



EL PASO · DISTRICT 1

PLATFORM NO. 06 · AUGUST 2026

CITY OF EL PASO - ROADWAY & INFRASTRUCTURE POLICY PLAN

Built on Credit

El Paso Bonds Its Roads. You Pay the Interest on Your Property Tax Bill.

Leadership that is not afraid
to fight for its people.

PRINCIPLED. EXPERIENCED. PROVEN.

It's time to elect leadership that will make the city work for its people again.



MJK26

MATTHEW JAMES KOZIK · DISTRICT 1

“New growth should pay its way on our roads, the same way we already require it to on water — not existing residents footing the bill for other people’s new subdivisions.”

“El Paso builds its roads on credit, and you pay the interest through your property tax bill. When a developer puts a new subdivision on the edge of town, the arterial it needs gets bonded — and you make the payments for the next twenty years. This charges the developer instead. No new fee on your water bill, no monthly charge, no tax increase. Just a smaller credit card.”

Executive Summary

El Paso funds street capital with debt. That is not a criticism; it is the City's stated practice — street repairs have been funded largely through certificates of obligation, which require no voter approval, and general obligation bonds that do, including the \$237 million allocated for street repaving, reconstruction and lighting in the 2022 bond. Both instruments are repaid through the interest-and-sinking portion of the property tax rate, which means existing taxpayers carry the cost of roadway capacity built for new subdivisions on the city's edges. Roads are worse than water in one specific respect: there is no outside money coming. State gas tax revenue does not flow to the city at all, and county vehicle registration fee revenue is legally restricted to projects directed by the Camino Real Regional Mobility Authority. Local streets must be funded entirely from local revenue. The scale of the shortfall is not in dispute — the City budgets about \$10 million a year for street maintenance against roughly \$75 million a year needed just to hold pavement condition steady, a gap of about \$65 million annually; more than 52 miles of city streets are already past the point resurfacing can fix; and the network of more than 6,100 streets and over 2,400 centerline miles, a public asset valued at roughly \$3.6 billion, is about half rated fair to very poor, with only about one in five residents satisfied. Chief Financial Officer Robert Cortinas has said plainly that relying on property taxes is not sustainable and that issuing debt is not sustainable either. This plan supplies the third option he did not name.

The instrument is a Roadway Impact Fee under Texas Local Government Code Chapter 395, charged once to developers at building permit in designated growth service areas — no existing homeowner pays anything, and there is no household monthly charge of any kind. The chain to a lower tax bill is short: capital paid in cash is capital the City does not borrow against, debt not issued is debt service never owed, and debt service not owed is tax rate not levied. Using the City's own conversion, shifting \$10 million of growth-driven roadway capital off City debt avoids about \$769,000 a year in debt service, worth about 0.14 cents of rate or roughly \$3 a year on the median homestead, permanently; \$70 million over a five-year capital plan approaches a full cent, roughly \$20 a year. The interest is the part people miss — borrowing \$10 million over twenty years at 4.5% means repaying roughly \$15.4 million, about \$5.4 million of pure interest on top of the asphalt. Chapter 395 already grants the authority and no new state legislation is required, but the 2025 amendments changed the terrain: adoption now requires a two-thirds vote of the governing body, which is the binding political constraint given that the May 2024 water impact fee increase passed 5–3; roadway service areas are capped at six miles and confined to city limits, with roadway fees barred in the extraterritorial jurisdiction entirely; developer-built roads must be credited, which matters because El Paso already imposes proportionate-share obligations under Title 19; and a ten-year phase-in is now expressly authorized. The sequencing follows from that: commission the study first, let it produce a defensible growth-cost number, and put the vote after the number exists rather than before.

