

# FINANCIAL PLAN

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## BUDGET TRENDS IN FY 2018 - 2019

El Paso Water continues to evolve in addressing and meeting the needs of our customers in the 21<sup>st</sup> century. It is well prepared to meet the challenges to serve a large metropolitan region in the Southwest. The Utility is one of the most cost-efficient organizations—public or private—in the entire Southwest. The Utility is focused on meeting the supply and demand needs of its current and future customers, while minimizing costs and maximizing service.

During FY 2018-2019 the Utility saw continued improvements in operational efficiencies. Through the guidance of Public Service Board, the Utility continued its regional leadership, investment in its employees, and passed these savings on to the customers.

Overall operating costs for FY 2018-2019 are projected to increase compared to the prior year, mainly due to an increase in budgeted salary adjustments and new positions added.



The Utility has made a conscious and ongoing effort to reduce unaccounted for water. A comprehensive program focusing on leak detection, reservoir rehabilitation, and increased meter replacement have all contributed to more accurate billing and less unaccounted for water. Unaccounted for water has decreased from 14% in 1996 to 10.24% in 2018. Results of this program are reflected in various benchmarks in this budget document.

The bulk of capital improvement efforts are geared toward rehabilitation of the system and serving the growth of the city, including water resource development, phased improvements to reservoirs, pump stations, lift stations, treatment plants, and distribution and collection lines. This allows the Utility to boast over a 99.99% reliability rating and demonstrates why the TCEQ continuously rates the Utility a “Superior Water System.”

Of the estimated \$254.0 million to be invested in plant and system improvements and additions in FY 2018-2019, the Utility estimates spending:

- \$93.7 million in water resources including \$71.2 million in water rights land acquisition in Hudspeth County
- \$20.8 million in water treatment facilities improvements and rehabilitation
- \$37.6 million for new distribution water lines and rehabilitation of existing water infrastructure
- \$16.8 million to construct new storage tanks and structural improvements to existing reservoirs
- \$14.1 million to continue with the multi-year, multi-phase emergency backup power project

On the wastewater side, the Utility estimates spending:

- \$23.8 million in new collection systems and pumping facilities
- \$26.8 million in upgrades and rehabilitation of wastewater treatment plants

On December 18, 2018, the Utility issued \$26.7 million of bonds Series 2018 to take long \$30.0 million of Commercial Paper.

In accordance with the Board’s Strategic Plan, the Utility focused on becoming a more efficient and better trained workforce through the use of technology, automation and cross training.

**FY 2019 – 2020: MEETING FUTURE DEMANDS**

The FY 2019-2020 operating and capital budget was presented to the Public Service Board for review, input and guidance during two public budget workshops. The budget was adjusted based on direction from the Board; and is consistent with the Board’s Strategic Plan. Budget workshop meetings were open to the public and were held as follows:

<u>Date</u>	<u>Agenda</u>
December 3, 2018	Stormwater Utility Operating and Capital Budget and Water, Wastewater, and Reclaimed Water Operating and Capital Budget
January 9, 2019	Public Hearing and Adoption of Budget, Rates and Rules and Regulations for Water, Wastewater, Reclaimed Water, and Stormwater

**ASSUMPTIONS**

The FY 2019-2020 budget is based on certain assumptions and specific operating and capital budget costs. Financial projections for future years require additional assumptions related to revenue growth, expenditures and necessary rate adjustments. Basic assumptions to this year’s five-year financial plan include the following:

<b>Basic Assumptions</b>	
Customer growth rate	1.5%
Water billed	34.5 billion gallons
Water billed growth rate	1.5%
Wastewater treated	23.3 billion gallons

<b>Basic Assumptions</b>	
Wastewater treated growth rate	1.5%
Miscellaneous revenues growth rate	2.0%
Fire Protection growth rate	1.0%
Operations and Maintenance growth rate	1.0%
Contingencies	2.5% of operating budget
Interest earnings rate	2.5% of average fund balance
Payment to City (water only)	10.0% of water revenues
Future debt financial costs	4.50% (includes subsidized State Revolving Fund Loans)

## **BASIS OF BUDGETING**

The budget and comprehensive annual financial report are prepared using the accrual basis of accounting. Revenue is recognized as it is earned, and expenses are recognized as goods or services are delivered. The PSB has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions, issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict GASB pronouncements. The operating budget is prepared at the **object** level. The object of expenditure is the good or service for which the expenditure was made. For further detail, sub-object listings are provided and reported by the Utility as “account numbers.” For a complete listing of the Utility’s operating budget, refer to the section of this budget book entitled “Operating Budget Detail.”

The Utility’s funds are not appropriated; rather the budget is an approved plan that can facilitate budgetary control and operational evaluations. The Utility defines fund equity as net position, which equals assets minus liabilities. Fund position is divided into four categories; net invested in capital assets, restricted for construction and improvements, restricted for debt service, and unrestricted.

## **FY 2019-2020 DETAIL BUDGET**

The Fiscal Year 2019 – 2020 budget reflects the PSB’s Strategic Plan goals and objectives and is a balanced budget, with the revenue and other financing sources equal to the expenditures and other financing uses. The FY 2019-2020 combined operating and capital budget addresses a continued effort to hold the line on expenditures. The Utility adopted a four percent water and eight percent wastewater rate increase.

