THE RESPONSIBLE CHOICE FOR EL PASO TAXPAYERS IS THE NO-NEW-REVENUE TAX RATE

El Paso Taxpayers are facing higher taxes across the board. The City should not add to the burden.

OTHER TAXING ENTITIES ARE RAISING TAXES

ELECTRIC BILLS ARE THROUGH THE ROOF

GROCERIES COSTS ARE SKY ROCKETING

GASOLINE PRICES ARE UP

In this environment, a No-New-Revenue Tax Rate is **absolutely necessary.**

TAX RATE COMPARISON (PER $100 of Taxable Value)

PROPOSED TAX RATE
El Paso City Council's Choice
$0.809487
+144.19 per year
($232,669 average valuation per the City)

NO-NEW-REVENUE RATE
The Responsible Choice
$0.747490
City Tax will remain about the same as last year.

VOTER-APPROVAL RATE
Above this Requires an Election
$0.809487
+144.19 per year
($232,669 average valuation per the City)

FUND BALANCE POLICY: 65 DAYS v. 60 DAYS

The City says it is "best practice" to maintain a FUND BALANCE of 65 days.

The Government Finance Officers Association recommends 60 days.

Reducing the Fund Balance from 65 days to 60 days would free up about **$9 million**.

This responsible adjustment can offset the tax rate without harming essential services.

The one-time use of reserves is reasonable when El Paso taxpayers are facing higher taxes across the board and rising costs.

LACK OF BUDGET TRANSPARENCY

The budget presented to taxpayers includes items in the **BUDGET ORDINANCE** that are not shown as identifiable line items in the 1,104-page budget book. Taxpayers cannot see the annual cost or evaluate the benefit to them.

The Wellness Program: "not to exceed $150 per employee"

How many employees? The budget book does not say. Are we to assume that the approximately 7,000 full-time employees could potentially receive the payment costing the taxpayers over $1 million annually? El Paso taxpayers have no way to know the actual cost.

The Lean Six Sigma $100 (and any taxes due) payment per employee assigned additional duties.

Again, how many employees? This cost is not listed as a budget item in the budget book. El Paso taxpayers cannot see how much is spent or determine if the savings justify the expense. While the program may produce benefits, the lack of transparency means the taxpayers have no way to see its value.

If it is important enough to include in the tax rate ordinance but not as an identifiable budget line item, the taxpayer can only assume that it is a costly budget item but has no way to know by how much.

THE EL PASO CITY COUNCIL CHOSE TO SET THE HIGHEST RATE ALLOWED WITHOUT VOTER APPROVAL

They chose to adopt the maximum rate of - $0.809487 per $100 - the highest they can select without asking the voters.

El Paso taxpayers stretched thin and other taxing entities are raising taxes, electricty is up and grocery and other prices are climbing.

THE BOTTOM LINE: El Paso City Representatives must not raise our taxes and choose fiscal responsibility on August 17 and August 18.

No-New-Revenue Tax Rate. Transparent Budget. Responsible Government.
Respect the Taxpayers. Protect Our Future.

Sources and methodoly is available at samarmijo.com

Policy Brief No. 1, Rev 1.

Give El Paso Taxpayers Relief Before Asking Them to Pay More

The City of El Paso should adopt the ***No-New-Revenue Tax Rate of $0.747490 per $100 of taxable value*** rather than the **$0.809487 rate currently proposed**.

The issue is not whether El Paso should maintain police, fire, streets, parks and other essential services. It should. The issue is whether taxpayers should be required to pay a higher city property-tax rate when the proposed budget contains alternatives that could reduce or defer spending to help keep taxes lower for El Paso's homeowners.

The FY2027 city budget is proposed at approximately **$655.3 million**, a **4.7% increase** over the FY2026 adopted city budget. The entire City budget is approximately $1.407 billion.

At the same time, El Paso households are facing pressure from multiple directions. El Paso Electric's latest rate case resulted in new rates taking effect in 2026, with the utility estimating an approximately **$13-per-month increase for the average residential customer**[1].

When taxpayers are already confronting higher household costs and taxes from multiple taxing jurisdictions, the City's first obligation should be to exhaust reasonable expenditure alternatives before increasing taxes for homeowners.

