

## APPENDIX A

### **It's Time for El Paso to Fairly Fund Growth: Why Increasing Impact Fees is Essential for a Sustainable Future**

*by Chris Canales*

In reevaluating El Paso's approach to impact fees, the City Council will confront a pivotal moment in El Paso's trajectory, one with broad implications for our future. The current development landscape exposes an uncomfortable truth: our existing framework for financing growth and infrastructure is both unsustainable and unjust to the general public.

Central to this issue is a fundamental question: who should shoulder the costs of new development on the periphery of our city? For too long, the burden has disproportionately fallen on El Paso households and ratepayers in the core of the city, while developers have reaped the rewards of new construction without bearing their fair share of associated infrastructure costs.

Impact fees, charged *not* to regular ratepayers but to developers, are a vital component of financing growth and infrastructure. Contrary to some misconceptions, increasing impact fees actually decreases the burden on customer bills by ensuring that new development pays for itself.

Throughout El Paso's evolution, the consideration of impact fees has been marked by a gradual acknowledgment of their importance in managing growth and financing essential services. From the late 1980s to the early 2000s, as the city grappled with burgeoning growth and new infrastructure demands, impact fees emerged as a potential solution, and they were ultimately adopted in 2003. Yet, despite growing recognition of their necessity, regular adjustment of the impact fee amounts over the years has been fraught with opposition and pressure from influential developers. As a result, the City Council has declined to adjust the fees since 2009, and even then only at 75% of the calculated fee. There have since followed 15 years of City Council inaction on appropriately adjusting the fees, bringing us to today.

The proposal to recalibrate impact fees is a pragmatic response to fiscal realities and a call for a more equitable and sustainable approach to growth. By shifting the financial responsibility rightfully onto the industry, we ensure that growth pays for itself and that costs are borne by those who benefit. The proposed adjustments to impact fees are not arbitrary – they are meticulously calculated based on the cost of the infrastructure needed to serve new development. Adopting anything less than the full amount would

undermine the integrity of the rate structure and perpetuate the subsidization of urban sprawl at ratepayers' expense.

The City Council failing once again to adjust impact fees would perpetuate the cycle of subsidization, burdening existing residents with the infrastructure demands of new development. I have heard a lot of complaints from constituents about increasing water bills. I want to make it clear – every dollar not collected through impact fees translates to higher future water bills for residents. This hidden cost makes water and wastewater service more expensive for the rest of us.

Contrary to concerns from the development community, impact fees do not stifle economic growth but promote responsible growth. By accurately reflecting the true costs of development, they provide developers with a predictable framework and promote efficient land use. Reevaluating and increasing impact fees to an equitable level is imperative for El Paso's future. It is a matter of fairness, fiscal responsibility, and sustainable urban planning.

---

*Chris Canales has served as City Representative for District 8 on the El Paso City Council since January 2023. He has a degree in Sustainable Development from Columbia University.*

## GOVERNMENT

# Who should pay for new development in El Paso?



by **Diego Mendoza-Moyers**

February 25, 2024



The Desert View neighborhood east of Loop 375 and south of Zaragoza Road continues to expand. (Ramon Bracamontes/El Paso Matters)

A battle is brewing over the question of who should pay for the cost of extending water and sewer services in new El Paso developments.

As housing developments extend further out into the desert along the periphery of El Paso's city limits, El Paso Water executives have figured residents within the city are subsidizing home builders' costs by an

average of \$2 to \$3 on their monthly water bills, CEO John Balliew said in December. That's because El Paso home builders are paying just a fraction of what it actually costs the utility to provide water and sewer services to increasingly outlying neighborhoods, according to consultants hired by El Paso Water.

The utility's consultants said the city's home builders should be paying El Paso Water \$15.6 million extra per year – or thousands of additional dollars per new home they build – to cover the utility's construction costs.

Transferring the costs to home builders, however, could prompt firms to leave El Paso and construct homes outside of the city limits, taking new property tax revenue with them, homebuilding industry advocates argue.