1. What This Saves Taxpayers

WHAT THIS SAVES TAXPAYERS

THE MECHANISM, IN FOUR STEPS

El Paso funds street capital with debt. That is not a criticism; it is the City's stated practice. In recent years street repairs have been funded largely through **certificates of obligation** — debt that **does not require voter approval** — and **general obligation bonds** that do. In 2022 voters approved a bond package allocating **\$237 million** for street repaving, reconstruction and lighting. **Both instruments are repaid through the interest-and-sinking portion of the property tax rate.**

So the chain from an impact fee to a lower tax bill is short and it is real:

1 A developer pays the fee in cash at building permit , for the roadway capacity that subdivision requires.	2 That capacity does not get bonded. Capital paid for in cash is capital the City does not borrow against.	3 Debt not issued is debt service never owed . There is no annual principal-and-interest payment for a bond that was never sold.	4 Debt service not owed is tax rate not levied. The I&S rate exists to cover debt service. Less debt service, less I&S.
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The City's own financial leadership has **already made half this argument**. Chief Financial Officer **Robert Cortinas** has said plainly that **relying on property taxes is not sustainable** and that **issuing debt is not sustainable either**. This plan supplies the **third option he did not name: make the growth that creates the demand pay for the capacity it requires.**

THE ARITHMETIC, STATED CONSERVATIVELY

These figures use the City's own conversion rate.

GROWTH-DRIVEN ROADWAY CAPITAL SHIFTED OFF CITY DEBT	ANNUAL DEBT SERVICE AVOIDED	EFFECT ON THE MEDIAN HOMESTEAD
\$10 million	About \$769,000 — level debt service, 20-year amortization at roughly 4.5%	About 0.14 cents of rate, or roughly \$3 a year, permanently
\$35 million	About \$2.7 million	About 0.48 cents, or roughly \$10 a year, permanently
\$70 million over a five-year capital plan	About \$5.4 million	About 0.95 cents — close to a full cent of tax rate, or roughly \$20 a year, permanently

The interest is the part people miss. Borrowing **\$10 million over twenty years at 4.5%** means paying back roughly **\$15.4 million** — about **\$5.4 million of pure interest on top of the asphalt**. Paying that same capacity **in cash from an impact fee** avoids the interest entirely.

2. The Problem

THE PROBLEM

New subdivisions on El Paso's edges **generate new traffic demand**, but the cost of building and widening the roads to carry that traffic is **absorbed almost entirely by existing taxpayers** — through the **General Fund**, through **bonded debt serviced by the property tax rate**, or through **deferral into a growing maintenance backlog**.

This mirrors the dynamic the City already faces at **El Paso Water**: growth's infrastructure costs get spread across existing ratepayers rather than paid by the development creating the demand. **Roads are worse in one specific respect — there is no outside money coming.**

State gas tax revenue does not flow to the city at all

It is reserved for state and interstate highways.

County vehicle registration fee revenue is legally restricted

To transportation projects directed by the Camino Real Regional Mobility Authority, and cannot be redirected to city streets.

Local streets must therefore be funded entirely from local revenue

Including **new subdivision streets**, once dedicated to the city: the General Fund, City-issued debt repaid by the property tax rate, or a new dedicated fee.

Net effect: existing taxpayers are subsidizing the roads that serve new growth on the city's fringes, with no mechanism in place to recover those costs from the development causing them.

3. What the Data Shows — and Where the Gap Is

WHAT THE DATA SHOWS — AND WHERE THE GAP IS

El Paso **does not isolate** how much of its street funding shortfall is caused specifically by new development. This section lays out **what is known** and **flags the missing number** the proposed study would produce.

THE OVERALL STREET FUNDING GAP

\$10M

budgeted a year for street maintenance from the operating budget — roughly \$7M residential and \$3M collector and arterial, funded primarily by property taxes

\$75M

a year needed to hold pavement condition steady — resurfacing about 4% of the network annually

\$65M

the annual gap against current spending

52+

miles of city streets already past the point resurfacing can fix — needing full reconstruction, at a Pavement Condition Index below 20

■ The Chief Financial Officer has acknowledged publicly that the \$10 million figure is **insufficient** and that the City **does not have a firm number for what would be adequate**.

■ The network is large and aging

The City maintains **more than 6,100 streets** and over **2,400 centerline miles** — a public asset valued at roughly **\$3.6 billion** — with about half of it rated in fair to very poor condition, and only about one in five residents saying they are satisfied with street maintenance.