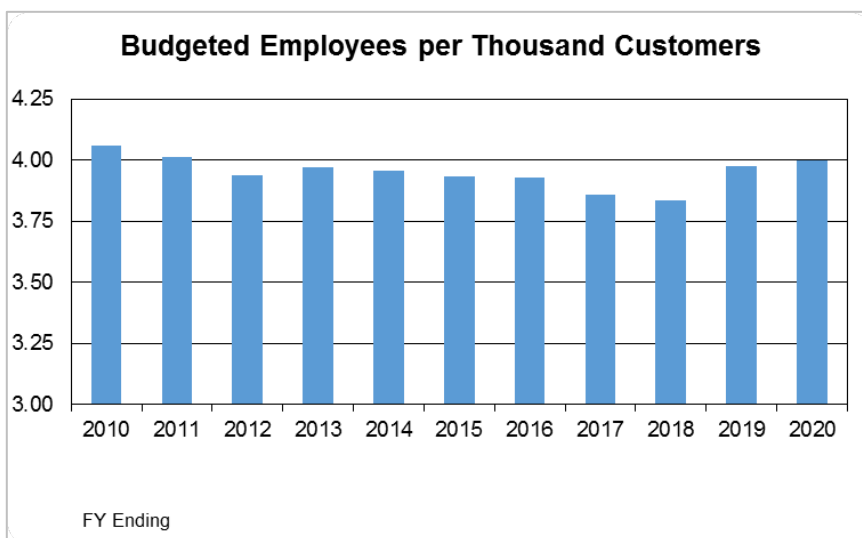
Some of the highlights of the FY 2019-2020 budget are as follows:

The operating budget decreased by \$2.9 million. The following changes to the operating budget show that expenses decreased mainly as a result of:

- \$5,500,000 decrease in water purchase for resale
- \$1,768,800 decrease in chemical costs

In addition, there was an increase of \$1.6 million for salary adjustments and 16 new positions, and six positions that transferred from the Stormwater Utility. The following table identifies the new positions adjustments to the staffing table:

<b>Change in Staffing</b>	
<b>Section</b>	<b>Number of Positions</b>
Administration	+1
Engineering	+3
Financial and Support Services	+6
Operations Support	+3
Operations (Wastewater)	+3
<b>Net Change, All Divisions FY 2019-2020</b>	<b>+16 positions</b>



The Utility's ratio of employees to 1,000 customers has been reduced by 22% from 5.0 in 1996 to 4.0 employees per 1,000 customers budgeted for in FY 2019-2020.

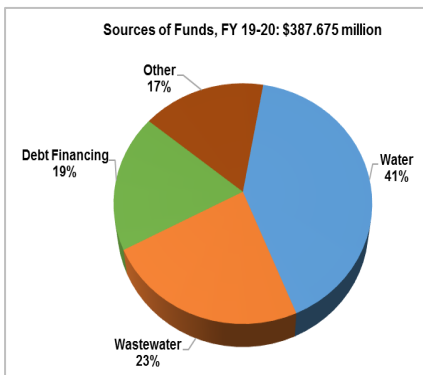
Some capital projects experienced delays in FY 2018-2019, therefore in FY 2019-2020 the budget includes \$88.2 million of capital projects already funded through prior years' appropriations. Out of the \$181.5 million capital budget, \$140.3

million is from new appropriations. The capital budget continues to address acquisition of additional water sources, rehabilitation of water and wastewater infrastructure, and new water, wastewater and reclaimed water facilities to meet future demand:

- To meet the demands of growth both inside and outside the city, several projects are included in the FY 2019-2020 capital budget. One of these is the continued easement acquisition for future water importation pipeline with projected expenses of \$4.5 million
- \$18.8 million to continue the construction or design of several reservoirs
- \$23.2 million in water treatment facilities improvements and rehabilitation, including \$12.9 million for the completion of the new ozone generators at the Jonathan Rogers Water Treatment Plant
- \$31.0 million for new distribution water lines and rehabilitation of existing water infrastructure

The capital budget also includes \$75.5 million for wastewater projects which includes \$28.4 million for improvements of wastewater treatment plants and \$27.5 million for the rehabilitation and new construction of the collection system. The Utility maintains the level of system rehabilitation and replacement, and compliance with existing and new federal and state regulatory mandates. Other projects that make up the capital budget include planning, design, and construction phase work in all parts of town. Line replacement and rehabilitation will continue at a high level, with the most critical lines identified and repaired on a prioritized basis. The Utility continues to work with the County of El Paso to bring first-time public water and wastewater service to areas outside the city limits by obtaining grants to provide this much needed service. In 2018 the Utility received \$12.9 million in funding in the form of an \$11.5 million grant and a \$1.4 million loan from the Texas Water Development Board (TWDB) thru the Economically Distressed Areas Program (EDAP) for Phase I of the Montana Vista Colonia project that will provide first-time wastewater service to 816 customers. This project is projected to start construction in 2019. The Utility continues to work in close conjunction with the City of El Paso and the Texas Department of Transportation on major street renovation and highway projects. As El Paso continues to assert its role as the most important city on the U.S.-Mexico border, more joint efforts with the Texas Department of Transportation, Texas Water Development Board, City of El Paso, and other governmental agencies will increase. Many of these projects are associated with state highways and associated rights-of-way, as El Paso remains a major thoroughfare into the 21st century.

### Revenues and Other Financing Sources



**Water** – Water revenues are funds generated for providing potable water service to customers and fire protection. Water revenue for FY 2019-2020 is estimated at \$127.2 million and reflects an increase of \$6.3 million in billed water compared to the budgeted water revenue for FY 2018-2019 due to an approved four percent revenue adjustment and normal growth in customers.

