

Transportation User Fee

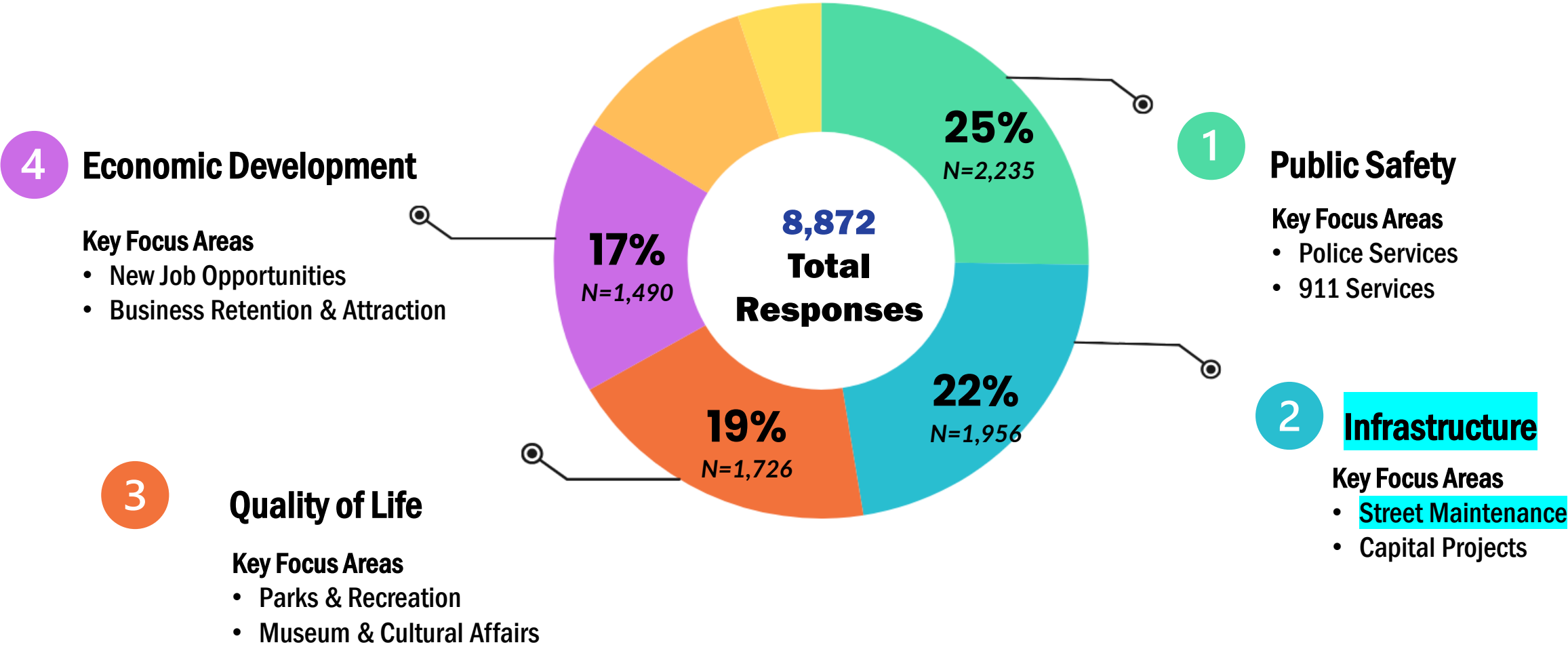
A Strategy for Sustainable Funding for Street Maintenance.

What we will cover

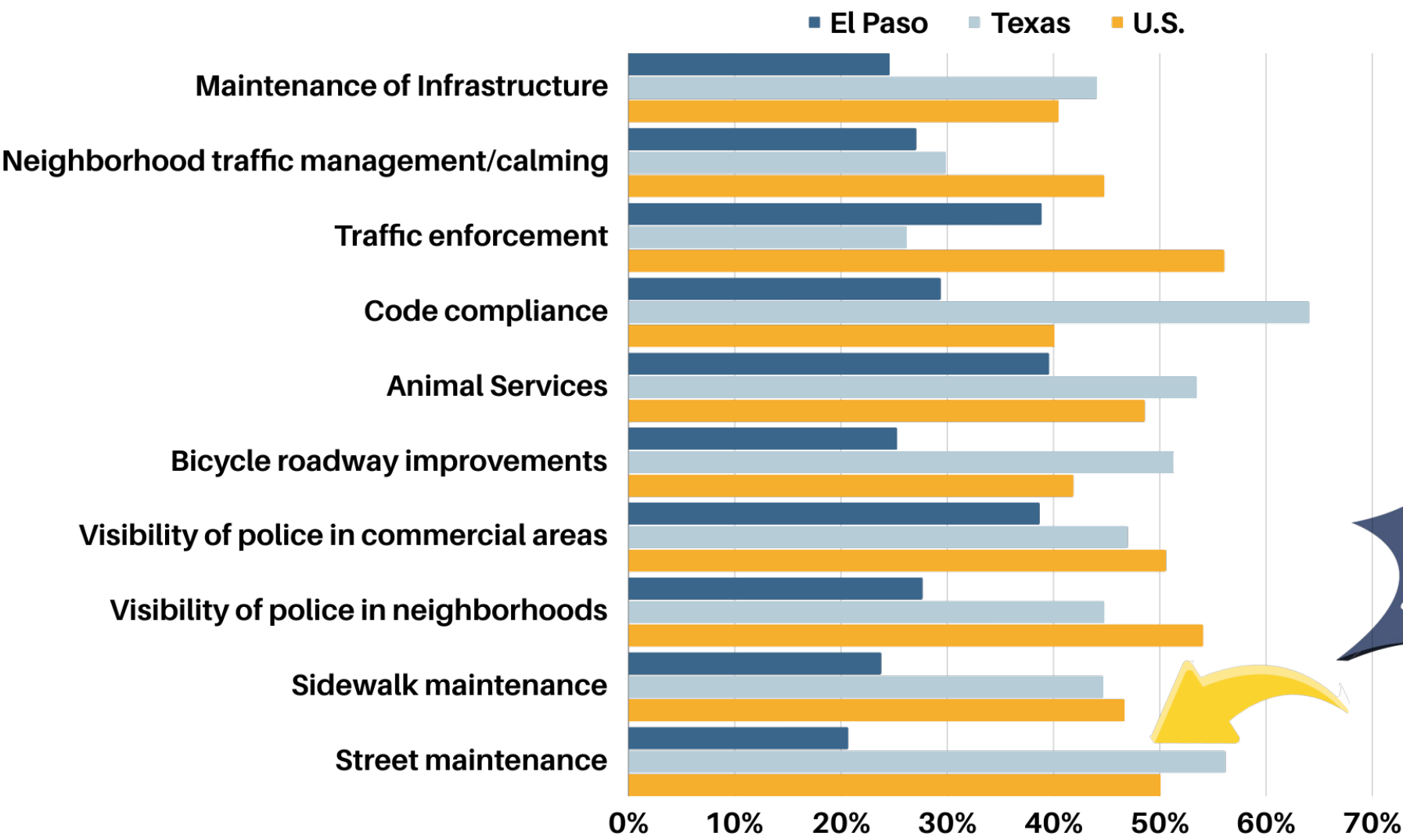
- **Key Context: Street Infrastructure is a top community priority**
- **Transportation User Fee Overview (What it is and how it works)**
 - Peer Review (Texas Cities)
 - Development Process
 - Potential Capital Improvement Plan (Five-Year Approach)
 - Fee Fundamentals
- **Next Steps & Pending Policy Questions**