City Council on Monday will hold the first in a series of meetings to debate hiking the so-called “impact fees.”

The impact fees that homebuilders pay to El Paso Water to extend service lines to their new housing developments have remained unchanged since 2009. However, overall construction costs – what El Paso Water must pay to build out water and sewer lines – have increased by about 56% since 2009, according to the financial consulting firm Raftelis, which was hired by El Paso Water.

That imbalance suggests El Paso City Council should increase the impact fees, which will lower the costs on current El Paso Water ratepayers, the consultants said.

“Everything else being equal, (El Paso Water is) issuing less debt with more impact fee revenues,” said Andrew Rheem, a senior manager with Raftelis. “Impact fees and debt are the two kinds of things that offset each other.”

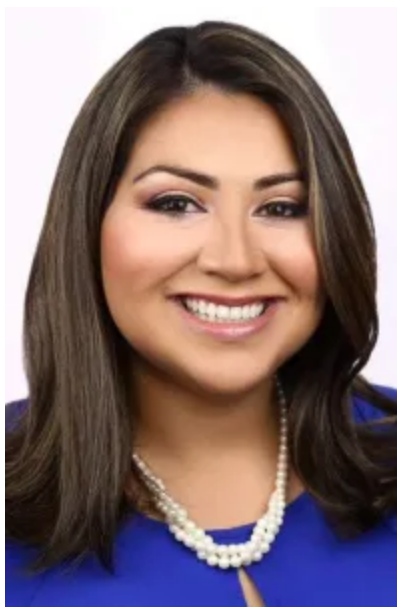
El Paso Water only charges impact fees to firms building homes in three high-growth areas: the West Side, in the area generally surrounding Transmountain Road and Interstate 10; in the Northeast, largely north of Sean Haggerty Drive; and in portions of the Far East Side, east of Joe Battle Boulevard and south of Zaragoza Road.

Across those three areas, El Paso Water identified \$1.25 billion in projects it has to fund and build over the next 10 years to meet water demand from new customers.

El Paso Water and the city, which appoints the board that governs the water utility, are required by state law to re-evaluate impact fees every five years. The last time impact fees came up was in 2019, when City Council declined to increase the fees.

Now, the council will hold meetings over the coming weeks to consider increasing impact fees.

Two city representatives – Cassandra Hernandez of District 3 and Chris Canales of District 8 – told El Paso Matters last week that the current impact fees are unfair and place too much burden on El Paso households instead of on home builders.



Cassandra Hernandez

City Council has a chance to “determine whether development costs continue to be unfairly shouldered by El Pasoans – disproportionately affecting our most vulnerable communities – or shifted appropriately to developers,” Hernandez said. “The evidence is clear. There’s a clear disparity.”

In the West Side, the builders pay a current impact fee of just under \$1,600 per home. Based on the cost of El Paso Water’s construction in that area, home builders should instead be paying the water utility more than \$3,250 per home, the consultants said. In the Northeast, the consultants say the impact fee should increase from under \$1,500 to nearly \$5,700 per home.

The numbers on the East Side are even more stark because El Paso Water still has to spend another \$600 million to complete a major expansion of the Roberto Bustamante Wastewater Treatment Plant. The state’s environmental regulator required El Paso Water to boost treatment capacity at the plant to handle 12 million additional gallons of sewage per day as the East Side continues to expand. And El Paso Water is also building a \$100 million water purification plant that will serve the East Side with drinking water.

Because of those major projects to serve East Side growth, home builders should be paying an impact fee of nearly \$18,000 per home in that part of town, according to Raftelis’ calculation. That would be more than 10 times the \$1,600 fee now in place.

To arrive at those figures, Raftelis consultants took the city’s estimates on how many new homes will be built in each of the three impact fee areas over the next decade. Next, the consultants got estimates from El Paso Water about which projects are needed to provide new water and sewer service and how much those projects cost in each area. The total cost for new-growth projects across the city is \$1.25 billion.