**Wastewater** – Wastewater revenues are proceeds from providing wastewater treatment services to customers. Wastewater revenue for FY

2019-2020 is estimated to be \$90.8 million. This estimate is higher from the previous year's budget reflecting an approved eight percent revenue adjustment and normal customer growth.

**Water Supply Replacement Charge** – Water Supply Replacement Charge (WSRC) is restricted revenue used for the costs of attaining future water supplies and the infrastructure associated with it. The revenue source is estimated to be \$30.8 million for FY 2019-2020, which includes a four percent revenue adjustment. Effective March 1, 2017, all meter accounts with monthly water consumption of less than 4 ccfs are not be charged the WSRC. This rate elimination was approved by the PSB to help low volume users. In 2018-19 approximately 35,000 customers on a monthly basis had this fee waived.

**Debt Service Proceeds** – These are restricted funds available from previously issued bonds and new commercial paper used to finance the capital improvement program. For FY 2019-2020 the Utility budgeted \$117.0 million.

**Franchise Fee** –September 1, 2014, the City of El Paso started charging the Utility a franchise fee of \$3.6 million annually, which remains in effect. City Council approved the fee as a means to compensate the City of El Paso for the Utilities' use of city streets and the rights of way for projects and wear and tear on City streets. The monthly fee is billed to all inside City customers.

**Reclaimed** – Reclaimed water revenues are funds generated for supplying advanced secondary and tertiary reuse water services. This revenue source is estimated to generate \$4.6 million in FY 2019-2020. The FY 2019-2020 reclaimed water rate includes an approved eight percent revenue adjustment. The rate adjustment includes an approved reduction in the subsidy of the reclaimed water rate that will be gradually eliminated over the next six years.

**Interest Income** – This category includes interest earned from investments, other cash management functions and notes receivable. This revenue source is estimated at \$3.0 million for FY 2019-2020. Interest rates are expected to increase in 2019 due to two anticipated Federal Reserve rate increases.

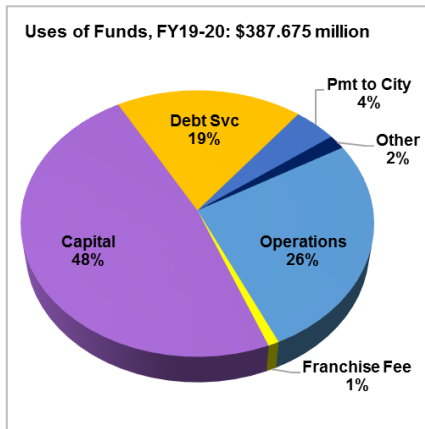
**Grants** – This category includes any funds from federal and state governmental agencies. Almost always these proceeds are for capital improvement projects. Grant proceeds from existing and/or new grants for FY 2019-2020 are estimated to be \$2.1 million.

**Farm Revenues**– The Utility continues to purchase water rights land in and around Dell City to secure a future water supply, which is included in the Region E's 50 year plan. These water resources will be used for water importation around the year 2050. The Utility currently has leased out all the farm properties acquired and is in negotiations to lease the farms it is in the process of acquiring now. The Utility estimates that for FY 2019-2020 farming lease revenues to be \$2.1 million.

**Other** – This category includes proceeds from the sale of assets such as land; revenues from fees charged for development of land recently annexed by the City of El Paso; impact fees from new development, other

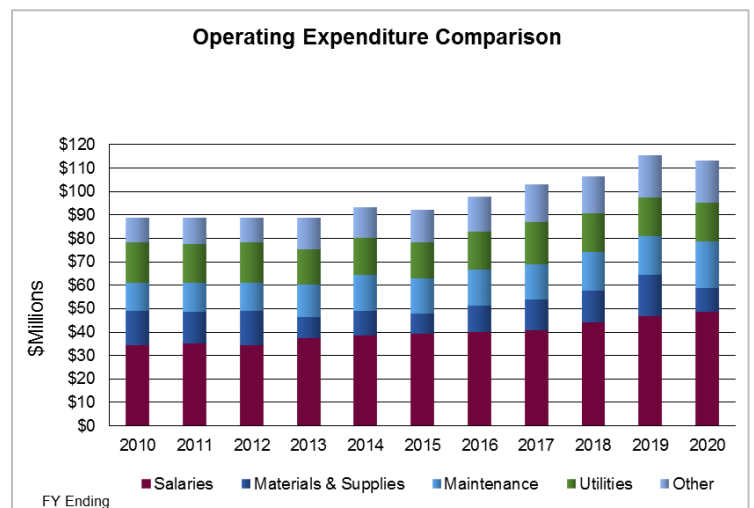
contributions in aid of construction and lease revenue. The FY 2019-2020 estimated revenue from this source is \$26.5 million, which includes \$5.8 million from miscellaneous service charges, \$1.3 million in revenue from annexation fees, \$2.2 million in revenue from impact fees and \$2.0 million from contributions from new customers.

## Expenditures and Other Financing Uses



**Capital** – Capital expenses include all expenditures for the planning, design, construction, rehabilitation and/or purchase of assets. Total capital expenses for FY 2019-2020 are estimated to be \$185.5 million, including \$4.0 million for equipment. The water capital projects represent 57.1% of total capital expenditures in FY 2019-2020, with wastewater projects representing 40.0%, reclaimed water projects representing 0.6%, and capital equipment representing 2.2%.