Chime In Survey Results

FY 2026 Top Priorities



Resident Level of Satisfaction (Comparatives)



Satisfaction with maintenance of streets at 21% as compared with 55% (state) and 50% (national)

2023 City of El Paso Community Satisfaction and Priority Survey. ETC Institute's *DirectionFinder*®

Paving the way: A strategy for sustainable funding

- ***Data-informed approach.*** Improvement of street maintenance and infrastructure consistently ranks as a top resident priority, citywide and over multiple years
 - 311 Service Request Data
 - Annual Chime In Survey Feedback
 - Bi-annual Community Survey
- ***Target key focus areas.***
 - Most traveled streets
 - Streets with lower Pavement Condition Index (PCI)
- ***Incremental and impactful.***
 - Five-year Capital Improvement Program
 - Sustainable funding source



6,117 streets

5,769 residential streets
188 arterial streets
160 collector streets

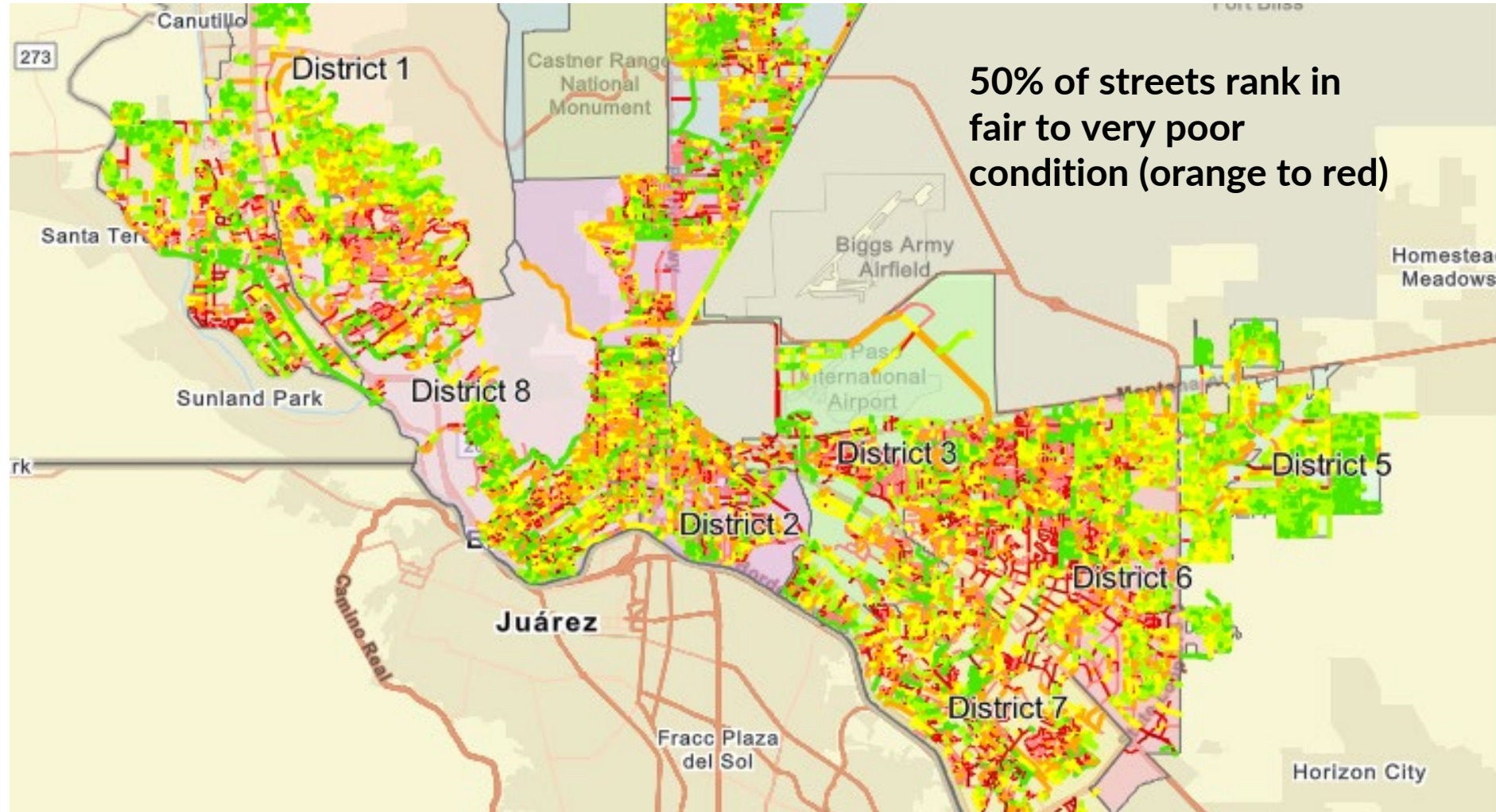


Over 2,400 centerline miles

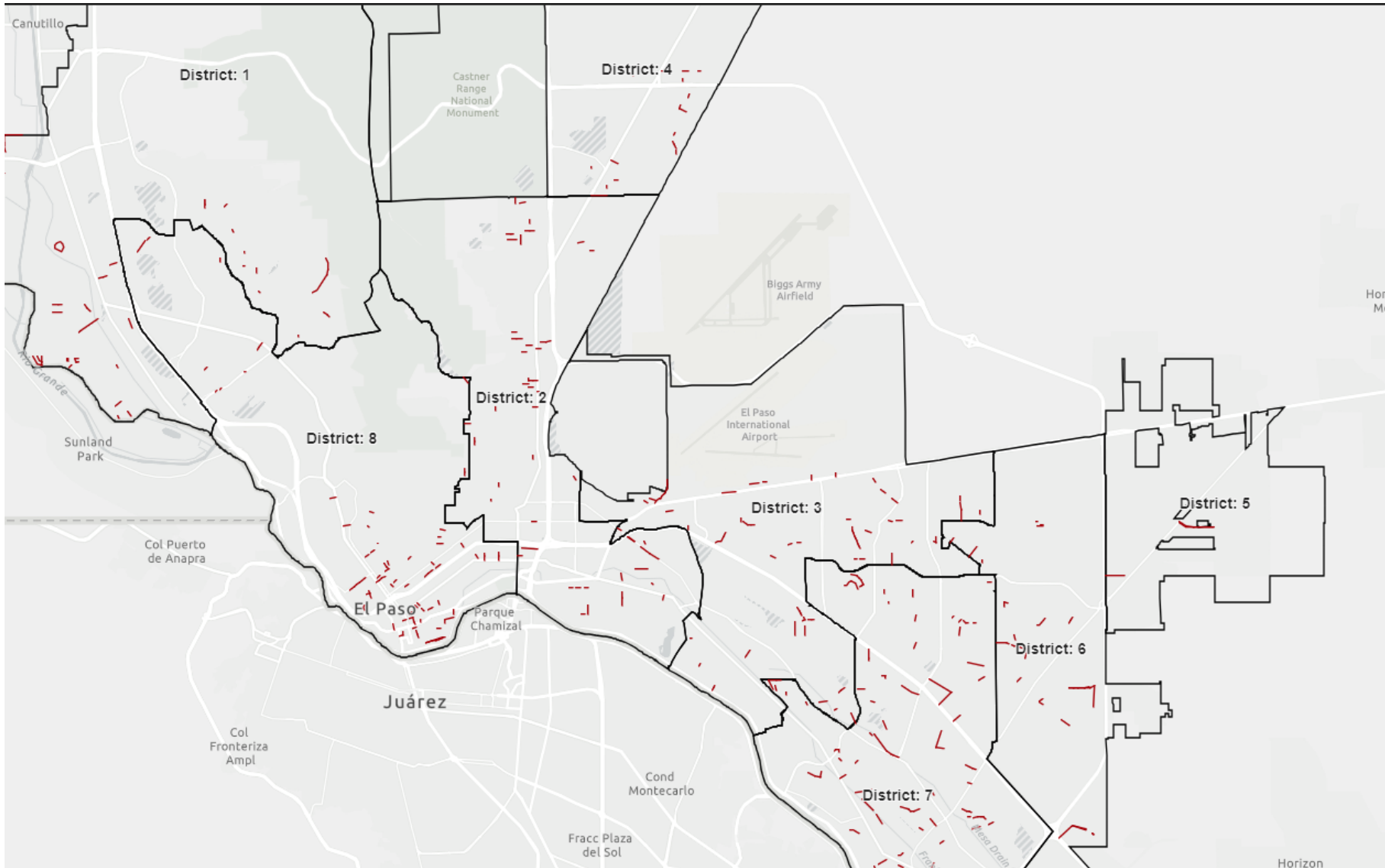


\$3.6 Billion Asset

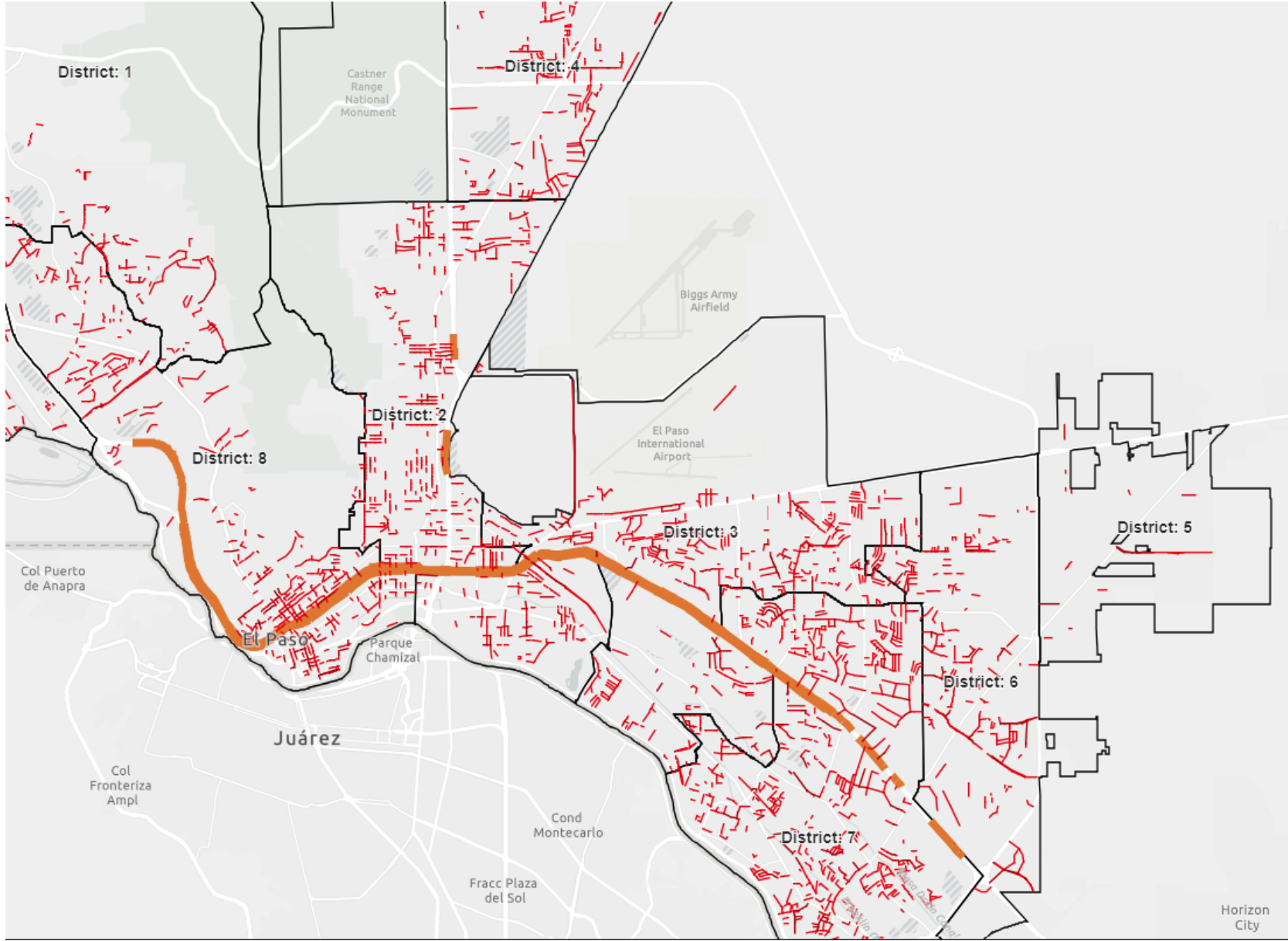
PCI: Closer look at our Street Network



PCI<20: Reconstruction of 52 miles of streets



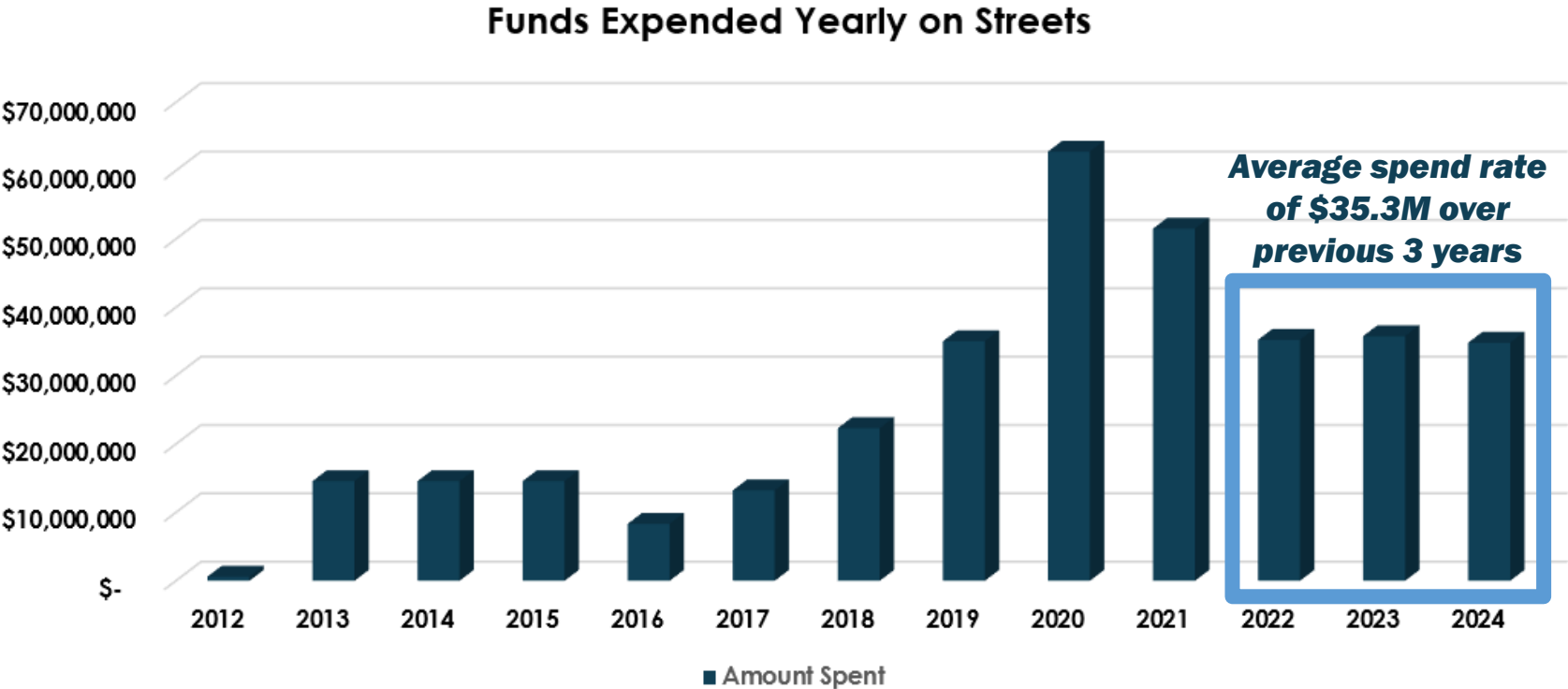
PCI<40: Over 344 miles of streets



Street funding: Since 2012

- Increased investment has kept the average Pavement Condition Index at 65 as the City has relied on previous Certificates of Obligation, the bond issuance of Community Progress Bond, and the Pay Go Fees.

Contract Year	Amount Spent
2012	\$ 608,775
2013	\$ 14,572,091
2014	\$ 14,572,091
