FY 2027 Preliminary Budget

Proposed Fee (Schedule C) Adjustments and Fee Study - Status Update

July 6, 2026

What we will cover

- **Proposed Fee (Schedule C) adjustments (by Department)**
  - Aviation
  - Code Enforcement
  - Information Technology
  - International Bridges
  - Museums and Cultural Affairs
  - Office of the Comptroller
  - Public Health
  - Real Estate
  - Zoo
  - Environmental Services
  - Sun Metro (Schedule B)
- **User Fee Study – Status Update**

FY 2027 Projected Budget Timeline

May | June | July | August

May 27 & 28
Budget Workshops
(1st Round)

June 1-11
Community Meetings

June 23
Budget Workshops
(2nd Round)

July 17
Proposed Budget Filed

July 25
Receive Appraisal Values

August 3
Introduce Tax Levy/Rate Ordinance

August 17
Public Hearing on Tax Rate

August 18
Budget Adoption

Proposed Schedule C Adjustments

- Provided as backup for May 27th & 28th Budget Workshop
- Included in City Council FY 2027 Budget Documents (SharePoint)
- Included in FY 2027 Preliminary Budget Book
    - Posted on OMB's homepage

Proposed Schedule C Adjustments

Aviation

- FTZ Transaction Permit fee changes to establish a tiered pricing structure with 4 levels of Distribution Site Operators (DSOs)
  - Large Operator - $20,000 ***Current Fee***
  - Medium Operator - $15,000 ***New Fee***
  - Small Operator - $7,500 ***New Fee***
  - Micro Operator - $3,000 ***New Fee***

Proposed Schedule C Adjustments

Code Enforcement

- Deletion of multiple fees to align with new State laws
- Decrease of Temporary Establishment, Food service establishments, and Temporary Late services fees
- Flat rate for Plan Review, and Administrative Change Fee
- Added School inspection fees:
  - $258 annual for third for-profit entity
  - $150 per inspection for operated by a School District
- Mobile Food Vending reimbursement pending approval of the Interlocal Cooperation Agreement with the State

Proposed Schedule C Adjustments

Information Technology

- The current Technology fixed fees represent an effective rate of approximately 3.2% across permit tiers.
- Recommend moving to a 4.5% percentage-based technology fee for application types that currently include a technology charge. This approach scales with the underlying permit cost—keeping smaller permits affordable while ensuring larger projects contribute proportionally.

Proposed Schedule C Adjustments

International Bridges

- Simplifying the classification of vehicles. Toll crossings will be charged at a per axle rate.
- Tolls for Cargo vehicles are proposed to increase by 0.50 cents per axle.
  - Projected P3 revenue increase of $1.6 million will assist with capital improvement program.
- New E-Fast Pass tags (and replacements) are proposed to be charged at $5.
  - This change will help with cost recovery efforts.

Proposed Schedule C Adjustments

Museums & Cultural Affairs

- Establishment of new fees for facility and object rentals for spaces and items previously not offered at MACC and Museum of Archaeology
- Adjustment of instructional fees for camps/classes to make fees more uniform across sites
- Addition of City employee discounts to various categories
- Increase to fees where greater cost-recovery needed at MACC

Proposed Schedule C Adjustments

Office of the Comptroller

- The proposed credit card fee increase from 1.98% to 2.25% reflects the rising card processing costs the City has experienced in recent years, with additional increases expected.
  - This fee represents the amount departments are permitted to charge customers who choose to pay by credit card and is intended to help recover a portion of the City’s expenses associated with accepting these payments.
  - The adjustment does not impact revenue; rather, it reduces the out-of-pocket processing costs the City incurs.
  - The fee applies to all departments that do not utilize a third-party merchant services provider.