**Operating** – This category includes expenditures for the operations and maintenance costs of the Utility. It includes salaries, materials and supplies, utilities, and all other expenses. Operating and maintenance expenses for FY 2019-2020 are estimated to be \$102.4 million. This is a 2.8% decrease compared to FY 2018-2019. The decrease is mainly due to the expected reduction in river water allotment in 2019 and reduced chemicals needed at the water treatment plants.



**Debt Service** – This category includes expenditures for the payment of principal and interest on bonds, debt service reserves, and other debt instruments including commercial paper. Debt service for FY 2019-2020 is estimated to be \$75.8 million. This is a \$1.5 million increase over the prior year due to the additional debt services cost associated with \$72.0 million of new commercial paper. In addition, the Utility plans to take long an estimated \$60 to \$70 million of Commercial Paper Notes next fiscal year.

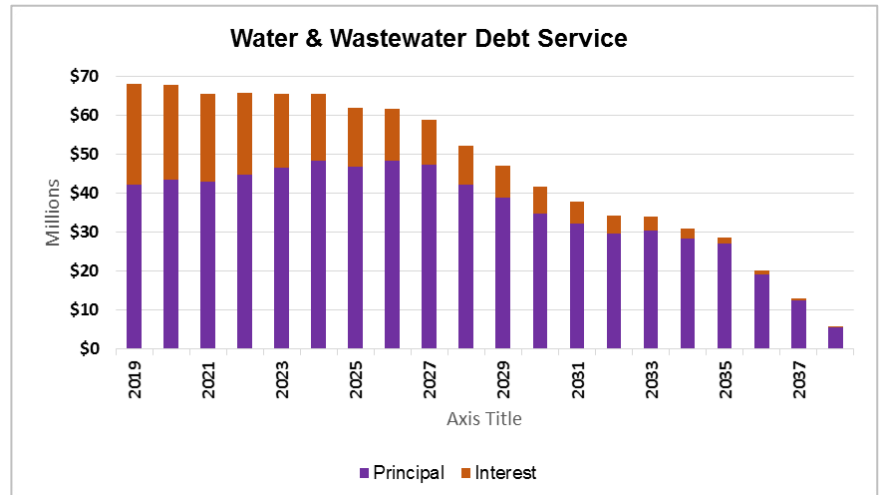
**Payment to City** – 10% of water revenues paid to the City of El Paso’s general fund per bond ordinance. For FY 2019-2020, this payment to the City is estimated to be \$16.7 million. This figure is \$1.1 million more than the previous year due to due to the approved four percent water revenue adjustment.

**Franchise Fee** – Effective September 1, 2014, the City of El Paso started charging the Utility a franchise fee, which remains in effect. City Council approved the fee as a means to compensate the City of El Paso for the Utilities’ use of city streets and the rights of way for projects and wear and tear on City streets. The monthly fee is billed to all inside City customers.

**Contingency** – This category allows for unusual, unbudgeted expenses, equivalent to 2.5% of the operating budget. The contingency this year is \$2.6 million.

## DEBT SERVICE

The following chart shows, as of February 28, 2019, all outstanding principal and interest owed by EPWater. An adequate level of debt and strong financial positions reflects superior fiscal management that have allowed EPWater to continue to earn among the highest ratings that can be awarded by rating agencies like Standard & Poor's (AA+) and Fitch (AA+). In November 2018, Standard & Poor's and Fitch Ratings confirmed the Utilities bonds of AA+ with a Stable Outlook. In 1997, to leverage the market and be more flexible in financing capital construction projects, the Utility initiated the use of interim commercial paper financing. The credit agreement, in the amount of \$40 million, is equally and ratably secured by and are payable from the sale of bonds or additional borrowing under the commercial paper program. In July 2015, the Public Service Board approved a resolution selecting Bank of America N.A. as the Liquidity Provider for the Commercial Paper Program. On August 8, 2018, the agreement was amended to reduce the fees charged and extend the Credit Agreement for three additional years. The commercial paper matures from one to 270 days, with a current interest rate of 1.37%. On December 18, 2018, the Utility issued \$26.7 million of Series 2018 bonds to take long \$30 million of commercial paper notes. This new debt service has been included in the FY 2019-2020 budget. The following table shows all outstanding debt for the Water & Sewer Utility as of February 28, 2019.



<b>Water &amp; Wastewater Debt Service Detail</b>			
<b><u>Calendar Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2019	42,360,000	25,874,531	68,234,531
2020	43,500,000	24,273,115	67,773,115
2021	42,940,000	22,648,014	65,588,014
2022	44,815,000	20,941,069	65,756,069
2023	46,525,000	19,083,050	65,608,050
2024	48,360,000	17,154,792	65,514,792



<b>Water &amp; Wastewater Debt Service Detail</b>			
<b><u>Calendar Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	46,855,000	15,229,470	62,084,470
2026	48,315,000	13,357,104	61,672,104
2027	47,470,000	11,496,865	58,966,865
2028	42,355,000	9,761,499	52,116,499
2029	38,980,000	8,245,842	47,225,842
2030	34,780,000	6,893,307	41,673,307
2031	32,230,000	5,683,593	37,913,593
2032	29,740,000	4,630,975	34,370,975
2033	30,495,000	3,636,541	34,131,541
2034	28,440,000	2,637,569	31,077,569
2035	27,025,000	1,718,491	28,743,491
2036	19,145,000	981,675	20,126,675
2037	12,505,000	452,150	12,957,150
2038	5,505,000	110,100	5,615,100
<b>Total</b>	<b>\$712,340,000</b>	<b>\$241,809,750</b>	<b>\$954,149,750</b>

