offered up.

Thom's design for a campus entry does what it aims to do: dramatically and elegantly, it turns the Trinity River into a vital part of civic life downtown. That's design job No. 1.

It also recognizes that there are much better places for the kind of plaza that Bass wants to see, including in the middle of his Sundance Square district, about four blocks to the south.

Finally, the Thom design brings a bold new architecture and attitude to central Fort Worth, just when the city is trying to stretch beyond its traditional styles and borders.

So why hire a world-class architect to do a groundbreaking project and then change his design?

Thom was put on the defensive in mid-June, after Bass brought in a group of outsiders to review his plan — months after construction began and after a 70-foot hole had been dug into the Trinity bluffs. The panel proposed scrapping Thom's entrance and installing a more traditional street-level plaza that could accommodate concerts, sporting events and the like.

That sounded reasonable; one of the critics said it was so obvious that the panel didn't even struggle with recommending an overhaul.

But at a public hearing last week, Thom explained his design in more detail, showed slides and responded to the consultants' suggestions. In my view, the arguments for sticking with the original design were overwhelming.

No. 1: It's all about the river

Thom's vision for redevelopment along the Trinity has become an inspiration to local leaders and residents, and it's behind the sweeping plan to revitalize the city's north side.

The river was neglected for years, but Thom saw it as a great underutilized asset that could be turned into a focal point. That idea was the genesis of the Trinity River Vision, which helped attract the riverfront headquarters of RadioShack and Pier 1 Imports.

It was also the deciding factor in TCC putting a new campus on both sides of the Trinity, literally and figuratively linking two disparate parts of the community.

The plaza being challenged is on the south side of the river, next to the central business district. In addition to being a grand entrance, Thom designed the space so it would draw visitors down to the river — and bring the river into downtown.

To make it work without relying on elevators and escalators, Thom stretched the walkway from Weatherford to the pedestrian bridge, with a series of descending steps that will take visitors under Belknap.

The slope is gentle enough to be navigated by pedestrians and moms with strollers.

Detractors argue that people won't walk down into anything, especially a sunken plaza that goes beneath a three-lane street like Belknap. But look at Thom's illustrations of the walkway: the spaces are large, airy and bright.

They're inviting, not intimidating. There are places to stop and linger, with benches built into a shallow pool that runs parallel to the walkway.

Who couldn't imagine students and visitors cooling off there?

The open space under Belknap is 60 feet by 60 feet and 24 feet high, and bathed in sunshine at both ends.

"It will be a very pleasant connection," Thom said at the TCC hearing, comparing crossing under Belknap to threading a needle.

Last month, Bass' experts put together two other approaches for the campus entrance, and Thom showed what they would look like to visitors. The views weren't even comparable.

"You don't have a sense of the river," Thom told the audience.

And isn't that the idea?

No. 2: There are much better places for a public plaza

In its strategic action plans in 1983, 1993 and 2003, Fort Worth identified its ideal location for a central plaza: a couple of city blocks, now covered with parking lots, in the middle of Sundance Square.

The city regularly uses this location at Third and Main for concerts, holiday programs, even boxing matches. It's surrounded by restaurants and stores, and there's a lot of foot traffic, nice oak trees and the Chisholm Trail mural.

The adjacent roads generally have limited, slow-moving traffic, and drivers are accustomed to pedestrians.

About four blocks to the north is the TCC plaza site. Thom's team said it didn't make sense to design a public square that competed with such a great location in Sundance.

The central plaza hasn't been built, because the Bass family doesn't own all the land on the two blocks. The other owners have resisted selling, but ultimately the space seems destined for that use.

Thom envisions a second major public square on the north side of the Trinity, next to the vacant TXU plant. That's across the street from TCC's north campus, and Thom's vision is reminiscent of a great gathering spot in Vancouver.

Thom wants it to be built on a wide boardwalk along the water, and he sees it as another potential world-class plaza, on a par with the Sundance plans.

As a gathering spot, TCC's entry plaza could never rival those two locations. It doesn't have the next-door retail and, much worse, it's surrounded by busy roads.

Belknap and Weatherford, the city's key east-west arteries to Interstate 35W and Texas 121, are adjacent to the plaza site. They're almost always crowded, and they're jammed during rush hour. Commerce, which feeds into North Main and is a key passage to the north side, abuts the western edge of the block.

Traffic, noise and safety issues make the area much less attractive for a street-level plaza. In that setting, isn't it better to step down from the street, away from the cars, and enter a protected space that leads to the river?

That's what Thom's design tries to do.

No. 3. Trust your architect, and celebrate the differences

Near the end of TCC's hearing last week, a speaker urged trustees to stay with Thom's design.

He said that changing plans and adding a new architect would only add more delays and costs, and probably create more dissent anyway.

Some people like Rembrandt, he said, and some like Picasso.

Thom offered a similar take, saying that each architect brings his own approach, analysis and attitude. One isn't necessarily right and the other wrong.

Bass usually taps architect David Schwarz, whose downtown Fort Worth designs look like the classic architecture of decades ago. They fit quite well into Sundance Square's Western look, but Thom's bold, contemporary design for the college is a wonderful contrast.

Bass' idea of a public plaza — a parklike setting with lawn and trees, and places to eat and gather — would be right at home in the middle of Sundance.

But why not embrace an entirely different experience with the TCC space, just blocks away?

As a kid, remember the feeling of walking down a hilly woods toward a river? The way you descend gradually, passing trees and moving through patches of shade and sunlight? As the noise fades and the temperature drops slightly, you can glimpse the water — and feel the thrill.

Thom is trying to re-create that mystery and surprise in an urban setting, surrounded by skyscrapers, busy workers and lots of traffic.

Some people may have a different idea about how to maximize the space, and that's fine.

