



Victor Caizada / El Paso Times

Oscar Apodaca worked on the El Paso International Airport construction site this weekend just south of the terminal.

Major airport construction to begin in late February

By **Gordon Dickson**
El Paso Times

Work crews could begin tearing into the walls of the airport passenger terminal as early as late February, but any inconvenience to travelers will probably be very minor until summer.

Airport Director Bill Rankin said a plan to install a structural still — needed to expand the terminal to the west near the current luggage conveyors — has been postponed until February or March because the city wanted to rebid the project.

Even when that work begins, Rankin said disruption for travelers will probably be minimal.

"It won't affect the public immediately," Rankin said. "You will see signs of construction, (but) La Placita (terminal shopping center) won't be closed until late spring or early summer."

The airport's parking lots are still crowded because of the first phase of renovation, which included making way for improved short-term and long-term parking areas.

Travelers are advised to leave for the airport an extra hour earlier than usual (two hours before a flight).

The city has already awarded more than \$20 million in contracts.

Overall, the plan is to spend nearly \$120 million over five

years, including a \$54 million renovation of the passenger terminal.

Other parts of the renovation include:

- \$24 million in air cargo renovations.

- \$19.5 million in runway and taxiway reconstruction.

- \$15.4 million in improvements to the general aviation and industrial parks.

About half of the project, \$58 million, is being financed by the airport's own rainy-day fund.

The rest is being paid for with revenue bonds (to be paid back by the airport itself through rentals and concessions) and federal financing.

but filed a lawsuit in state district court demanding a refund. The appraisal district took the properties off the rolls temporarily in 1994 and 1995, pending the outcome of the lawsuit.

Both sides say they're optimistic about negotiations. But the legal bills are beginning to add up, and even officials close to the dispute have their doubts about whether it's worth it to pursue the case.

Legal costs high

"The taxpayer is the one that's going to pay, regardless of which way we're going to go," said Richard Telles, a member of the El Paso school board, which pressured the appraisal district to put the property on the tax rolls.

But now, Telles said he believes the legal rift isn't doing anything positive for taxpayers, and he just wants it to be over.

Mark Elias, 26, a West Side resident who owns a clothing manufacturer, is probably like many El Pasoans who can understand how people on both sides of the issue feel.

"I think (airport businesses) ought to be paying taxes," Elias said. "Here I am paying \$6,000 a year for my home, and the schools (still) don't get the money they need."

Expensive leases

But Elias also understands that these businesses are already paying high-end leases for their prime location. And, although their leases are long-term (usually 20 years), there's no guarantee they won't be kicked off the land some day in the future, when elected leaders might decide to do something new with the public land.

"They're on government property, and they're paying more for a lease than a person would for normal property," he said. "I think they ought to pay, but it should be reasonable."

Tax policy

The policy on taxing airport land has long followed a basic principal of municipal law: governments should not tax each other.

Therefore, the city of El Paso theoretically shouldn't be paying property taxes on its airport land to other taxing entities, such as the school districts.

But former El Paso school board member Bob Benson, who died in 1995, argued in 1991 that the city was supposed to be using its airport land for public-use services, and that any private-sector businesses at the airport should have direct links to the air-travel industry itself.

Otherwise, those businesses should be taxed just like their neighbors who weren't fortunate enough to have a prime spot at the airport.

Education money

The way Benson viewed it, Texas schools are dependent on property taxes for most of their expenses — and taking the city's commercial property out of the tax loop was like stealing from a child's education fund.

Benson persuaded the Central Appraisal District to put the city's \$70 million on the tax rolls.

The settlement being negotiated would affect only the years 1991, 1992, 1993, 1994 and 1995.

If the settlement is reached the case could be dropped, without either side settling the issue as to how much, if any, airport land should be taxed in the future.

"It's not going settle it for the (long-term) future," Assistant City Attorney Charlie McNabb said. "This will only handle the foreseeable future."

But McNabb is hopeful that assuming a settlement is reached both sides will see it as impractical to rekindle the dispute.

Tensions have eased

A big problem in the past, city officials said, was school board member Benson's passionate belief that the school district had a right to tax the airport land.

"The (school) board we're currently dealing with is committed to not doing it," McNabb said. "I think it will be a cold day in July before the appraisal district puts it back on the rolls. I think this will settle it."

Negotiations were ongoing last week, and could continue today. The city attorney's office has placed the issue on the agenda for City Council's regular meeting Tuesday, so if the settlement comes, the papers can be signed right away, without a special meeting later.

Land's history

The city got the land at no cost from the federal government right after World War II, as part of the Surplus War Assets Act. The only conditions were that the city use the land for aviation purposes (such as future airport expansion), or if it was used for other nonaviation purposes, that all proceeds go to aviation improvements.

Over more than 40 years, the city accumulated more than \$58 million in airport proceeds, and that money is currently being used to finance part of a \$120 million airport expansion.

Commercial designation

But the Central Appraisal District in 1991 placed much of the city land — valued at about \$70 million — on the tax rolls, saying the properties were purely commercial.

The city was forced to pay about \$1.4 million in 1992 and 1993 property taxes on that land,