Proposed Schedule C Adjustments

Public Health

- The proposed fee changes reflect adjustments identified during internal team review and alignment with guidance provided by PMs.
- Changes primarily include fee updates to align with current insurance reimbursement rates, corrections to service descriptions, and adjustments to ensure full cost recovery for services provided.
- These updates are intended to improve revenue accuracy, ensure consistency with operational costs, and better align fees with actual service delivery.

Proposed Schedule C Adjustments

Real Estate

- Clarification and revision of certain fees associated with temporary rights of entry, licenses and uses of City-owned properties, and application fees administered by the Real Estate division;
- This will ensure adequate consideration for the temporary use of City-owned property, allowing the City to recover the administrative and compliance monitoring costs, and will provide financial assurance for restoration of City property following completion of authorized activities
  - New Fee Description:
    - Temporary Rights of Entry (TROE) Temporary Property Use Fee - $0.10 per square foot per month, prorated for shorter durations.
    - Temporary Rights of Entry (TROE) Compliance and Monitoring Fee - $150.00 per month.
    - Temporary Rights of Entry (TROE) Restoration Deposit - $1,000.00 minimum refundable deposit, or such greater amount as determined by the City Manager or designee based upon the scope of work, anticipated impacts to City property, and estimated restoration requirements.

Proposed Schedule C Adjustments

Real Estate

- License & Use Fee
  - The greater of $10.00 per parking lot space per day; or
  - Ten (10%) annually of the fair market value of the City-owned property, calculated daily and prorated for the duration of the authorized use.
- APPLICATION FEE WAIVER AUTHORITY - The City Manager, or designee, may waive, Lease application fees, and License and Use application fees for governmental entities and organizations qualifying under Section 501(c)(3) of the Internal Revenue Code on a case-by-case basis upon a written determination that the waiver serves a public purpose and is in the best interest of the City.

Proposed Schedule C Adjustments

Zoo

- New Zoo Membership Add-on Fees
  (Membership Packages Add-On Fees -
  Child Add-On ($15), Named Guest ($25),
  Unnamed Guest ($30) Max 1 adult Add-On, 2 Child Add-ons)
- New General Admission Discounts (Discount to City Employees, Seniors and Active Duty with Valid ID for Special Events and Programs).
- Increase to Facility Rentals – Sampling
- Special Programs – Animal Encounter Fees

Proposed Mass Transit (Schedule B) Adjustments

Sun Metro

- Updating the basis for the Transit License Fee (at transit centers), to account for proportionate share of transit center use by other area transit agencies.
  - The rate will be calculated based on proportionate cost of utility, security and janitorial services calculated as a percent of use of the total transit facility based on number of daily arrivals at transit centers.
- Modification and removal of some of the parking and facility rental fees.
  - The goal is to be more competitive with other parking garages in the area
  - Union Depot will no longer be offered for rental purposes.

What we will cover

- **Proposed Fee (Schedule C) adjustments (by Department)**
    - Aviation
    - Code Enforcement
    - Information Technology
    - International Bridges
    - Museums and Cultural Affairs
    - Office of the Comptroller
    - Public Health
    - Real Estate
    - Zoo
    - Sun Metro (Schedule B)
    - Environmental Services
- **User Fee Study – Status Update**

Proposed Schedule C Adjustments

Environmental Services

- Proposing to change established dumpster service rates to a per pickup rate from a monthly rate to better match customers needs for additional collection requests.
- Proposing an increase in Residential and Commercial Solid Waste Fees by $.50 from $21.50-$22.00 as part of a $2.00 phased-in rate increase that began in FY26
- Proposing to create a NEW CCS pass fee of $20.00 to allow non-solid waste customers to purchase a digital pass to access the sites.