Raftelis divided the project costs in each area by the number of new homes those projects will serve, and then cut the final fee amount in half [to credit home developers](#) for the tax revenue their completed development will eventually produce.

In all, Raftelis calculated that El Paso Water ratepayers are paying about 88% of the cost of building out water and sewer service to new housing developments. El Paso Water should be collecting \$17.6 million annually in impact fees from home builders, according to Raftelis, compared with impact fee revenue of about \$2 million per year currently.

“Everyone else pays for that development,” said Arturo Duran, El Paso Water’s finance chief.

Canales acknowledged homebuilders may balk at the idea of the City Council increasing their costs by thousands of dollars for every home they construct, especially on the East Side. If the fees had been increased in 2014 or in 2019, this time around the fee increase wouldn’t seem so massive, he said.



Chris Canales

Plus, there’s developable land within the city that already has utilities connected and doesn’t require the extra infrastructure costs of far-flung housing projects. Inner-city developments might be smaller than the current projects that sprawl into the desert, but it’s not City Council’s role to maximize home builders’ profits, Canales said.

Industry advocates want City Council to either keep the impact fees as is or enact only a small increase.

Boosting impact fees “would really damage the city more than anything,” said Ray Aduato, executive vice president of the El Paso Association of Builders.

“People are going to move to where it’s affordable. With high interest rates the way they are right now, and with escalating costs of all kinds, adding more fees is probably not the answer to try and compete with other communities in the southwest,” Aduato said. “And that means locally as well as regionally.”

When the city has considered raising impact fees in the past, home builders have said they’ll dodge the extra expense by instead building houses outside of the city limits and El Paso Water’s service area. That would mean the city loses out on new property tax revenue that the city would otherwise collect from residents living in newly-built homes.

That’s a scary prospect for city leaders who want to lower El Paso homeowners’ costly tax bills by spreading the property tax burden among more homeowners.

“If you drive development outside of the city limits, your taxes are going to go up because now you don’t have any new homes being built,” Mayor Oscar Leeser said. “The builders only build so many homes in a year. So he’s gonna look at it (like) ‘Am I going to build them inside the city limits and take an X amount less for the same house? Or am I going to build it outside the city limits and make more profit?’”

And when someone lives in a home just outside the city limits, they’re not paying city taxes but they’re still using the roads, infrastructure and first responders that are funded by tax dollars paid by residents within the city, Leeser argued.

“I’ve sat in meetings and they’ve threatened to move out of the city limits and build outside the city limits because they’re going to lose revenue,” Leeser said in December. “Before we even bring it to council, I’ll sit down with some of the developers and have the discussion,”

But a major question remains: What effects do impact fees have on growth and new building in El Paso?

“It’s hard to determine: Is this going to have an impact on growth?” Duran said.

Much of the new home construction in the city since 2009 has taken place in areas where home builders must pay impact fees. And an index of housing prices in El Paso going back to 2004 shows [home prices remained stable for years](#) even after impact fees were introduced locally 15 years ago, according to the Texas Real Estate Research Center at Texas A&M University.

Impact fees “certainly may be passed on to homebuyers and effectively incorporated in the price of the home and a mortgage potentially,” said Rheem, the Rafttelis consultant. The amount a home price might rise “ultimately kind of depends on conditions, but it certainly may come into affect the home price.”

The number of new private sector home building permits issued in El Paso County has been on a [downward trend for most of the last two decades](#). In the decade spanning 2013 through 2022 – the most recent year with available data – an average of just more than 3,100 new housing permits were authorized every year in El Paso County.

That was a decline from the prior decade, when El Paso County averaged more than 4,300 new housing permits each year from 2003 through 2012, according to data from the Federal Reserve.

The addition of tens of thousands of new homes in the past decade has not brought additional people. The number of people living in the city limits — about 677,000 in 2022, the most recent year available — is the same as in 2014. El Paso has spread a stagnant population over a larger area.