2015	\$ 14,572,091
2016	\$ 8,329,959
2017	\$ 13,218,725
2018	\$ 22,321,672
2019	\$ 35,039,139
2020	\$ 62,781,050
2021	\$ 51,507,549
2022	\$ 35,246,943
2023	\$ 35,785,983
2024	\$ 34,822,442
Total	\$ 343,378,510

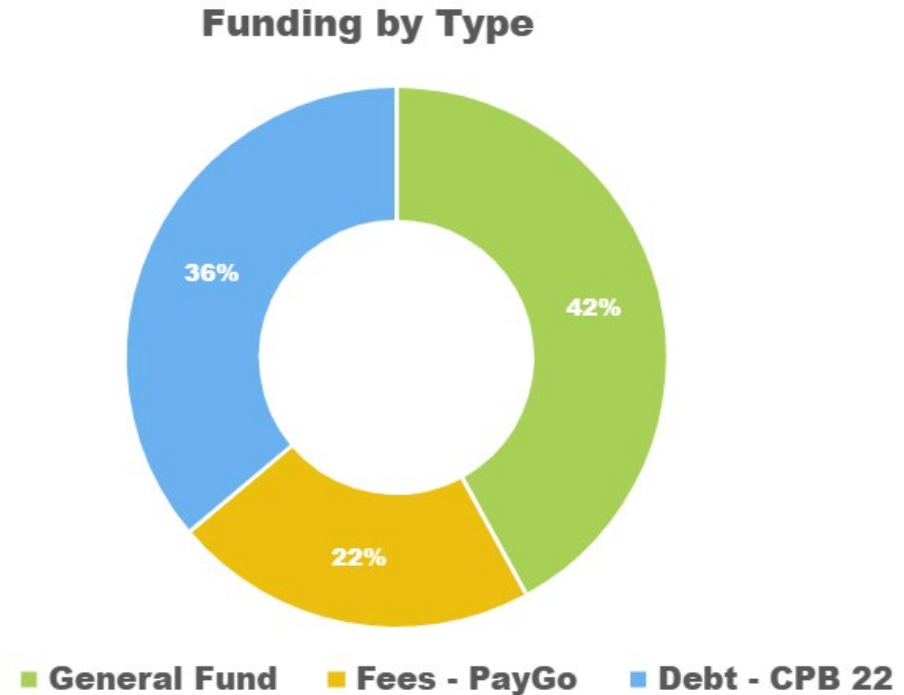


Increase in 2020 attributed to minimal traffic flows along most traveled roads

Current Funding for Street Maintenance

Deferred maintenance leads to higher cost in the future and safety risks.

- **General Fund:** The general fund covers personnel expenses and smaller programs like Vision Zero and traffic signage and striping maintenance
- **Fee Based:** Water bill fees cover collector and residential resurfacing
- **Debt Based:** The city has historically used debt to “*catch up*” on street maintenance to include resurfacing and reconstruction



Issues with Debt Financing

- Bond Issuance Costs (bond counsel, underwriters, financial advisor, bond ratings)
- Interest Costs
 - Interest rates fluctuate over time (2.7%-4%) resulting in potentially higher borrowing costs
 - Current estimates as of today, project interest rates at 4.3%
 - Debt (principal and interest) typically paid back over twenty-five years
- Debt Capacity
 - Utilizing debt for street resurfacing and reconstruction means less available capacity for future public safety, quality of life, or other bond projects
- Cost Impact Example
 - **Issuing debt increases costs by over 80%**, compared to annual funding through a dedicated fee
 - This means more funding available for projects instead of covering financing costs