Environmental Services

ESD Solid Waste Fee

- Funds annual operations for landfill, waste collection, recycling programs, and community collection stations.
- Developed vehicle replacement plan and capital improvement project plan
- Prevents issuance of debt
- Maintains two-month Operational Reserve

Environmental Services

Rate Increase Request

- ✓ FY25 – $4.00 increase requested over 5-years to cover capital expenditures, operating reserve and daily operations
- ESD Rate Increase Schedule
    - Completed $2.00 increase in FY25 ($19 to $21)
    - $0.50 increase annually over 4 years

      FY26 – $21.50, completed

      FY27 – $22.00, proposed

      FY28 – $22.50

      FY29 – $23.00

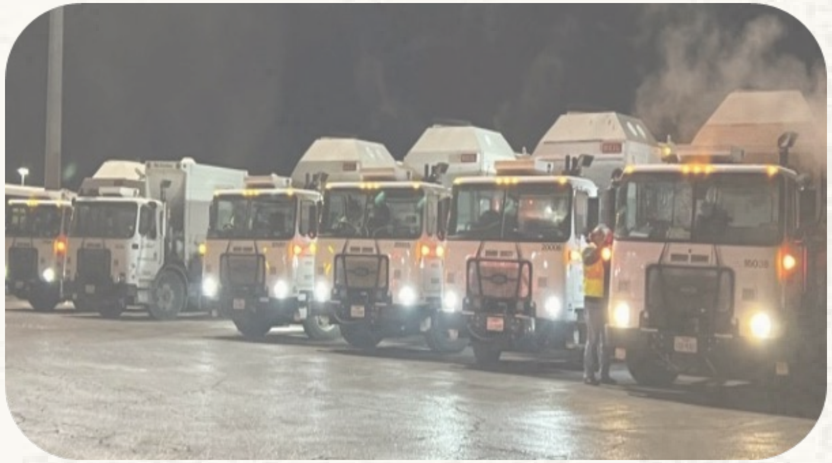
Environmental Services

Vehicle Replacement Investment

Equipment Investment

- $13M - $16M per year
- 8-year replacement cycle
- Trash Trucks (450K each)*
- Sweepers (420K each)*
- Landfill Equipment

*Heavy equipment costs on average increase 3.4% annually

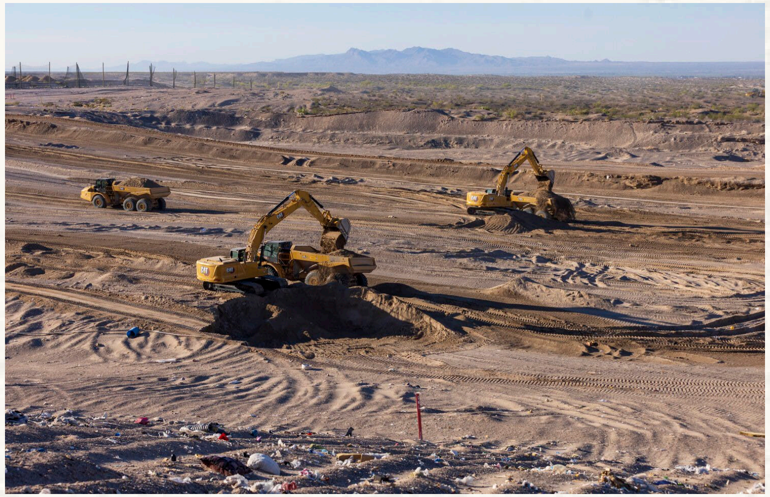


Environmental Services

Capital Improvement Project Investment

Construction Investment

- FY25 – Cells 15-20 Greater El Paso Landfill $20M
- FY26 – Hondo Pass CCS $5M
- FY27 – Doniphan CCS ~$7M*
- FY29 – Far East CCS ~$7.5M
- FY30 – New Far East MSC ~$12M



*Cost Estimate received 5-11-26

Environmental Services

Two-Month Operational Reserve

- **Operating reserve covers two months of operating expenses for ESD, calculated per previous fiscal year budget**
- ESD is state mandated to provide weekly residential waste collection and disposal
- Operation reserve covers salaries, contracts, maintenance, fuel, and minor equipment
- ESD fund balance is designed to hold the 2-month operating reserve plus funding capital projects and vehicle purchases