And home builders already have, to some degree, shifted outside of El Paso’s city limits, even with impact fees in place today that are lower than the fees other major Texas cities charge to provide utilities to home builders’ developments. The city-owned water utility in San Antonio [charges impact fees](#) on most new home developments that range from \$7,100 to \$7,600 per home.



Hundreds of new houses are currently under construction on the far East Side off Loop 375. (Ramon Bracamontes/El Paso Matters)

Between 2020 and 2022 – the most recent year with available data – El Paso County added 2,200 new residents and grew just 0.26%. The population within the city of El Paso declined in that time by a quarter of a percent.

Over that two-year period, the city of Socorro added more than 3,100 people and saw its population grow by 9%. Sunland Park, New Mexico, and Horizon City in eastern El Paso County each added around 600 new residents and experienced population growth of over 3% between 2020 and 2022, according to the U.S. Census.

“Most of the building that we’re doing now is in the outlying areas, the outlying cities that are competing with the city of El Paso to get housing population growth,” Adauto said, emphasizing the decline in new building construction starts in El Paso over the last decade.

However, customers of some of the water utilities outside the city limits – such as the Paseo Del Este Municipal Utility District in far east El Paso County, as well as the Horizon MUD – are subject to a separate property tax that funds their water utility’s projects. And the Lower Valley Water District, another local water



provider, receives all of its water from El Paso Water and had to increase its customers' rates last year in response to a 46% rate hike from El Paso Water.

The water utility across the state line in New Mexico, meanwhile, is still reeling from mismanagement and operator failures that led its director to retire after high-levels of arsenic [contaminated the water in Sunland Park and Santa Teresa](#).

Adauto and other opponents of impact fees argue El Paso Water should sell off some of its roughly 160,000 [acres of land holdings](#) – including around 21,000 acres within El Paso County – to cover the cost of building out infrastructure to home builders' developments. The Public Service Board, which governs El Paso Water, purchased much of the land in the 1950s to gain access to water resources, and the PSB on rare occasions sells off land that's deemed "inexpedient" to the city's water systems.

Since City Council has declined to raise impact fees since establishing them in 2009, El Paso Water in late 2022 made its own attempt to recoup more money from new housing developments. The utility's executives tried to [enact a surcharge on](#) customers living in newly built homes across the three impact fee areas, which didn't require City Council approval. But the Public Service Board, which includes the mayor, shot down the infrastructure surcharge early last year.

"When we had the discussion a while back on the (infrastructure surcharge) ... we determined that your existing customers are subsidizing growth to the extent of about \$2, \$3 a month on their bill," Balliew, El Paso Water's chief executive, said. "That's taking those costs, and applying them to everybody across the city. Instead of just in the area where the growth is going to happen."

Ultimately, leaders at El Paso Water think of the impact fee decision as a philosophical question: Should new growth pay the price of new growth, or should ratepayers broadly share the cost of development in the Borderland?

"At the end of the day, some communities have embraced the idea of impact fees, and El Paso has not," Balliew said. "That's the gist of it."

## GOVERNMENT

# El Paso Water service in new neighborhoods could cost \$1 billion over 10 years. Who should shoulder the cost?



by [Diego Mendoza-Moyers](#)

April 30, 2024



Homes under construction in the Campo Del Sol housing development in far Northeast El Paso, where homes are priced starting just over \$260,000. (Daniel Perez / El Paso Matters)

On May 7, the El Paso City Council is expected to answer a complicated, fraught question: should developers – and, in essence, new homebuyers – pay for the cost of new growth?

As developments stretch out into the desert along the periphery of the city, El Paso Water ratepayers are increasingly shouldering the cost of [extending water and sewer lines](#) out to new neighborhoods.

Every home and business in the city already pays a couple of extra dollars on their monthly water bill to cover the cost of providing water and sewer service to new housing developments, such as Campo Del Sol in the far Northeast or Enchanted Hills in the Northwest.