But Fort Worth is big enough for more than one vision, more than one architect and more than one kind of plaza. We'll all be richer for it.

Mitchell Schnurman's column appears Sunday and Wednesday. 817-390-7821

## CITY LOSING BUCKS BY OUTSOURCING GAS-LEASE WORK By Mitchell Schnurman

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\* Fort Worth should stop paying an outsider to manage its mineral rights. A million here and a million there, the fees start to add up.

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Fort Worth may be sitting atop a fortune in natural gas, but that's no excuse for not minding the money.

For more than two years, the city has been paying through the nose to outsource its dealings in the Barnett Shale. Instead of doing most of the work in-house, it hired JPMorgan Chase to handle gas leases and monitor royalty runs.

Here's the kicker: It's paying a management fee based on a percentage of revenue, rather than an hourly rate — a costly mistake, given the run-up in local mineral rights.

In the past two years, the city has paid \$1.9 million in fees to JPMorgan, with \$1 million more likely due in a few months. If the contract remains in place over the long term, the city's tab could reach \$30 million.

Meanwhile, other public entities with major gas reserves, such as Dallas/Fort Worth Airport, the Tarrant Regional Water District and the city of Arlington, are paying far smaller amounts to outsiders. Their employees do much of the work, and they hire experts on a project basis.

Like the state of Texas, which does a huge business in mineral rights, they've decided not to give away part of a revenue stream that could run for 30 years.

Fort Worth has brought in \$31 million in natural gas revenue. Compare its revenue and spending with Arlington's: It signed gas leases worth \$42 million and spent \$386,000 in outside fees.

Fort Worth and JPMorgan both defend the high-dollar arrangement.

"You get what you pay for," says Paul Midkiff, managing director at JPMorgan and the point man for gas work for the city. "Arlington may end up with more problems than they understand. There's more to it than just getting a lease signed."

JPMorgan gets 5 percent of the signing bonus for the leases it arranges and 4 percent of the annual royalties from the gas itself. Fort Worth officials say they're pleased with the arrangement.

"The city could not have generated the same amount of revenue without JPMorgan Chase expertise, knowledge and the respect they command in the gas leasing industry," Engineering Director Doug Rademaker said in a statement.

The city's endorsement has helped the bank land other public clients. Tarrant County and the Fort Worth school district have agreed to the same commissions on bonuses and royalties. And Midkiff says that Euless, North Richland Hills and several nonprofit groups signed deals for bonuses alone.

Midkiff says he provides many services for a city. He coordinates the bid process, evaluates offers for their effects on the community and, perhaps most importantly, cuts through the "analysis paralysis" that often grips government.

"Fort Worth has been signing lease deals for two years now, because they hired me," he says. "Tarrant County didn't make a single deal, but I've already done five this year. The benefit of hiring me is, you get somebody to push through the bureaucracy and do it right."

By all reports, Midkiff is a competent guy, who has done a fine job in getting top dollar for Fort Worth. My beef is with JPMorgan's fees. Couldn't Fort Worth get expert help on gas leasing — maybe even Midkiff's help — for a fraction of the cost?

Midkiff says the work is too hard for him to accept an hourly rate: "I wouldn't do it," he says.

But he did agree to serve as a consultant to D/FW Airport for a one-time fee. And JPMorgan monitors D/FW's royalties for a flat \$100,000 a year.

"It wouldn't be fair to expect 4 percent on the amount of gas that D/FW is generating," Midkiff says.

OK, but Fort Worth isn't exactly chopped liver. The city says its natural gas revenue will total \$742 million over the next 20 years.

Midkiff says that managing Fort Worth's project is more complicated than D/FW's. The city has dozens of leases, several drillers and a wide range of properties, from small street corners to big acreage under water-treatment plants. That's more labor intensive.

Maybe, but is the work 10 times tougher — or 20 times?

Fort Worth can drop the JPMorgan contract with 45 days' notice, and it's disheartening that the staff hasn't proposed that already.

Hiring JPMorgan may have made sense in March 2004, when the deal was struck. Payouts hadn't soared yet, and city leaders and staffers were worried about their lack of industry knowledge.

They still say they don't want to get into the oil and gas business, but that line sounds timid and tired today. We're not talking about wildcatting here. Being a royalty owner is not that daunting.

Neighborhood groups in Tarrant County are regularly winning great lease deals by simply using volunteers and a legal review. Perhaps Fort Worth should hire a gas administrator, a position that D/FW is advertising for right now.

But somebody at City Hall has to get a lot more thorough on the subject. In September 2003, the staff recommended hiring a private management firm for gas leasing, and Rademaker showed the City Council a chart comparing the costs of an outside firm versus using city staff.

The outsiders would cost 28 percent less, he said.

The decision looked like a no-brainer, and the presentation was finished in 10 minutes, with almost no discussion.

Unfortunately, the chart projected costs for only two years, which is akin to choosing an adjustable-rate mortgage based just on the teaser payments. The really big bucks — on ARMs and this deal — are on the back end.

The staff also underestimated the revenue by a huge amount. It assumed a signing bonus of \$500 an acre, the prevailing rate at the time; the city's latest deal topped \$17,000 an acre. Prices of natural gas have surged since then, too, and the wells have been more productive than expected.

Higher bonuses and more gas revenue translate into much higher fees and change the equation entirely.

Maybe the staff and elected leaders couldn't know all this then. But they can't miss it now.

Gene Powell, who's been in the oil and gas business for 42 years, has criticized the city's gas-management deal from the start. He writes the Powell Barnett Shale Newsletter and says his readers include about 50 financial analysts.

"They're always asking me, 'What's the best deal you've ever seen in the Barnett Shale?'" Powell says. "That's easy: JPMorgan's contract with the city of Fort Worth."

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