The El Paso City Council Had an Alternative

At the previous budget meeting, **I proposed approximately $21 million in budget deferments and reductions** as an alternative to raising the property-tax rate.

Rather than adopting those proposals, the Council chose to expand the budget and set the proposed tax rate at **$0.809487 per $100 of taxable value** - the voter-approval threshold identified for this budget.

That decision is significant.

The question before the El Paso City Council is not simply:

> **"Can we legally adopt this tax rate without an election?"**

The better question is:

> **"Should we impose the highest tax rate we can adopt without asking the voters?"**

For El Paso taxpayers, those are two very different standards.

The fact that the rate can be adopted without an election does not mean that it is the appropriate rate.

The No-New-Revenue Rate Is the Taxpayer's Reasonable Baseline

The proposed rates are:

Tax Rate	Rate per $100	Meaning
No-New-Revenue Rate	**$0.747490**	Maintains approximately the same property-tax revenue from the same taxable property base.
Proposed Rate	**$0.809487**	The higher tax rate selected by the El Paso City Council.
Voter-Approval Tax Rate	**$0.809487**	The highest rate identified for adoption without voter approval

The difference is:

$0.809487 - $0.747490 = $0.061997 per $100

For the City's stated **$232,669 average homestead taxable value**, that difference represents approximately:

$144.25 more per year

in City property taxes on the average homestead, assuming the taxable value is the same.

The annual City property-tax calculation is approximately:

No-New-Revenue: **$1,739.18**
Proposed Rate: **$1,883.43**
Difference: **$144.25** per year on the average homestead,

That is about $12.02 more per month.

For a family already paying higher electric, food, fuel and other household costs, the City should be asking whether an additional $144 is necessary - not simply whether it is legally permissible.

A Strong Reserve Does Not Mean Every Dollar Must Remain Untouched

The City says it is best practice to maintain a **65-day Fund Balance**.

> **A note about the Fund Balance**: *The easiest way to think about the Fund Balance is to look at it like a savings account. The City keeps an* ***Unrestricted Fund Balance****. This is money the government intends to use for a specific purpose, but without a strict formal vote. A Real-world analogy is that a homeowner puts $50 into an envelope marked "Cattleman's Steakhouse dinner." That is the plan, but changes in income or an emergency car repair allows the $50 to be used for that instead of the steak dinner. It is important to note that the City could have chosen to restrict the Fund Balance as Restricted, which limits the use of the funds to specific purposes instead of the Unrestricted designation it uses. It did not.*

The 65-day reserve is a commendable goal. But it should not be presented as though 65 days is the only financially responsible reserve level.

The *Government Finance Officers Association* (GFOA) recommends, **at a minimum, two months of regular General Fund operating revenues or expenditures** - approximately **60 days** - while also emphasizing that each government's circumstances should determine its appropriate reserve level[2].

This means that a 60-day reserve is not fiscally irresponsible. It is consistent with the GFOA's minimum benchmark.

Using the FY2027 General Fund budget of **$655,320,318**, five days of expenditure is approximately:

$655.32 million ÷ 365 × 5 = $8.98 million

Therefore:

65 days → 60 days = approximately $9 million

That is a substantial potential source for a one-time tax relief.

The City itself acknowledges that it enters FY2027 with **healthy reserves and financial strength**.

The appropriate policy is not to recklessly spend reserves. It is to determine whether maintaining an additional five days above the GFOA minimum is more important this year than requiring taxpayers to pay a higher tax rate.

The City's Own Argument Against One-Time Solutions Should Not End the Discussion

The City's position is that:

> ***"One-time adjustments (use of fund balance, deferring necessary investments) is not sustainable and worsens future structural imbalance."***

That concern is legitimate.

But it does not answer the immediate policy question.

A one-time reserve adjustment should **not** be used to permanently finance recurring expenditures. GFOA likewise cautions that fund balance above policy requirements should not become a funding source for ongoing recurring expenditures and recommends a plan for replenishment when the reserves are used.[3]

The proposal here is different:

Use a limited, one-time reserve adjustment to reduce the immediate tax burden while simultaneously pursuing recurring expenditure reductions and deferments.

The City's proposed budget itself says it was developed around operational efficiency and expenditure review and reports approximately **$26.2 million in recurring savings from vacancy reductions and other measures**.