■ The gap has been covered with debt

Street repairs have been funded largely through **certificates of obligation** and voter-approved **general obligation bonds**, including **\$237 million** allocated for street repaving, reconstruction and lighting in the 2022 bond. City financial leadership has **flagged this as unsustainable** given interest costs.

THE ACTION

Council is **setting road funding policy** — including any future transportation fee — without knowing how much of the problem new growth is causing. The **Roadway Impact Fee Study** is the mechanism that produces a **defensible, growth-specific number**, the same way the 2024 study did for water. **Until it exists, any estimate of how much this plan saves the General Fund is an estimate.** Closing that gap is the **immediate, actionable first step**, and it is **cheap relative to what it informs**.

4. The Goal

THE GOAL

Establish a Roadway Impact Fee under Texas Local Government Code Chapter 395 so that developers building in designated growth service areas pay directly for the roadway capacity their projects require rather than existing tax payers through property taxes.

ELEMENT	DETAIL
Pays for	New roadway capacity required by new growth-area development. By law, not maintenance of the existing network.
Who pays	Developers of new subdivisions in designated growth areas, once, at building permit. No existing homeowner pays anything. No household monthly charge of any kind.
Who benefits	Every El Paso property taxpayer, through a lower interest-and-sinking rate as growth capacity stops being bonded.
Legal basis	Texas Local Gov't Code Ch. 395. Roadway is one of four eligible capital improvement categories.
Precedent	El Paso County already runs a Chapter 395 road impact fee program for unincorporated areas, with an active advisory committee — the closest and most useful local precedent. Also Austin, Bastrop, Georgetown, Round Rock and others.
Adoption threshold	Two-thirds of the members of the governing body — a requirement added by SB 1883, effective September 1, 2025.

5. Legal Framework

LEGAL FRAMEWORK

Chapter 395 already gives Texas cities this authority. No new state legislation is required. But the chapter was substantially amended in 2025, and several requirements below are new enough that they will not appear in older guidance or in the institutional memory of the 2024 water fee update.

Requirements specific to roadway fees

Service areas are capped at six miles and confined to city limits.

§395.001(9) limits a roadway service area to an area **within the corporate boundaries** of the political subdivision, **not exceeding six miles**. Austin uses seventeen. Revenue collected in a service area must be spent in that area.

No roadway impact fees in the extraterritorial jurisdiction — at all.

§395.011(b-1) provides flatly that a political subdivision **may not impose an impact fee on land within its ETJ for roadway facilities**. This is a **real limit** and it is **narrower than the rule for water, wastewater and drainage fees**, which may reach the ETJ. Any statement that roadway fees apply "inside city limits or ETJ" is wrong and should not appear in public materials.

Developer-built roads must be credited.

§395.023 requires that **construction of, contributions to, or dedications of off-site roadway facilities** agreed to or required as a condition of development approval be credited against roadway impact fees otherwise due. This is mandatory and it is **unique to the roadway category**. Because El Paso already imposes proportionate-share roadway obligations on developers under Title 19, the credit will be substantial and must be modeled in the study.

Roadway fees may be collected even where service is not yet available.

§395.019 restricts collection in unserved areas for **every category except roadway**. This is one of the few places the statute is more permissive for streets than for utilities.

Systemwide land use assumptions are not available.

§395.0455 excludes roadway facilities. Land use assumptions must be **adopted for each service area separately** — which is why seventeen service areas in Austin is a real workload, not a formality.

Fees must scale to net new trips, not be flat.

A redevelopment that does not increase traffic pays nothing. Single-family and multifamily are typically charged different rates.

What changed in 2025

Two-thirds vote to adopt.

§395.051(a), as amended by SB 1883, now requires an **affirmative vote of two-thirds of the members of the governing body**. This is higher than the simple majority that applied before, and it is the **binding political constraint** on this plan. For context, Council approved the May 2024 water and wastewater impact fee increase 5-3 — a margin that would not carry a new fee today.

Three-year freeze, with a ten-year phase-in expressly allowed.