## **CUSTOMER IMPACTS**

Because of the many factors that go into providing quality water and wastewater services, El Paso Water must continue its leadership in regional and local planning to ensure that its customers continue to receive the highest quality water and wastewater services at affordable rates. The Utility uses an “excess use” increasing block rate structure to establish its user charges. The rate structure is designed with a water conservation message such that the less water the customer uses, the less per unit the customer will be billed. Each customer determines the block into which he or she will fall based on their **average winter consumption (AWC)**. AWC is the per-month average based on total consumption during the three winter months of December, January, and February. One can think of AWC as your own personal yardstick, against which your water and wastewater use is measured. New customers who have not established an AWC are assigned the AWC based on the meter size

for their classification. New residential homeowner, for example, would be assigned the residential single, 3/4” class average.

Up to four hundred cubic feet (CCF), or about 2,992 gallons, of water is included in the minimum monthly charge for all non-commercial accounts. The minimum monthly charge for a 3/4” x 5/8” meter is \$7.45 and the rate increases depending on the size of the meter.

Water Rate Structure

Minimum: up to 4 CCFs

Block 1: over 4 CCFs to 150% of AWC

Block 2: over 150% to 250% of AWC

Block 3: over 250% of AWC

This structure is consistent with the PSB’s goal of sending a pricing signal to high water users or users with high or “discretionary” water use. An eight percent revenue increase rate adjustment was approved in the FY 2019-2020 budget. The rates effective March 1, 2019 are outlined below:

Rates effective March 1, 2019

Block 1 . . . . .	\$2.24 per CCF
Block 2 . . . . .	\$5.31 per CCF
Block 3 . . . . .	\$7.59 per CCF

The formula for determining into which block a customer will fall is based on what multiple of the customer’s AWC is used during that billing period.

In February 1996, the PSB adopted a water supply replacement charge (WSRC). This is dedicated revenue to be used for the acquisition of new water resources to meet current and future water demand. The WSRC is a flat monthly fee charged to each water customer, increasing with equivalent meter size. The typical meter size for a single family detached residence is 3/4” x 5/8” and the WSRC is \$11.04. Effective March 1, 2017, all meter accounts with monthly water consumption of less than 4 ccfs are waived the WSRC. This rate elimination was approved by the PSB to help low volume users.

The payment to the City of El Paso for 10 percent of total water sales was implemented with the City of El Paso Ordinance 752 that created the Public Service Board and established a monthly 10 percent of total water sales payment to the City of El Paso to be paid by the EPWater.

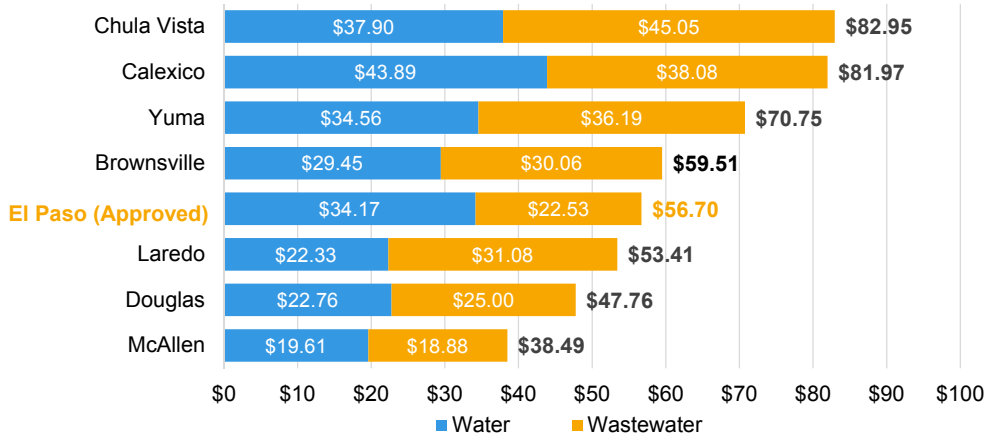
Effective and since September 1, 2014, the City of El Paso started charging the Utility a franchise fee. Effective September 1, 2018, City Council renewed approval of an annual franchise fee of \$3.6 million. City Council approved the fee as a means to compensate the City of El Paso for the Utilities’ use of city streets and the rights of way for projects and wear and tear on City streets. The monthly fee is billed to all inside City meter account

customers.