Last week, the council by a margin of 4 to 3 advanced an increase in impact fees that would require homebuilders to pay the water utility thousands of dollars more per home they build to offset those costs. The council will cast a final vote next week.

The debate centers on whether homebuilders should pay more for the new infrastructure, a cost they may pass on to new homebuyers in some neighborhoods. Increasing developers' fees may also reduce urban sprawl by encouraging them to build closer to the city's urban core, some argue.

Others see the fees as a tool to keep down costs paid by El Paso Water customers – though utility officials say bills may still increase to renovate aging systems in existing neighborhoods. Spreading smaller increases among all customers and not only the developers could fuel expansion in El Paso, some argue.



A house under construction in the Cimarron housing development in Northwest El Paso. Home builders in the area are required to pay impact fees to help cover the cost of providing water and sewer services to the new area. (Diego Mendoza-Moyers / El Paso Matters)

“We get called all the time, and we get calls about ‘Why do my water rates keep going up? I can’t afford to pay for my water and wastewater services. Why am I paying for development in a new area and subsidizing that?’” Jeff Tepsick, El Paso Water’s assistant finance chief, said to a group of Northeast residents at a recent community meeting. “Every dollar that we raise in impact fees is one less dollar that we have to charge to our ratepayers.”

City Rep. Isabel Salcido was absent for the vote last week, so the likely outcome of the next vote is not clear. Mayor Oscar Leeser, who could cast the tie-breaking vote, has openly said he doesn’t want to increase the fees.

Leeser and other opponents of impact fees argue that doing so may prompt builders to increase new home prices and potentially price out first-time buyers. There’s also a risk that developers will build outside the city limits and El Paso Water’s service area and take with them the new property tax revenue, Leeser said.

“I’ve talked to some of the builders and they said, before they would pay (higher impact fees), they would build outside the city limits,” Leeser said.

Builders have shifted to the edges of the city because “it’s more affordable to build,” Ray Adatao, executive vice president of the El Paso Association of Builders, told the City Council.

“Are you going to have a tax base here, or not? One of the two,” Adatao said.

### **Where would the impact fees apply?**

The fees have remained unchanged since 2009. But the costs El Paso Water must pay to build out water and sewer lines have increased by about 56% since 2009, according to the financial consulting firm Raftelis, which El Paso Water hired.



Ayumi Wheat recently moved into a home on the 11100 block of Ocotillo Court in the Campo del Sol subdivision. (Daniel Perez / El Paso Matters)

El Paso Water only charges impact fees to firms building homes in three high-growth areas: the Westside around Transmountain Road and Interstate 10; the Northeast, mostly north of U.S. Highway 54 around Painted Dunes Golf Course; and portions of the Far Eastside, east of Joe Battle Boulevard and south of Zaragoza Road.

Across those three areas, El Paso Water identified \$1.25 billion in [projects it has to fund and build](#) over the next 10 years to meet water demand from new customers.

El Paso Water and the city are required by state law to re-evaluate impact fees every five years. The City Council declined to increase the fees in 2019.



A lot sits undeveloped within the Cimarron housing development in Northwest El Paso. (Diego Mendoza-Moyers / El Paso Matters)

Plant on Pan American Drive.

The state's environmental regulator required El Paso Water to boost treatment capacity at the plant to handle 51 million gallons of sewage per day – an increase from 39 million gallons per day currently – as the area expands. The water company is also building a \$100 million water purification plant that will serve the Eastside with drinking water.

Because of those projects, homebuilders should be paying nearly \$18,000 per home in that part of town, according to Raftelis' calculation. That's more than 11 times the \$1,600 fee now in place.

To arrive at those figures, consultants considered how many new homes are projected to be built in those areas over the next decade and how much it would cost to provide services to them. That came to \$1.25 billion. The cost for each area was determined and cut in half [to credit home developers](#) for the tax revenue their completed development is projected to produce.