Funding information

- **Use of Vehicle Registration Fee**
 - Current fee generates ~\$7M/year and is earmarked to cover debt issue by the Camino Real Regional Mobility Authority (CRRMA) for transportation projects, as directed by state law.
- **Can the County contribute**
 - Would not be able to bill county residents since City does not have jurisdiction beyond the city limits.
- **How many businesses are outside the city limits – would this impact ratio**
 - The City does not have jurisdiction beyond city limits.
- **Potential economic development incentives?**
 - No, this fee can only pay for a service provided.
- **Can fees from scenarios be modified to pair with fees from another scenario?**
 - No, the split from commercial to residential is an integral rationale supporting the calculated fee.

Needs: Street Maintenance & Transportation

A Transportation User Fee will provide a sustainable funding source for much needed street maintenance.

- **Resurfacing**: Maintaining an acceptable PCI would require resurfacing 4% of street inventory annually at an estimated cost of \$75M per year.
- **Reconstruction**: Currently there are over 52 miles of streets in need of reconstruction (PCI < 20)
 - Cost of ~\$14M/mile or \$728M
- **HA5**: Preventive maintenance to intervene before full reconstruction is needed, extending life of asphalt and reducing construction cost.
- **Sidewalk Gaps**: Limited funds to identify and address gaps in pedestrian infrastructure.
- **MPO Match**: Federally Funded transportation projects require a 20% match, anticipate \$8M.