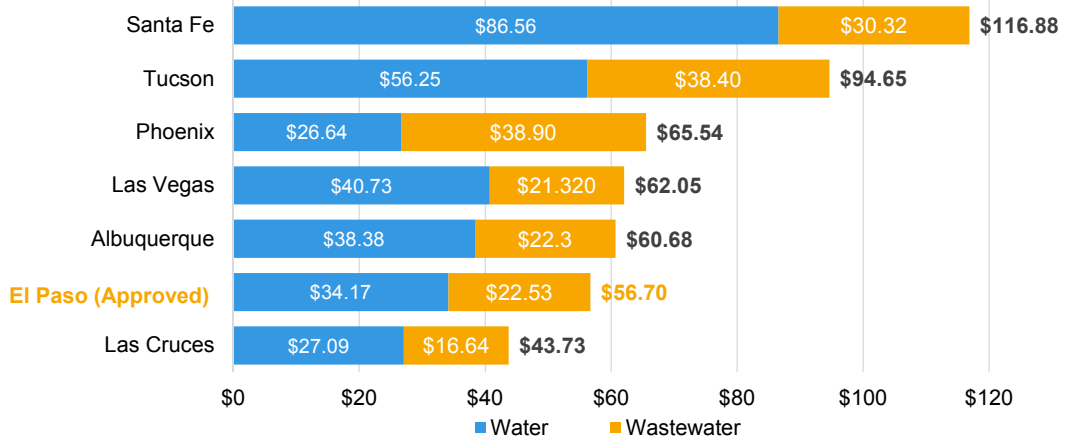
The wastewater bill is determined by taking 90% of the customer's AWC, then billing a minimum charge of \$16.35 for the first 4 CCFs, and \$2.06 per CCF thereafter. The wastewater portion of the bill will then be fixed until the customer's AWC is calculated again next winter. So the customer determines her/his own AWC, meaning they determine their own rates for service. EPWater continues to offer competitive and efficient services and provides one of the most affordable commodities in the Border region, as supported in an October 2018 survey of border cities (survey assumes an AWC of 8 CCFs, consumption of 11 CCFs of water and 7 CCFs of wastewater). A detailed history of water and wastewater rates is included in the Statistical section of this budget document.

It should be noted that EPWater continues to serve its customers in this arid region while maintaining affordable prices. Specifically, the area has the lowest average annual rainfall among any of the arid cities in the survey. The result is that EPWater is able to offer its customers high quality, low cost services and still meet the needs of future generations as well. Proactive planning, regional leadership, visionary management, fiduciary responsibility, and constant communication with the customer will ensure that this will always be the case.

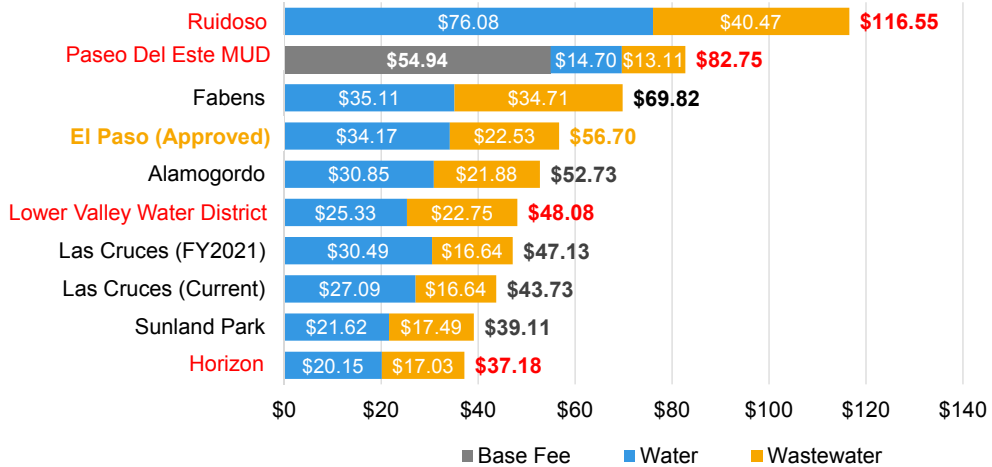
## Average Residential Water/Wastewater Bill Border Cities Survey 2018



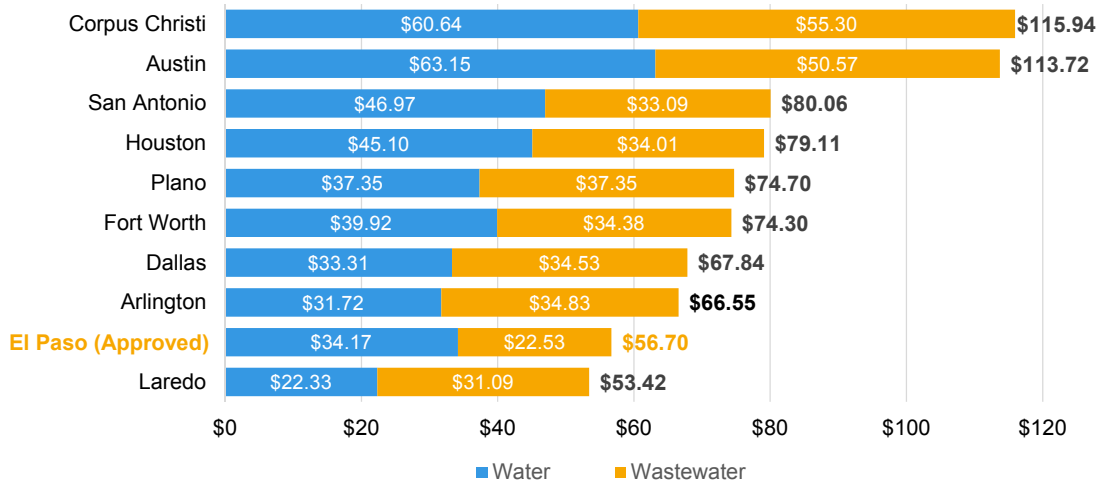
## Average Residential Water/Wastewater Bill Arid Cities Survey 2018