Fiscal Year	Annual Operating Budget	2-Month Reserve
FY25	$ 72,000,000	$ 11,822,664
FY26	$ 73,080,000	$ 12,000,000
FY27 Est.	$ 74,176,200	$ 12,180,000
FY28 Est.	$ 75,288,843	$ 12,362,700
FY29 Est.	$ 76,418,176	$ 12,548,141

Environmental Services

Other Cost Drivers

- ❑ Personnel costs have increased $500K from FY26 to FY27
- ❑ $250K increase to landfill contracts to repair leachate pump system
- ❑ Indirect costs have increased from $2.25M to $3.1M
- ❑ $600K increase to El Paso Water Utilities billing

Environmental Services

Opportunity for Discount and Waiver (side door) Service

Senior/Disabled Discount

Receive a **20%** discount on monthly bill

Qualification: Primary account holder is 65 years of age or more, or is a person who presents proof of disability per 9.04.530

- **Waiver (side door) service**

- 1 grey & 1 blue bin do not need to be taken to the curb

- **Qualification: Primary account holder** lives alone and is seventy years of age or has a disability that prevents the constituent from moving the bins to the curb per 9.04.100.C

What we will cover

- **Proposed Fee (Schedule C) adjustments (by Department)**
  - Aviation
  - Code Enforcement
  - Information Technology
  - International Bridges
  - Museums and Cultural Affairs
  - Office of the Comptroller
  - Public Health
  - Real Estate
  - Zoo
  - Sun Metro (Schedule B)
  - Environmental Services
- **User Fee Study – Status Update**

User Fee Study

Status Update

Summary of Engagement:

- Complete a comprehensive user fee study to analyze current fee recovery and ensure that the fee structure properly reflects the level of services being provided. Identify potential revenue enhancement based on current recovery.

User Fee Study

Planning and Inspections:

- **Planning:**
  - Analyzing $2.1m in expenditures related to 103 fee related services.
- **Building Permits:**
  - Analyzing $10.1m in expenditures related to 262 fee related services.

User Fee Study

Planning and Inspections *Current Recovery:*

- **Planning:**
  - **Currently recovering 31%** of fee related services, leaving $1.5m to be subsidized by other funding services. This $1.5m is could be potentially realized if recovery levels are set to 100%.
- **Building Permits:**
  - **Currently recovering 86%** of fee related services, leaving $1.4m to be subsidized by other funding services. Adjusting fees to 100% recovery could generate an additional $1.4m in potential revenue.

User Fee Study

Planning and Inspections *Preliminary Results:*

- **Planning:**
  - 20 new or reclassified fees to better reflect the current development environment
  - 25 renamed (service descriptions) fee services
- **Building Permits:**
  - 12,750 trade (mechanical, electrical, plumbing, irrigation) permits processed annually across 125+ categories
  - Potentially restructuring 125 trade permit categories to 12 tiered segments to better streamline customer and city staff experience

User Fee Study

Parks and Recreation

- Analyzing $38.3m in expenditures associated with After School Program, Facility Rental, Special Event, Sports, Class Instruction and Aquatics activities.

User Fee Study

Parks and Recreation

Current Recovery:

- Currently recovering 11% of fee related programs. Recovery levels range from 1% for Senior Services, 12% for Aquatics and 40% for Sports Leagues.

