



# Proposition K: Amendment to Add Climate Policy to the City Charter

*Management Update*

Nicole Ferrini, **Climate and Sustainability Officer**

# History: Proposition K

**July 25, 2022**

Ground Game Texas submits a petition to the City Clerk's Office

**Aug 2, 2022**

November 2022 City Charter Amendment Election is delayed to May 2023

**Nov 4, 2022**

The City Clerk's Office certifies that the petition is deemed to have the requisite number of signatures

**Feb 7, 2023**

The City Council orders a Special Election for the submission of the citizen-led petition to add Climate Policy to the City Charter

## What is Proposition K?

*Proposition K is a proposition that will be included on the ballot in May 2023 to include Climate Policy into the City Charter.*

## Why is Proposition K on the ballot?

*The City Council approved placing ten (10) proposed amendments (Proposition A through J) to the City Charter to the May 6 ballot. An eleventh amendment (Proposition K) was added to the ballot as part of a citizen-driven petition.*

# Understanding Impacts

Following the February 7<sup>th</sup> Action to call a special election in May of 2023, City Council directed staff to provide an analysis of the potential impacts of Proposition K. Specifically in the following areas:

- potential fiscal impact to the municipality
- potential impact the City Bond Rating
- precedent and process for municipalization of the Electric utility.

## Notice Requirement – Texas Local Government Code 9.004

(c) Notice of the election shall be published in a newspaper of general circulation published in the municipality. The notice must:

- 1) include a substantial copy of the proposed amendment;
- 2) include an **estimate of the anticipated fiscal impact to the municipality** if the proposed amendment is approved at the election; and
- 3) be published on the same day in each of two successive weeks, with the first publication occurring before the 14th day before the date of the election.

# Breaking Down **The Basics**

## **What is the objective of the climate policy described on Proposition K?**

*To pursue three main goals: first, to reduce the City's contribution to climate change; second, to invest in an environmentally sustainable future; and third, to advance the cause of climate justice.*

## **What type of initiatives will be included on the climate policy amendment?**

*The proposed amendment includes the creation of a climate department, definition of climate goals, promotion of climate jobs, development of renewable energy generation, and reduction of greenhouse gas emissions, among other.*

## **Will be there a fiscal impact to the municipality with regard to the passage of Proposition K?**

*There will be a fiscal impact associated with implementation of climate policy, including annual costs and additional costs through 2045 to achieve the proposed goals.*

*The fiscal impact through 2045 is estimated at \$ 154,995,000.00.*

*The annual fiscal impact is estimated at \$ 4,125,936.00.*

# Proposition K: Cost Breakdown

		Total Costs	Annual Costs
Climate Policy	Sec. 9.1	\$ 154,995,000.00	\$ 4,125,936.00

Breakdown	Sections	Costs	Cost Recovery
Climate Director	Sec. 9.3	\$ 260,000.00	
Climate Department Personnel ( <i>excluding Director</i> )	Sec. 9.4	\$ 1,268,361.00	
Climate Dept. Operations	Sec. 9.4	\$ 306,300.00	
Annual Climate Impact Report	Sec. 9.5	\$ 50,000.00	
Annual Emissions Report	Sec. 9.6	\$ 65,000.00	
Climate Jobs	Sec. 9.7	\$ 1,451,372.00	
Government Procurement Manager	Sec. 9.7	\$ 84,903.00	
Solar Power Generation Plan	Sec. 9.8	\$ 10,000.00	
Rooftop Solar Power Generation Policy Development and Maintenance	Sec. 9.8	\$ 10,000.00	
Investment Grade Audit (divided over 3 years)	Sec. 9.9	\$ 495,000.00	
Energy Efficiency and Electrification	Sec. 9.9	\$ 50,000,000.00	
Estimated cost to reach 80% renewable energy for municipally owned facilities by 2030	Sec. 9.9	\$ 67,500,000.00	
Estimated cost to reach 100% renewable energy for municipally owned facilities by 2045	Sec. 9.9	\$ 25,000,000.00	
Feasibility Study: Municipalization of El Paso Electric	Sec. 9.10	\$ 12,000,000.00	
Annual Climate Disaster Mitigation, Preparedness and Response	Sec. 9.11	\$ 50,000.00	
Cost recovery due to the elimination of fees, permits, and fines associated with limiting the purchase, use, or generation of renewable energy	Sec. 9.13		\$ 570,000.00

***\*All estimates are projections based on available data, current market and conditions. They do not reflect inflation.***



# Other Costs: **Known Unknowns**

- All estimates for Proposition K are **projections based on available data and current market conditions**.
- They *do not* reflect potential fluctuation in inflation.
- Costs for **upgrading existing municipal facilities** to accommodate rooftop solar, EV charging and other advanced technologies
- **Ongoing maintenance costs** for rooftop solar, EV charging, advanced technologies at all municipal facilities
- **Other Green Building Measures** that are not part of Prop K but may be considered such as water conservation, stormwater management, indoor air quality and materials waste reduction.
- **Fiscal impact of ban on utilizing city water** for fossil fuel industry activities outside of the city limits as well as cancelation of city contracts subject to the ban.
- **Cost of Municipalization** of the Electric Utility beyond the feasibility study.

# FAQ



## How much would it cost the City to purchase El Paso Electric?

- It is **unknown** at this time what it would cost for the municipalization of El Paso Electric.
- The City must conduct a feasibility study to determine an estimated cost for the municipalization.
- The feasibility study is estimated to cost about **\$12 Million and is a multi-year study** that averages between 8 to 10 years.
- The utility was sold to IIF for \$4.3 Billion in 2020.
- EP Electric advised that they have added assets to the utility and estimate they have nearly doubled in value over the last 3 years. Additionally, EP Electric has advised us that they intend to invest another \$2 Billion in infrastructure over the next 5 years.
- At this time, the estimated value is about \$8 Billion, according to EP Electric. **The utility is not for sale at this time.**

*"An argument might be made that the cost of acquiring the EPE system is \$4.3 billion because that is what IIF paid in 2020. Unfortunately, the acquisition price may not be a good proxy for acquiring and setting up a stand-alone city-owned utility."*

*A municipalization is a different legal and financial process, which will have to include a partial acquisition of EPE's service area as well as creating a whole new utility function."*

**H Bailey Group, March 2023**





# Community Meetings

**Tuesday, April 4, 2023**

**6 p.m.**

In Person: City Hall (300 N. Campbell)  
Main Conf. Room, 2nd Floor

Virtual: <https://tinyurl.com/2p8psncx>  
Meeting ID: 249 490 891 629  
Passcode: c7i7ET

Phone: (915)213-4096, 905 414 555#

**Wednesday, April 5, 2023**

**5:30 p.m.**

Clardy Fox Library (5515 Robert Alva)

**Thursday, April 6, 2023**

**6 p.m.**

Hispanic Chamber of Commerce Offices  
(4141 Pinnacle, Ste. 120)

**Monday, April 10, 2023**

**6 p.m.**

Eastside Regional Command (10780 Pebble Hills)

**Tuesday, April 11, 2023**

**6 p.m.**

Westside Regional Command (4801 Osborne)

**Thursday, April 13, 2023**

**6 p.m.**

Mission Valley Regional Command (9011 Escobar)

**Monday, April 17, 2023**

**6 p.m.**

Northeast Regional Command (9600 Dyer)

**Thursday, April 20, 2023**

**11 a.m.**

Greater El Paso Assoc. of Realtors Offices  
(6400 Gateway Blvd. East)

Learn more online at:

[www.ElPasoTexas.gov/EPCharter](http://www.ElPasoTexas.gov/EPCharter)





## 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