Introduction: Transportation User Fee

Address funding challenges for street maintenance and improvements without major tax increases.

- What is a Transportation User Fee?
 - A **monthly fee** charged to properties **based on estimated street usage**
- Why Implement It?
 - Provides a **dedicated, stable funding source** for the service of street maintenance
 - **Reduces** reliance on property taxes or debt financing.
- Who Pays?
 - **Residents *and* businesses**, based on land use and traffic impact.
- **Benefits:** Improved road conditions, stable revenue, enhanced safety, and equitable cost distribution.
- Comparison: 17 cities successfully use TUFs to maintain infrastructure.

Peer Review (Texas Cities)

Residential

- At least 17 other Texas cities are using transportation user fees to help pay for maintaining their street network.
 - Austin is the only large (500k+) city with a transportation user fee.
 - San Antonio, Dallas and Fort Worth have explored efforts to adopt a TUF. They have yet to adopt the process, generally have a higher tax base
- Cities are charging between **\$3.00 and \$21.80** per month and an average of **\$8.00** per month to residential customers.

Commercial

- Commercial fees vary depending on fee structures that are tiered based on land use.
- Ordinance and fee structures vary widely from city to city.
 - Proposing to equally split the total fee based on the trips generated, to prevent residential users from subsidizing commercial

Peer Review (Texas Cities)

City	Population
Austin	984,567
Corpus Christi	316,239
Killeen	161,612
Waco	143,934
Abilene	127,385
College Station	124,319
Bryan	87,792
Harlingen	71,510
Hutto	25,577
Kingsville	25,402
Corsicana	25,109
Fate	22,811
Taylor	17,337
Sulphur Springs	16,564
Borger	12,115
Lampasas	7,694
Hamilton	3,029

- Austin City Council reviews and adjusts the fee, residents receive new rates every November billing cycle
 - Effective October 1, 2025, single family home is \$21.80/month
- Corpus Christi council decided this August to explore re-enacting their user fee that sunset in 2023
 - Previous rate was \$5/month
- Killeen currently set by Ordinance for FY2025, per each residential unit \$10/month
 - Formula: Single-Family Equivalent * Number of Units * Single-Family Equivalent
 - Ex: Multi-family: $\$10 * 4 * .57 = \22.80

Transportation User Fee Fundamentals

- The fee is intended to cover **the service of providing and maintaining** the city's transportation system. That service includes repair/maintenance of existing assets to meet the needs of residents to include streets, alleys, sidewalks, as well as signs and signals.
- The fee paid by each user should be comparable to the impact that each user has on the transportation system.
 - Vehicles are the primary users of the system.
 - Every property in the city generates vehicle trips.
 - The Institute of Transportation Engineers (ITE) publishes data on how many vehicle trips different properties generate.
 - The El Paso Central Appraisal District assigns different land use categories to every property in the City.

Based on ITE and EPCAD data, residential users account for **40%** of total vehicle trips. Non-residential users account for the remaining **60%**

Transportation User Fee Development Process



Land use Assignment

Land use is identified using **EPCAD** property data to classify each parcel (e.g., residential, commercial, industrial).



Trip rate calculation

$\text{Trip factor} \times \text{development size (\# of residential units or square footage)} = \text{trip rate for the property.}$



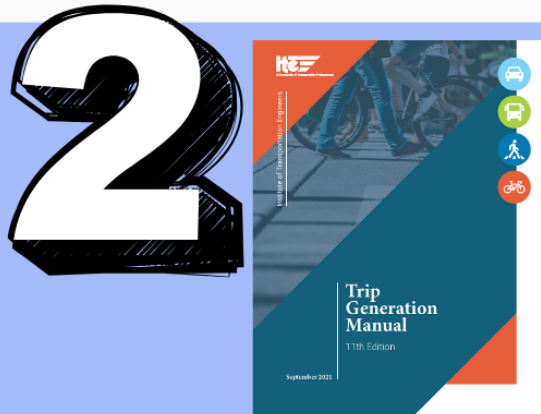
Trip Percentage Split

Total trips are first divided into residential and non-residential trips then further grouped by more specific land use category to determine each category's percentage share of all trips.



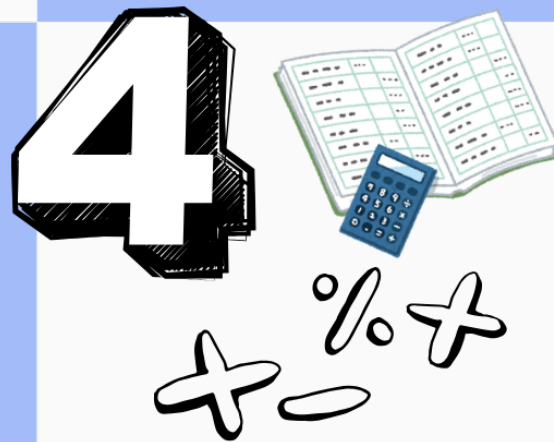
Fee determination

The final fee for each parcel is calculated by applying the tiered rate to each property.



Trip Generation Factor

Each land use is matched with a trip generation factor from the ITE Trip Generation Manual, 11th Edition.



Total Trip Calculation

Trip rate is used to calculate the total daily trips generated by all parcels in the city.



Tier Assignment

Parcels are assigned to tiers based on their trip generation impact (not location or land use).

Scenario 1 Snapshot:

\$4.40 Monthly Residential Fee

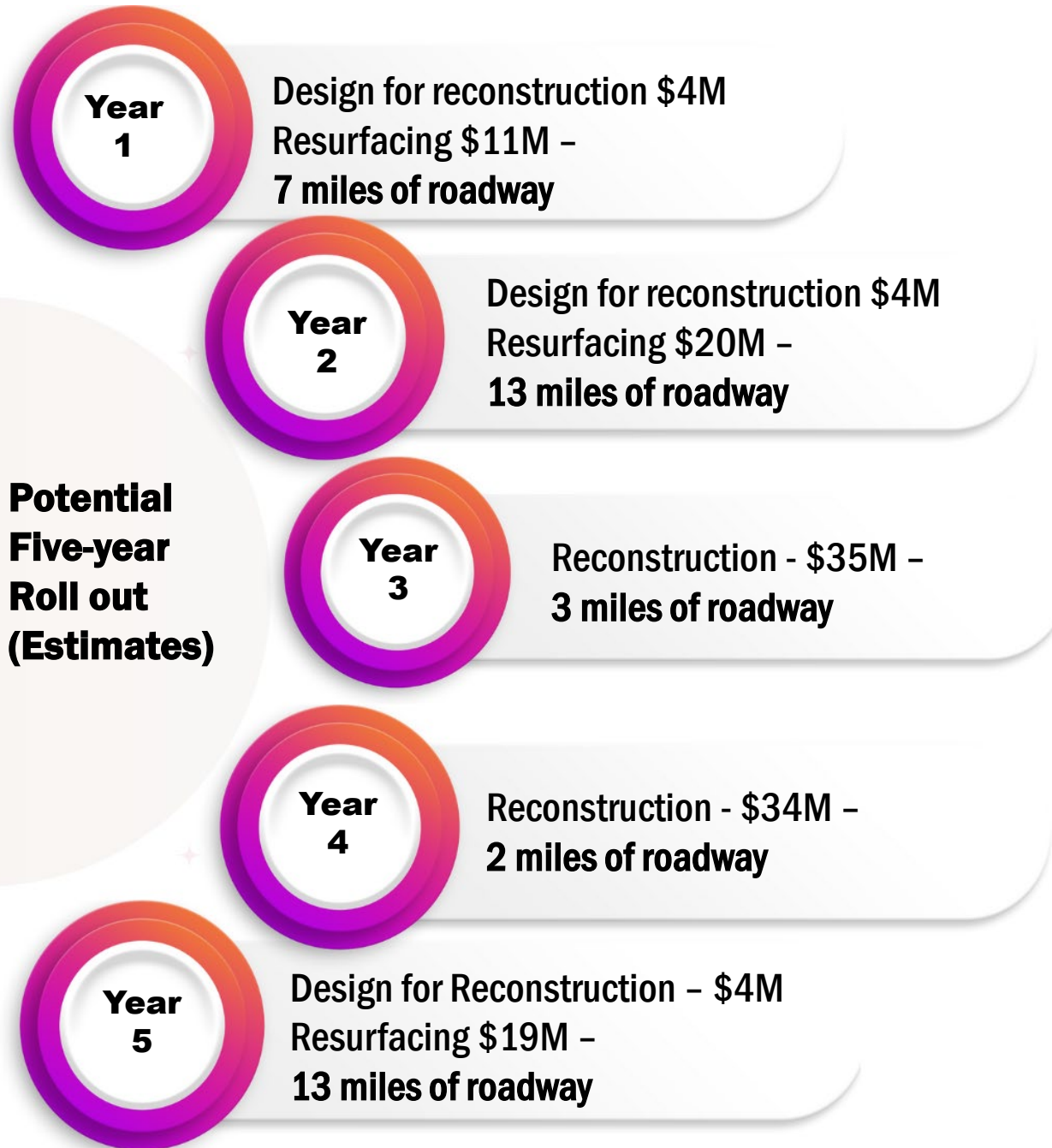
Would generate:

- **\$29M** annually in additional funding
- **\$145M** of dedicated funding over a five-year period

5-year key deliverables:

- **\$69M** towards street reconstruction and **5 miles** of reconstructed roadway
- **33 miles** of resurfaced roadway improvements
- **\$6M** Year 5 as unfunded list is created: signals, sidewalks, alleys

Breakdown of \$4.40 monthly residential fee			
		Monthly	Annual
Residential Trips (percent of total trips)	40%	\$986,000	\$11.83M
Commercial Trips (percent of total trips)	60%	\$1.43M	\$17.16M
Total Trips	100.00%	\$2.41M	\$29.00M



- MPO alignment with TIP and will be applied to 5-year rollout as needed, \$8M match to leverage \$32M of federally funded projects
- Propose 20% increase year 3 to lessen the gap created by inflation \$5.28
- Timeframes of design and construction would be a cyclical spend rate
- \$6M unfunded and \$8M MPO match

Scenario 2 Snapshot:

\$7.00 Monthly Residential Fee

Would generate:

- **\$46M** annually
- **\$230M** of dedicated funding over a five-year period

5-year key deliverables:

- **\$126M** towards street reconstruction and **9 miles** of reconstructed roadway
- **49 miles** of resurfaced roadway improvements
- **\$8M** Year 5 as unfunded list is created: signals, sidewalks, alleys

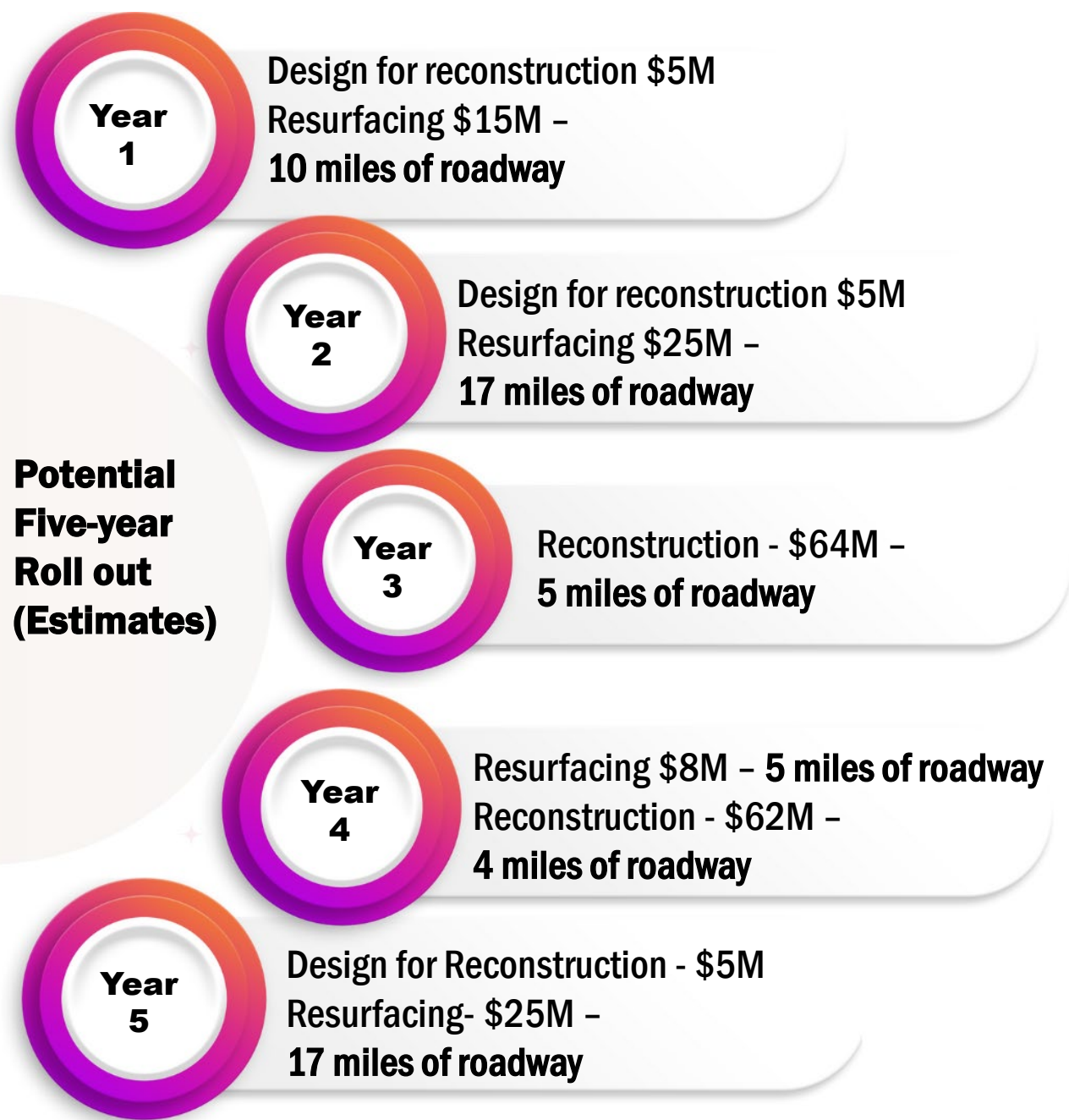
\$2.60 monthly difference

- +4 miles reconstruction = \$56M
- +16 miles resurface = \$24M

Increased investment = \$80M

Breakdown of \$7.00 monthly residential fee			
		Monthly	Annual
Residential Trips (percent of total trips)	40%	\$1.57M	\$18.84M
Commercial Trips (percent of total trips)	60%	\$2.27M	\$27.33M
Total Trips	100.00%	\$3.84M	\$46.17M