§395.0515 bars increasing an adopted fee for three years, but expressly permits a collection schedule that collects less than the adopted maximum and phases up to it over as long as ten years. This is the statutory blessing for the Bastrop-style ramp recommended in Section 7 — and it means the mistake to avoid is adopting a low maximum rather than a low collection rate.

The 60-day rule runs from the notice, not the hearing.

§395.043 requires land use assumptions and a description of proposed facilities to be public at least 60 days before the first publication of the hearing notice, and §395.044 requires that notice at least 30 days before the hearing. The real lead time is about 90 days.

An independent financial audit may be required before adoption.

§395.059 requires one before increasing an existing fee or adopting a new fee "for a service area where an impact fee had previously been adopted." If roadway service areas overlap El Paso Water's existing impact fee zones, this may be triggered. Get a written City Attorney answer before setting the schedule. The auditor may not have held any other City contract in the preceding twelve months, so the audit cannot ride along in the study consultant's scope.

The constitutional backstop

The fee must rest on an **engineering and traffic study** demonstrating capital costs "**necessitated by and attributable to**" new development — the statutory phrase in §395.001(4). *Sheetz v. County of El Dorado* (2024) held unanimously that legislatively adopted permit conditions are subject to the same essential-nexus and rough-proportionality scrutiny under the Takings Clause as individually negotiated ones.

A flat, unsupported number will not survive challenge. The study is not a formality, and the 90-day window to contest an adopted fee under §395.077(b) is short but real.

6. What Comparable Texas Cities Charge

WHAT COMPARABLE TEXAS CITIES CHARGE

El Paso's own number can only come from El Paso's own study — it depends on local land costs, lane-mile construction costs, and how much of the capital plan is attributable to designated growth areas. Peer cities give Council a reference range and, more usefully, a set of political choices.

CITY	FEE	WHAT IT SHOWS
El Paso County	Existing program	The County already operates a Chapter 395 road impact fee program for unincorporated areas with an active advisory committee. The closest available precedent, and the hardest for a local opponent to dismiss as something only Austin does.
Bastrop	\$5,204 – \$8,644 per single-family home	Rates vary by side of the Colorado River because growth rates differ; phased in over three years at 65%, 85%, then 100%. A clean model for geographic differentiation plus a published ramp.
Austin	\$0 for single-family	Deliberately exempts single-family homes; the fee applies only to development generating 10 or more peak-hour trips — mid-rise, high-rise, office and retail. Proof that Council retains wide political discretion even after a study sets a maximum.
Round Rock	30% of calculated maximum at adoption; 60% residential for plats after Jan. 1, 2024	New growth was found to cause only 11.5% of total roadway cost in that service area; Council then collected 30% of that reduced figure and doubled the residential rate over two phase-ins without a new study. Start conservative, ratchet on a schedule.
Ingalls, Indiana	About \$4,138 per home	Out-of-state, included only to show the trip-based arithmetic: \$438.83 per trip times 9.43 daily trips per home.

Takeaways for Council: roughly \$4,000 to \$9,000 per home for the developer is the realistic range for an adopted Texas roadway impact fee, with no standard rate because it is driven entirely by local cost and growth data. Cities routinely adopt well below the calculated maximum and raise the collection rate over time — and §395.0515 now expressly authorizes that ramp for up to ten years. The maximum a study calculates and the rate Council charges are two separate decisions, and keeping them separate is what preserves negotiating room.

7. Proposed Structure for El Paso

PROPOSED STRUCTURE FOR EL PASO

1 Commission a Roadway Impact Fee Study

Model it on El Paso Water's 2024 water impact fee update and El Paso County's existing Chapter 395 road program. Scope roughly six to twelve months; comparable firms include Freese and Nichols and Raftelis. Run it in parallel with the companion Stormwater Impact Fee Study where the land-use-assumption work overlaps.

2 Require the study to model \$395.023 credits explicitly

What developers already build and dedicate under Title 19 comes off the fee. Council needs the net number, not the gross schedule, before it votes.