On the Westside, homebuilders pay an impact fee of just under \$1,600 per home. Based on the cost of El Paso Water's construction in that area, they should be paying more than \$3,250 per home, the consultants said.

In the Northeast, the fee should increase from under \$1,500 to nearly \$5,700 per home.

On the Eastside, El Paso Water is spending \$600 million to complete a state-mandated expansion of the Roberto Bustamante Wastewater Treatment

In all, Rafetlis calculated that El Paso Water customers are paying about 88% of the cost of building out water and sewer service to new housing developments. The utility should be collecting \$17.6 million annually in impact fees from homebuilders, according to Raftelis. Impact fee revenue is now at about \$2 million per year.

“The less impact fee revenue that we get, the more debt the utility has to incur in order for us to finance and pay for those projects that are in these areas,” said Art Duran, El Paso Water’s chief financial officer. “So all the ratepayers of El Paso Water would pay for those improvements.”

Regardless of the upcoming vote, Duran said, El Paso Water will continue to raise rates to pay for renovating the city’s aging water and sewer systems and for projects that serve new neighborhoods. Between now and the end of 2026, the utility will spend nearly \$2.3 billion on capital improvement projects, an increase from \$1.3 billion in capital spending from 2021 through 2023.

The utility will spend \$588 million on capital projects this year, over \$805 million next year and \$927 million the year after.

An increase in annual revenue of a few million dollars won’t make a huge dent in the utility’s capital expenses.

El Paso Water CEO John Balliew has previously said that the utility’s ratepayers pay \$2 to \$3 extra on their monthly bills to subsidize the cost of providing service to new developments. Duran said even if City Council raises impact fees to the highest allowable level, it would probably reduce customers’ bills on average by only about \$1 per month in the years ahead.

There’s a lot of uncertainty in that figure. The impact on household water bills would depend on growth actually taking place; on homebuilders paying impact fees to the utility everytime they receive a building permit.

“We’re going to have rate increases regardless of impact fees,” Duran told City Council.



A corner lot off Vista Del Sol Drive east of Joe Battle Boulevard is filled with realtor and new development advertisements and signs. (Cindy Ramirez / El Paso Matters)

Rather than increase impact fees, Eastside city Rep. Art Fierro tried to convince the council to reduce homebuilders' fees to potentially make new homes more affordable.

City Reps. Joe Molinar, who represents the Northeast, and Brian Kennedy on the Westside sided with Fierro. The rest of the City Council shot that down.

"I'm so disappointed to hear members of council ... advocate to pay more money from the ratepayers' pocket versus development paying for its own development," District 3 City Rep. Cassandra Hernandez said. "The El Paso ratepayer, for over 15 years, has subsidized almost 100% of the total costs of development – water development – at the fringes of the city."

Reps. Chris Canales of District 8, Josh Acevedo of District 2 and Henry Rivera of District 7 joined Hernandez in voting in favor of increasing the fees.

"When (homebuilders) are choosing to build in those impact fee zones, that is creating a new demand for infrastructure. And that infrastructure has to be paid for," Canales said. "I think it's fair that people who are ... choosing to move to those areas pay for the cost of the infrastructure that will serve them."



Campo del Sol development in Northeast El Paso (Daniel Perez / El Paso Matters)



Homes under construction in the Campo Del Sol housing development in far Northeast El Paso. (Daniel Perez / El Paso Matters)

Developers and industry advocates argue it's better if everyone shares in the cost of new development, rather than piling new costs onto homebuilders, and ultimately, onto homebuyers in those areas.

"Right now, everyone is paying part of this, but it's only a small" amount, Molinar said.



“So my decision is: Are we going to have everybody pay a smaller amount, a little bit bigger (bill), or are we going to incur that cost to the new homebuilder? And they’re going to get sacked with a lot of money,” Molinar said during the community meeting in the Northeast.

Salcido, who was absent from the April 23 vote, declined to comment.