Scenario 2 Deliverables



- MPO alignment with TIP and will be applied to 5-year rollout as needed, \$8M match to leverage \$32M of federally funded projects
- Propose 20% increase year 3 to lessen the gap created by inflation \$8.40
- Timeframes of design and construction would be a cyclical spend rate

Scenario 3 Snapshot:

\$11.37 Monthly Residential Fee

Would generate:

- **\$75M** annually
- **\$375M** of dedicated funding over a five-year period
- **5-year key deliverables:**
- **\$227M** towards street reconstruction and **16 miles** of reconstructed roadway
- **73 miles** of resurfaced roadway improvements
- **\$10M** Year 5 as unfunded list is created: signals, sidewalks, alleys

Scenario 2

\$4.37 monthly difference from \$7

- +7 miles reconstruction = \$101M
- +24 miles resurface = \$37M

Increased investment = \$138M

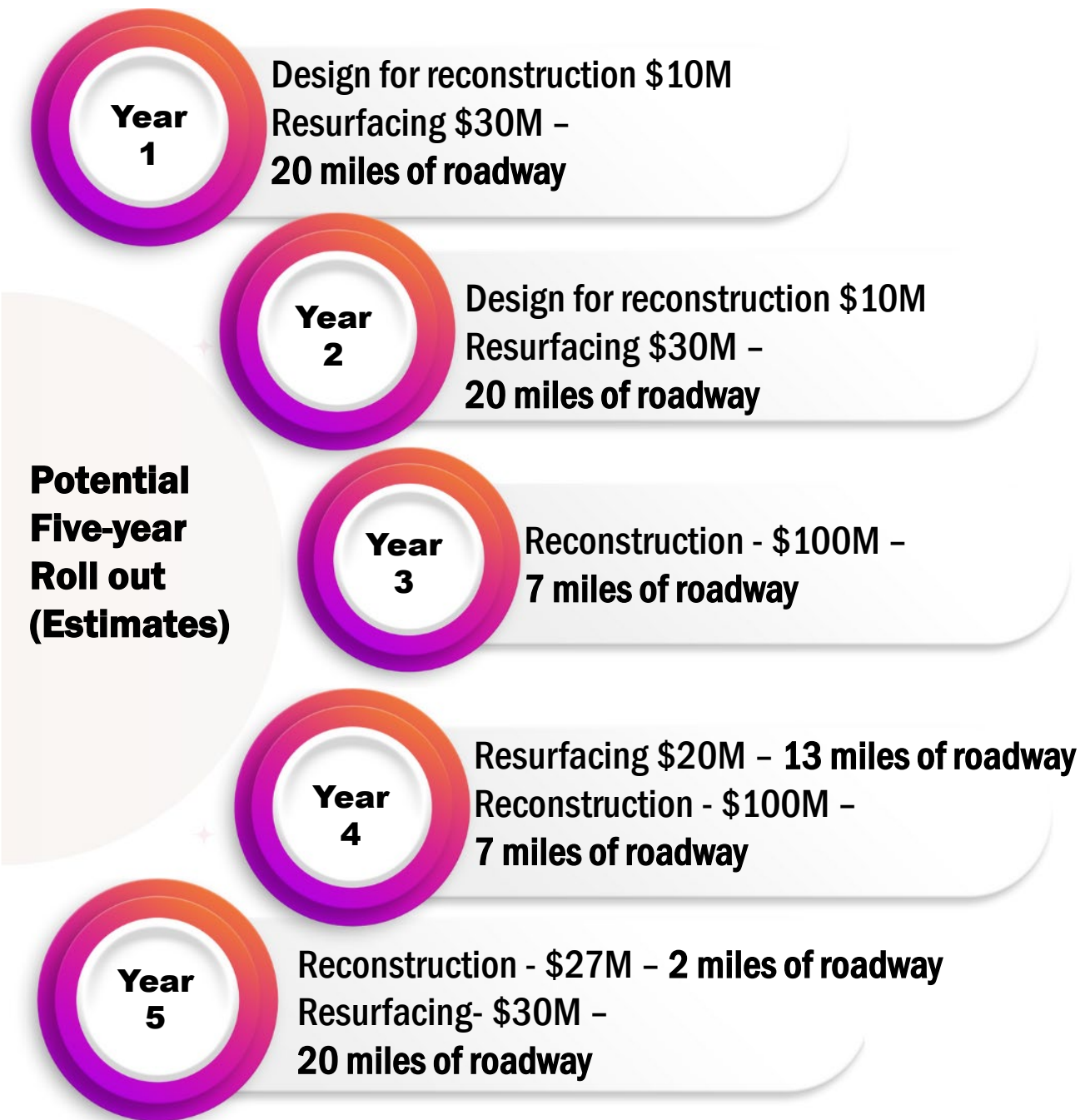
\$6.97 monthly difference from \$4.40

- +11 miles reconstruction = \$158M
- +40 miles resurface = \$60M

Increased investment = \$218M

Breakdown of \$11.37 monthly residential fee			
		Monthly	Annual
Residential Trips (percent of total trips)	40%	\$2.55M	\$30.60M
Commercial Trips (percent of total trips)	60%	\$3.70M	\$44.40M
Total Trips	100.00%	\$6.25M	\$75.00M

Scenario 3 Deliverables



- MPO alignment with TIP and will be applied to 5-year rollout as needed, \$8M match to leverage \$32M of federally funded projects
- Propose 20% increase year 3 to lessen the gap created by inflation \$13.64
- Timeframes of design and construction would be a cyclical spend rate

Non-residential Fee Breakdown

- Non-residential trips account for 60% of total trips. Consequently, commercial users should account for 60% of the fee collected.
- Commercial Tiers are established to simplify the distribution of fees amongst commercial users.
- Parcels are assigned to a tier based on trip generated, therefore the total number of parcels in each tier are equal to amount of trips generated

Tier	Min Trip Rate	Max Trip Rate	Number of Parcels	Monthly Fee
1	0	280	6476	\$33.75
2	280	740	1040	\$210.93
3	740	1360	439	\$498.32
4	1360	2515	252	\$867.10
5	2515	6300	116	\$1,944.64
6	6300		47	\$5,497.57