Preliminary Results:

- Moderate (15%) increases over the next 3 years could increase fee revenue from $4.3m to $6.6m and reduce general fund subsidies by $2.3m

MISSION

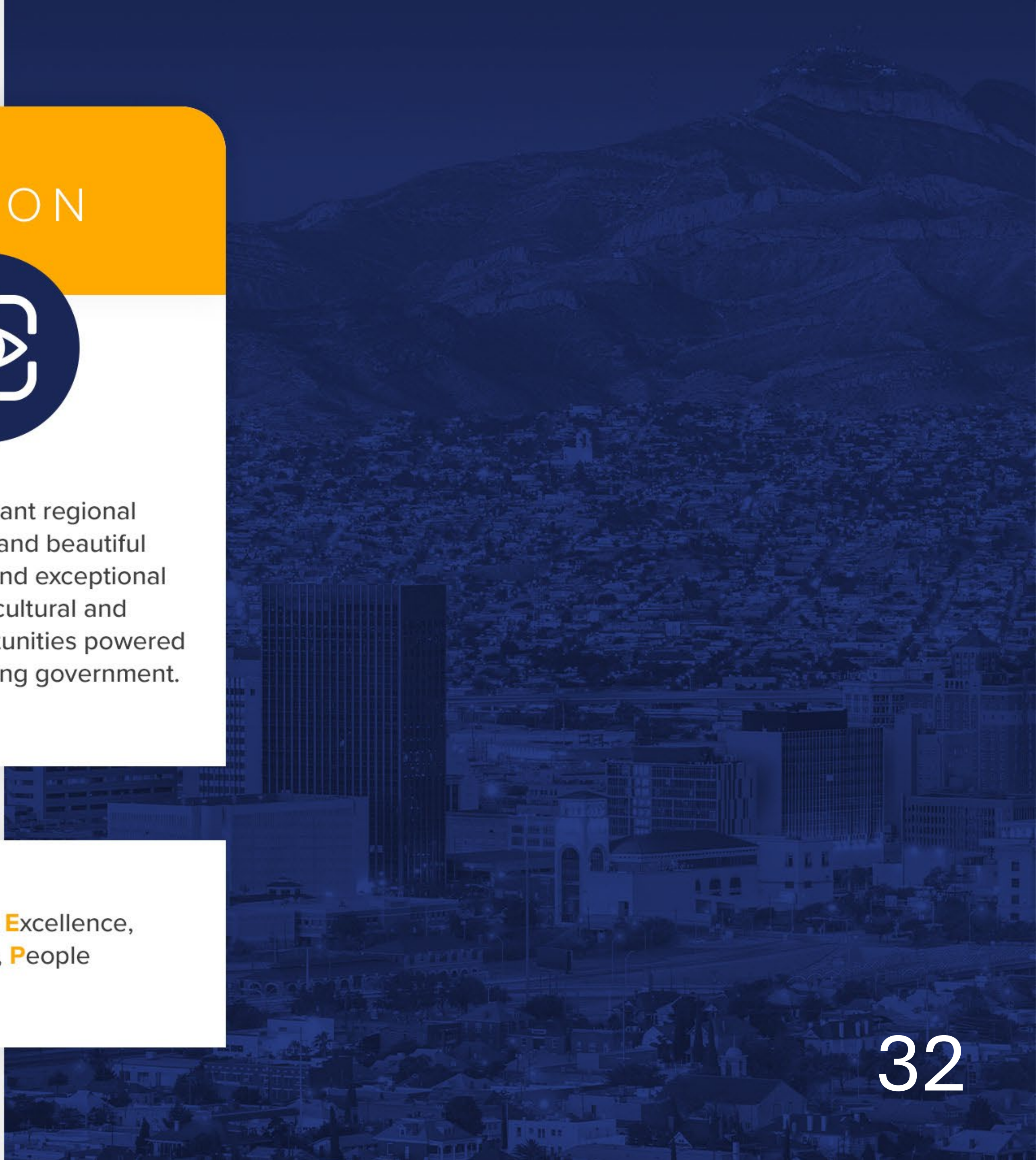
Deliver exceptional services to support a high quality of life and place for our community.

VISION

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.

VALUES

Integrity, **R**espect, **E**xcellence, **A**ccountability, **P**eople



MISSION

Deliver exceptional services to support a high quality of life and place for our community.

VISION

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.

VALUES

Integrity, **R**espect, **E**xcellence, **A**ccountability, **P**eople