## Average Residential Water/Wastewater Bill Regional Cities Survey 2018

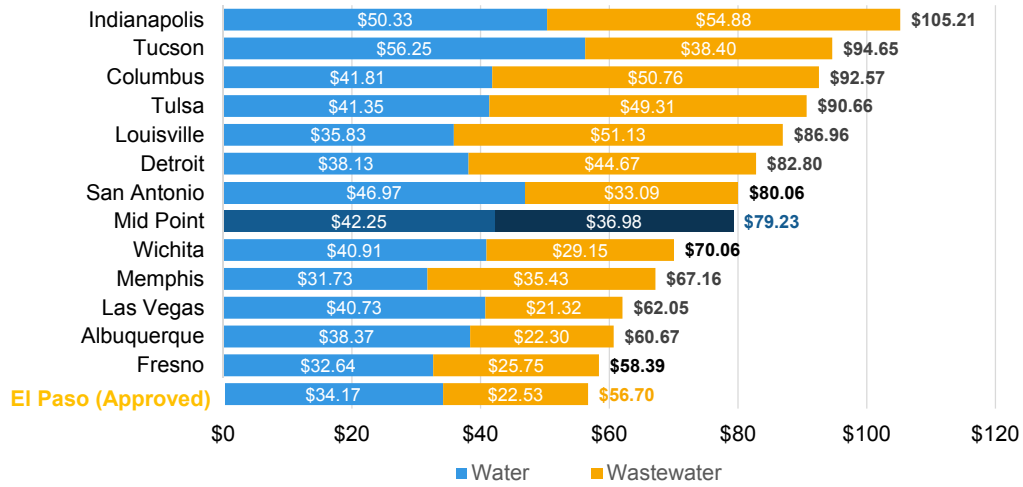


## Average Residential Water/Wastewater Bill Ten Largest Texas Cities Survey 2018



# Average Residential Water/Wastewater Bill

## Cities Where You Can Live Comfortably on Less Than \$60,000 a Year



**El Paso Water Utilities - Public Service Board**  
**SUMMARY OF RECEIPTS & DISBURSEMENTS (IN 1000'S)**  
**2019-20 FISCAL BUDGET**

	Approved Budget 2018-19	Approved Budget 2019-20	Difference	% of Inc(Dec)
<b>Water Billed (In Billion Gallons)</b>	<b>34.50</b>	<b>34.50</b>	<b>-</b>	<b>0.00%</b>
<b>REVENUE</b>				
Water	120,870	127,188	6,318	5.23%
Water Supply Replacement Charge	29,843	30,843	1,000	3.35%
Reclaimed Water	3,641	4,557	916	25.16%
Fire Protection	1,069	1,177	108	10.10%
Service Charges, Misc. Fees	3,323	2,900	(423)	-12.73%
<b>Total Water</b>	<b>158,746</b>	<b>166,665</b>	<b>7,919</b>	<b>4.99%</b>
Wastewater Service	81,190	90,272	9,082	11.19%
Pretreatment Surcharge	489	565	76	15.54%
<b>Total Wastewater</b>	<b>81,679</b>	<b>90,837</b>	<b>9,158</b>	<b>11.21%</b>
Misc. Operating Revenues	3,000	2,881	(119)	-3.97%
Farm Revenues	12,100	2,140	(9,960)	-82.31%
Franchise Fee	3,550	3,550	-	0.00%
Interest Revenue on Operating Funds	525	600	75	14.29%
<b>Total Operating Revenues</b>	<b>259,601</b>	<b>266,674</b>	<b>7,073</b>	<b>2.72%</b>
<b>LESS OPERATING EXPENDITURES</b>				
Operation & Maintenance	105,391	102,448	(2,943)	-2.79%
Farm Expenditures	9,700	1,043	(8,657)	-89.25%
Franchise Fee to City	3,550	3,550	-	0.00%
<b>Total Operating Expenditures</b>	<b>118,641</b>	<b>107,041</b>	<b>(11,600)</b>	<b>-9.78%</b>
<b>Total Operating and Misc. Expenses</b>	<b>118,641</b>	<b>107,041</b>	<b>(11,600)</b>	<b>-9.78%</b>
<b>Revenues Available</b>				
Sale of Assets	200	150	(50)	-25.00%
Interest Revenue on Restricted Funds	1,600	2,400	800	50.00%
<b>Revenues Available for Debt Service</b>	<b>142,760</b>	<b>162,183</b>	<b>19,424</b>	<b>13.61%</b>
Debt Service - Water and Wastewater	70,854	71,854	1,000	1.41%
Debt Service Reserve Fund	2,620	3,143	523	19.96%
Short Term Commercial Paper - Interest	893	850	(43)	-4.82%
Payment to City	15,570	16,709	1,139	7.32%
<b>Revenues Avail For Capital Rehab/Impr.</b>	<b>52,823</b>	<b>69,627</b>	<b>16,804</b>	<b>31.81%</b>
<b>PLUS MISC. NON-OPERATING REVENUES</b>				
Land Sales	10,000	15,000	5,000	50.00%
Impact Fees	1,600	2,200	600	37.50%
Annexation Fees	1,000	1,300	300	30.00%
Contribution of New Customers	2,200	2,050	(150)	-6.82%
<b>Total Non-Operating Revenues</b>	<b>14,800</b>	<b>20,550</b>	<b>5,750</b>	<b>38.85%</b>
<b>Total Revenues Avail for Capital Rehab/Impr.</b>	<b>67,623</b>	<b>90,178</b>	<b>22,555</b>	<b>33.35%</b>
<b>CAPITAL EXPENDITURES</b>				
Capital Projects-Water	216,560	106,014	(110,546)	-51.05%
Capital Projects-Wastewater	59,189	74,291	15,102	25.51%
Capital Projects-Reuse	400	1,200	800	200.00%
Capital Equipment	2,926	4,012	1,086	37.12%
<b>Total Capital Expenditures</b>	<b>279,075</b>	<b>185,517</b>	<b>(93,558)</b>	<b>-33.52%</b>
Contingencies	2,635	2,561	(74)	-2.81%
<b>Deficiency to be funded by debt or construction funds</b>	<b>(214,087)</b>	<b>(97,900)</b>	<b>116,187</b>	<b>-54.27%</b>
New Bond Issues & Short Term Commercial Paper Program	56,479	72,000	15,521	27.48%
Grants	1,000	2,145	1,145	114.50%
Less Restricted Construction Funds	133,102	45,000	(88,102)	-66.19%
Transfer from (to) Water Supply Reserve	(10,000)	(15,000)	(5,000)	50.00%
<b>BALANCE</b>	<b>(33,506)</b>	<b>6,245</b>	<b>39,751</b>	
Debt Service Coverage	2.01	2.26		