3 Resolve the \$395.059 audit question in writing first

It changes the schedule by months and the budget by a line item.

4 Define service areas within city limits, capped at six miles

Broadly aligned with El Paso Water's three high-growth zones for public familiarity, and adopt land use assumptions for each separately. The fee applies only in designated growth areas — not citywide, and not to infill or redevelopment in established parts of the city.

5 Adopt the full study-supported maximum, then set a lower collection rate

And ramp it under the ten-year phase-in authority in \$395.0515. Bastrop's 65–85–100 schedule over three years is a reasonable starting shape.

6 Publish land use assumptions and the capital improvements plan

At least 60 days before the first publication of the hearing notice, and post any required audit at least 30 days before that notice.

7 Report the tax-rate effect annually

Publish, each budget cycle, the dollar value of growth capacity funded by impact fees and the resulting avoided debt service. This is what converts a technical fee into a visible taxpayer win, and it is the number that keeps the program politically alive.

8. Anticipated Opposition — and Responses

ANTICIPATED OPPOSITION — AND RESPONSES

OBJECTION	RESPONSE
<i>"This will get passed along in the price of new homes."</i>	The fee is charged to the developer, not to any existing resident, and it may be reflected in new-home pricing the same way the water impact fee is. The alternative is that existing residents citywide pay for capacity they did not create, through a tax rate that carries the debt. This keeps the cost with the beneficiary of the new infrastructure — the same principle Council already accepted for water in 2024.
<i>"Developers will just build outside city limits."</i>	This is a real limit and it should be stated accurately: §395.011(b-1) bars roadway impact fees in the extraterritorial jurisdiction entirely, so the incentive is genuine. Two answers. First, land outside city limits does not receive city street maintenance, city police and fire response, or city services, and developers price that. Second, every Texas city using this tool faces the same tradeoff, and the alternative — charging existing residents instead — has its own migration effect.
<i>"Redundant fee stacking with the water impact fee."</i>	Different capital categories, different service areas, legally distinct funding buckets under Ch. 395. Not double-charging for the same improvement. A developer pays for water capacity and roadway capacity because the subdivision requires both.
<i>"So this fixes the potholes?"</i>	No, and the plan says so up front. §395.013 prohibits spending impact fees on maintenance or on existing deficiencies. This stops the backlog from growing at taxpayer expense and takes a permanent bite out of debt service. Fixing what is already broken is a separate conversation — and a more honest one once the growth-cost share is known.
<i>"You will never get two-thirds of Council."</i>	The most serious objection. The May 2024 water impact fee increase passed 5–3, which would not carry a new fee under the current statute. The path runs through sequencing: commission the study first, let it produce a defensible growth-cost number, and put the vote after the number exists rather than before. A fee justified by the City's own engineering study is a materially different vote than a fee justified by principle.

9. Suggested Timeline

SUGGESTED TIMELINE

Longer than a first pass suggests, because the 2025 amendments added roughly a quarter to the front end and a possible audit in the middle.

1	Month 1-2	Council directs staff to scope and fund a Roadway Impact Fee Study and issues the RFP. City Attorney opinion requested on the \$395.059 audit question.
2	Month 3-10	Consultant completes the traffic and capital cost study, adopts land use assumptions per service area, models \$395.023 credits, and drafts the maximum fee schedule.
3	Month 10-11	If required, independent financial audit under \$395.059; posted online.
4	Month 11	Public release of land use assumptions and capital improvements plan. The 60-day clock under \$395.043 begins.
5	Month 13	Hearing notice published; 30-day clock under \$395.044 begins. Advisory committee comments due five business days before the hearing.
6	Month 14	Public hearing on land use assumptions and the capital improvements plan; stakeholder engagement with developers and homebuilders.
7	Month 15-16	Hearing on imposition of the fee, then the two-thirds Council vote. Maximum fee and phase-in collection schedule adopted together.
8	Ongoing	Collection begins, subject to the one-year grace for already-platted units under \$395.016(c). Annual public report on capacity funded and debt service avoided. Land use assumptions updated at least every five years.



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