That demonstrates the City already recognizes that expenditure decisions can create recurring savings.

The same scrutiny should be applied to every program - not only vacant positions.

Budget Transparency Must Improve Before Taxpayers Are Asked for More

One of the most important issues is **transparency**.

The City says the FY2027 budget is intended to strengthen transparency and accountability through program-based budgeting.

But taxpayers should be able to answer a basic question:

"How much does this particular program cost me?"

The proposed *budget ordinance* contains provisions for programs and employee payments that are not readily identifiable as individual expenditure line items in the more than 1,000-page budget book.

Wellness Program

The ordinance provides for a wellness program with an amount "**not to exceed $150 per employee**."

But where is the corresponding annual appropriation clearly identified for the taxpayer?

The City's proposed budget supports more than **6,500 employees** (*City of El Paso FY 2026-2027 Proposed Budget, page 19*) across the city.

If the $150 maximum were applied to approximately 6,500 employees, the potential annual exposure would be approximately:

> **$975,000**

That does **not** mean the City will necessarily spend $975,000.

It means taxpayers deserve to know:

- How many employees are eligible?
- How many are expected to participate?
- What is the actual appropriation?
- What is the projected annual cost?
- What measurable savings or health benefits are expected?
- What was spent in prior years?

A provision saying "not to exceed $150 per employee" without a readily identifiable program-level budget makes those questions unnecessarily difficult to answer.

Lean Six Sigma: Show the Cost Before Claiming the Savings

The same transparency problem exists with the proposed **Lean Six Sigma** program.

Under the ordinance language the City identified that employees assigned additional duties related to the program can receive **$100, plus applicable taxes**, for each employee assigned the additional duties.

But the budget book does not present *Lean Six Sigma* as an easily identifiable budget line item that allows the public to determine the total annual cost.

That creates an obvious accountability problem:

> ***How can taxpayers determine whether Lean Six Sigma is a worthwhile investment if taxpayers cannot readily determine how much the program costs?***

Lean Six Sigma may ultimately produce savings. It may improve efficiency. It may be a worthwhile investment.

But **potential savings do not eliminate the need to disclose costs.**

A transparent budget should allow the public to see:

Program Cost → Expected Savings → Actual Savings → Net Benefit

Without that information, taxpayers cannot independently evaluate the return on the investment.

This is particularly important because GFOA's current budget-presentation guidance emphasizes clarity, transparency of budget decisions and communicating budget information in a form that answers questions public stakeholders would reasonably have[4].

Taxpayers Should Not Have to Perform the City's Budget Analysis at the Last Minute

The FY2027 budget message says the budget was the product of **months of collaboration** among City Council, executive leadership, department directors, employees and residents.

That raises a reasonable question:

> ***If the City Council had nearly two months of budget workshops and preparation, why did a taxpayer have to identify $21 million in potential deferments at the last minute?***

Every Council representative has a responsibility to ask:

- What can be deferred?
- What can be eliminated?
- What can be reduced?
- What is discretionary?
- What produces measurable savings?
- What programs have measurable outcomes?
- What programs are duplicated?
- What costs are buried in broader accounts?
- What can be postponed without affecting essential services?

Those questions should have been answered **before** deciding that taxpayers should pay the highest permissible rate.

The City Budget Is Growing

The General Fund increases from approximately **$625.7 million to $655.3 million** (*Proposed budget, page 20*), or about **$29.6 million / 4.7%**.

The City explains that rising personnel, healthcare, pension, utility, fuel, technology and contractual costs are driving budget pressures.

Those pressures are real.

But they are not unique to City Hall.

The same inflationary pressures are hitting the people who pay the bills.

That is precisely why government must distinguish between:

essential services
and
everything government would like to fund.

The City's own budget identifies public safety as its largest investment and says public safety represents more than half of General Fund expenditure.

A no-new-revenue tax rate does not require abandoning public safety.

It requires prioritizing public safety and essential services over lower-priority expenditures and finding efficiencies before asking taxpayers for more.

Recommended Policy

Adopt the FY2027 No-New-Revenue Tax Rate of $0.747490 per $100 of taxable value.