The risk that Leeser emphasizes – that homebuilders will leave El Paso’s city limits if the city raises impact fees – is already taking place to some degree. El Paso’s current impact fees are lower than in other major Texas cities.

The addition of tens of thousands of new homes in the past decade has not brought additional people to El Paso. The number of people living in the city limits — about 677,000 in 2022, the most recent year available — is the same as in 2014. El Paso has spread a stagnant population over a larger area. Outlying communities such as Socorro and Horizon have seen relatively strong population growth in recent years.

## **Can PSB land sales cover the cost of growth?**

Richard Dayoub, a business consultant and lobbyist who’s a former CEO of the El Paso Chamber, has said raising impact fees will stymie growth in El Paso and boost housing costs. Plus, El Paso Water has other means of financing growth, he said.

Opponents of impact fees, including Dayoub and Aduato, regularly argue El Paso Water should sell off some of its roughly 160,000 [acres of land holdings](#) – including around 21,000 acres within El Paso County – to cover the cost of building out infrastructure.

The Public Service Board, whose members are appointed by City Council to govern El Paso Water, purchased much of the land in the 1950s to gain access to water resources, and the PSB on rare occasions sells off land that’s deemed “inexpedient” to the city’s water systems.

“We have not had any discussions regarding our real estate holdings, which are significant,” Dayoub said. Other communities with impact fees in place don’t have big land holdings they can sell to cover the cost of new infrastructure, he said.

“We have not managed those resources equitably or judiciously, in my view, in order to maximize the financial value to the utility, or to use to pay for the infrastructure needed,” Dayoub said.

The bulk of the utility's land holdings within El Paso County are in the Northeast and in the Upper Valley, Balliew, the utility's CEO, said in an interview.

However, the PSB has placed land up for sale at market price, "and nobody has purchased it," Balliew said. "What I think they really want is for us to just have a fire sale. And then somebody will buy (PSB-owned land) for pennies on the dollar."

## **Urban sprawl's environmental impact**

There are climate and environmental factors at play in the impact fee decision, as well. The city of El Paso has been [putting together a plan to counter climate change and improve air quality](#) in the Borderland, with a goal of winning hundreds of millions of dollars from the Environmental Protection Agency to implement it.

One of the plan's biggest elements is reducing the amount of time El Pasoans spend driving. The city's climate chief, Nicole Ferrini, told El Paso Matters that the amount of vehicle miles traveled here "is a driving force behind our emissions" that contribute to high ground-level ozone levels and particulate matter, which are hazardous to breathe.

Some ways to counter that include making it easier to walk places, or lower the cost of developing lots closer to the center of the city. "If you're living in the core and you're working in the core, you drive less," Ferrini said.



The Desert View neighborhood east of Loop 375 and south of Zaragoza Road continues to expand. (Ramon Bracamontes/El Paso Matters)

Lifting impact fees does “in some way promote in-fill development,” Duran said. “If I cannot afford a \$260,000 house in the new area, but I can afford an existing house in Central El Paso, I have an option of, ‘Where do I move?’”

Balliew in late February told City Council it should adopt the lowest increase on the table – a 56% hike that matches inflation since 2009.

That would bring about \$1 million extra per year for El Paso Water – an insignificant amount considering the utility’s \$558 million in capital spending this year, Duran said. That would have essentially no effect on household water bills, at least not in the near-term, he added.

Balliew has acknowledged that the concept of growth paying for growth is controversial in El Paso – the PSB shot down a somewhat [similar surcharge on new housing developments](#) in late 2022. But a small impact fee increase to homebuilders is “relatively painless. And it helps getting us closer along to the point that we need to be,” Balliew said.

Because impact fees have remained unchanged since 2009 while the cost of construction has risen, “the average El Pasoan is subsidizing more and more the cost of growth,” Balliew said. “We need to make an adjustment.”

© 2024 Copyright El Paso Matters. All rights reserved

Powered by Newspack