Typical Tier 1 Property

- Frontier Medical Supply
- 1505 Bengal, 79935
- 7,143 sq ft
- Medical Office



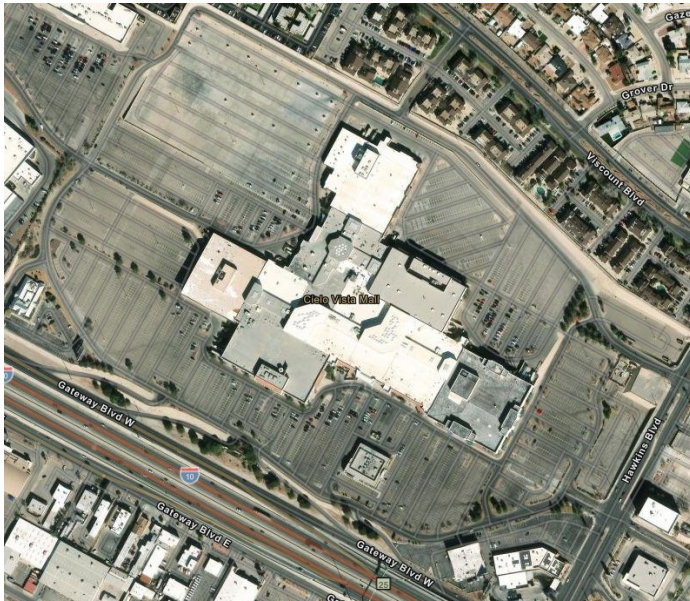
Typical Tier 3 Property

- Grandy's
- 10599 Vista del Sol, 79935
- 4,086 sq ft
- Restaurant – Fast Food



Typical Tier 6 Property

- Cielo Vista Mall
- 8401 Gateway Blvd W, 79925
- 75,269 sq ft
- Shopping Center

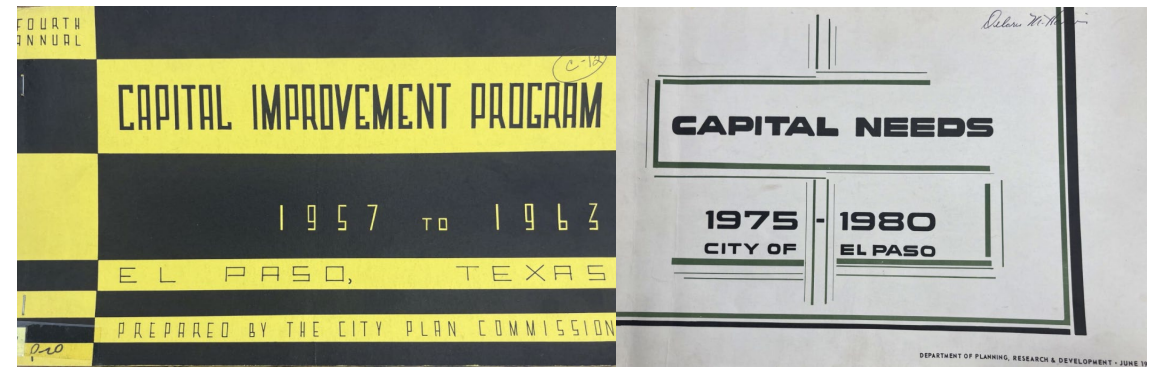


TUF Ordinance Provisions

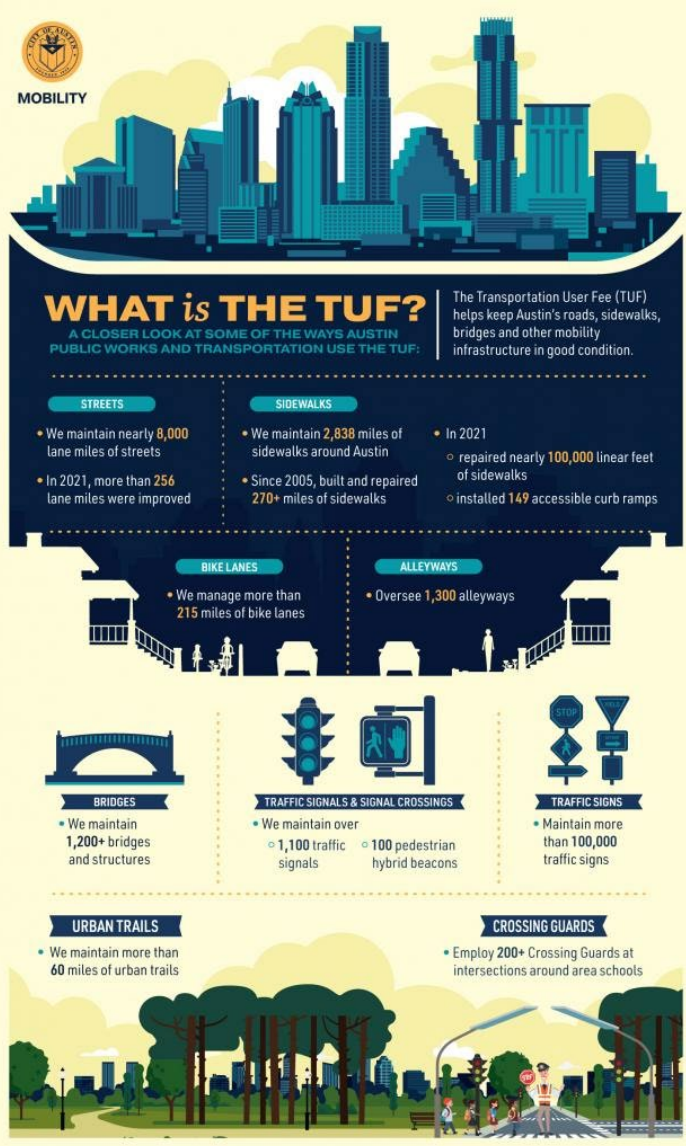
- **Title 13 Streets, Sidewalks, Public Purpose**
 - Establishes the basis and rationale for the fee
 - Establishes the methodology to calculate the fee
 - Establishes separate fund and administration of fund
 - Establishes billing and collection of fee
- **Exemptions**
 - Based on other TUF ordinances City, County, State and Federal property are generally exempt
 - Some cities exempt school districts, colleges and religious organizations
- **Opt-out**
 - Users can opt-out of the fee if they demonstrate they do not own a vehicle
- **Appeals**
 - City manager or City Council to determine appeals
 - Appeals process will help address data deficiencies from EPCAD
- **Delayed Implementation**
 - City Manager to develop administrative policy and agreement for collections
- **Sunset**
 - Potential to sunset after fixed (10) number of years

5-year approach – TUF Capital Improvement Plan

- Funds from the fee will be programmed through a 5-year TUF – Capital Improvement Program (CIP) to prioritize:
 - Resurfacing
 - Reconstruction
 - Safety: ADA improvements, sidewalk gaps
 - Preventive maintenance
- Align project selection with EPWater – Capital Improvement Plan
- Annual Reporting
 - An annual report of TUF fund activities, project progress to be presented to council and made available to the public



Next Steps



Communication Planning

- Council Briefings (September-October)
- Council Work Session (November)
- Develop Public Awareness and Educational Materials – work closely with PIO for broad base outreach and name to identify program to the community
- Schedule & Convene Community Informational Sessions (November-January)
- Council Meeting – Intro (February)
- Public Hearing on Enabling Ordinance (March)

Pending Policy Questions

- Continue to refine fee model
- Explore billing options with EPWU