Direct the City Manager and Office of Management and Budget to:

1. **Incorporate the previously proposed $21 million in budget deferments/reductions** or identify equivalent reductions.
2. **Evaluate a reduction of the General Fund reserve target from 65 to 60 days**, potentially freeing approximately **$8.98 million** in one-time budget capacity.
3. **Protect police, fire and other essential services** from reductions wherever possible.
4. **Publish a program-level cost for every employee incentive, allowance, wellness and special compensation program.**
5. **Identify the total cost of Lean Six Sigma** (*see note 1 below*), including employee payments, taxes, consulting, training and other associated expenses.
6. **Require measurable performance metrics** showing whether programs produce the savings or outcomes promised.
7. **Present recurring expenditure reductions separately from one-time reserve adjustments** so the taxpayers can distinguish permanent solutions from temporary funding.
8. **Commit to maintaining a transparent budget document that an average taxpayer can understand and audit.**

Sources:
1. El Paso Electric FAQ: https://www.epelectric.com/rate-case/faqs
2. Fund Balance Guidelines for the General Fund: https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund
3. Fund Balance Guidelines for the General Fund: https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund
4. Distinguished Budget Presentation Awar, Program Changes (2026): https://www.gfoa.org/budget-award-2026

Disclosure: *Sam Armijo is running for the District 1 City Council Seat on the November 3, 2026 ballot.*

Note 1: Lean Six Sigma was introduced by former City Manager Tommy Gonzalez when he was appointed the City Manager as a cost savings tool.

LEAN SIX SIGMA

IS EL PASO STILL GETTING ITS MONEY'S WORTH?

THEN

$147 MILLION - Reported cost savings

40,000+ HOURS - Reported staff time savings

NOW

$100 + TAXES
Payment authorized for employees assigned additional Lean Six Sigma duties.

BUT

- WHERE IS THE TOTAL PROGRAM COST?
- WHERE ARE THE CURRENT PROJECT REPORT CARDS?
- WHERE ARE THE VERIFIED SAVINGS?

THE TAXPAYER QUESTION

How much does Lean Six Sigma cost El Paso taxpayers today - and how much measurable savings does it produce?

Transparency isn't opposition to efficiency. It's how taxpayers know efficiency is actually working.

SHOW US THE NUMBERS.

Sam Armijo Statement to the City Council - August 17, 2026.

"**Don't Raise Taxes Just Because You Can**"

Mayor and Council Members:

Today, I am asking you again to choose the **No-New-Revenue Tax Rate of $0.747490 per $100 of taxable value**.

This is not a vote against public safety. It is not a vote against essential City services. It is a vote for **living within our means and respecting the taxpayers who pay the bills**.

At our last meeting, I proposed approximately **$21 million in budget deferments and reductions**. Instead of adopting those recommendations, you expanded the proposed budget and selected **$0.809487 - the highest tax rate identified that can be adopted without going to the voters**.

But being able to impose the highest rate without an election doesn't mean we should.

The average El Paso homestead has a taxable value of about **$232,669**. The difference between the *No-New-Revenue* rate and the proposed rate represents approximately **$144 more per year** for that average homeowner.

And taxpayers are already being squeezed.

They are paying more to other taxing entities. Their electric bills are going up. Groceries cost more. Gasoline costs more. And now we're telling them City government needs more money, too.

We have another option.

The City says maintaining a **65-day fund balance** is the best practice. I agree that a strong reserve is important. But the Government Finance Officers Association benchmark is approximately **60 days**. Moving from 65 to 60 days could make approximately **$9 million** available.

That's $9 million we can use to reduce the pressure to raise taxes - while still maintaining a substantial reserve.

And before asking taxpayers for another dollar, we should demand transparency.

The *budget ordinance* identifies programs such as a wellness benefit of up to **$150 per employee** and payments for employees assigned additional **Lean Six Sigma** duties. Yet the average taxpayer cannot simply open the budget book and see what those programs cost annually.

If taxpayers are asked to pay more, they deserve to see where every dollar is going.

Council had months to scrutinize this budget.

Taxpayers should not have to do that work at the last minute to find alternatives to a tax increase.

So, I ask you to make the responsible choice:

Adopt the No-New-Revenue Tax Rate of $0.747490.

Protect essential services. Find the efficiencies. Use our resources wisely.

Don't raise taxes simply because you can.

Give taxpayers a break - and make City government live within its means.