**EL PASO WATER UTILITIES - PUBLIC SERVICE BOARD**  
**A COMPONENT UNIT OF THE CITY OF EL PASO**  
**WATER AND WASTEWATER UTILITY FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BUDGET TO ACTUAL\***

\*THIS IS AN UNOFFICIAL, UNAUDITED STATEMENT USING DATA FROM EPWU-PSB'S COMPREHENSIVE  
ANNUAL FINANCIAL REPORT AND PREPARED STRICTLY FOR USE IN THIS BUDGET BOOK

	<u>Year End February 28, 2018</u>		<u>Year End February 28, 2019</u>		<u>FY 2019-2020</u>
	Budget	Actual	Budget	Projected	Budget
<b>BILLED WATER (billions of gallons, retail + wholesale)</b>	<b>34.50</b>	<b>34.42</b>	<b>34.50</b>	<b>34.10</b>	<b>34.50</b>
<b>OPERATING REVENUES</b>					
Water service	\$ 112,932,000	\$ 111,936,543	\$ 120,870,000	\$ 122,023,000	\$ 127,188,000
Water supply replacement charge	27,026,000	26,877,670	29,843,000	29,276,000	30,843,000
Reclaimed water service	3,475,000	3,502,798	3,641,000	4,212,000	4,557,000
Fire protection	957,000	1,008,752	1,069,000	1,132,000	1,177,000
Service charges, misc. fees	3,323,000	2,589,695	3,323,000	2,600,000	2,650,000
Wastewater service	75,020,000	75,502,389	81,190,000	83,250,000	90,272,000
Pretreatment surcharges	594,000	499,343	489,000	635,000	565,000
Misc. operating revenues	3,000,000	3,914,327	3,000,000	3,577,000	3,131,000
Farm Operations Revenues	7,500,000	7,295,255	12,100,000	10,000,000	2,140,000
Interest revenue on operating funds	250,000	369,004	525,000	551,000	600,000
<b>TOTAL OPERATING REVENUES</b>	<b>234,078,000</b>	<b>233,495,776</b>	<b>256,051,000</b>	<b>257,255,000</b>	<b>263,124,000</b>
<b>OPERATING EXPENSES</b>					
Operations and maintenance - water and reclaimed water	50,380,900	45,569,242	52,533,560	50,177,000	48,828,500
Operations and maintenance - wastewater	24,446,100	23,843,214	25,688,740	24,500,000	27,085,500
General and administrative	22,553,000	23,597,684	27,168,500	25,800,000	26,534,000
Farm Operations Expenditures	6,500,000	5,712,023	9,700,000	9,900,000	1,043,000
Depreciation	60,000,000	62,997,545	62,000,000	62,000,000	64,000,000
Other operating expenses	1,850,000	2,673,924	2,000,000	2,000,000	2,000,000
Other Post-Employment Benefits expense	1,000,000	820,987	1,000,000	1,000,000	1,000,000
Pension expense	-	4,998,067	-	5,000,000	-
Payment to City of El Paso per bond covenants	14,496,000	13,551,952	15,432,000	15,400,000	16,709,000
<b>TOTAL OPERATING EXPENSES</b>	<b>181,226,000</b>	<b>183,764,638</b>	<b>195,522,800</b>	<b>195,777,000</b>	<b>187,200,000</b>
<b>OPERATING INCOME</b>	<b>52,852,000</b>	<b>49,731,138</b>	<b>60,528,200</b>	<b>61,478,000</b>	<b>75,924,000</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	800,000	2,081,874	1,600,000	3,240,000	2,400,000
IRS tax credit for Build America Bonds	195,000	121,044	-	-	-
Gain on sale of assets	10,050,000	347,576	10,200,000	1,512,000	15,150,000
Interest on bonds and commercial paper **	(24,000,000)	(22,232,424)	(28,000,000)	(28,000,000)	(28,000,000)
Franchise Fee Collected City of El Paso	3,550,000	3,584,130	3,550,000	3,550,000	3,550,000
Franchise Fee Remitted City of El Paso	(3,550,000)	(3,584,130)	(3,550,000)	(3,550,000)	(3,550,000)
Impact Fees	1,600,000	1,580,164	1,600,000	2,113,000	2,200,000
Annexation fees	1,300,000	1,073,573	1,000,000	1,538,000	1,300,000
Tap fees and other customer construction related contributions	2,200,000	2,746,585	2,200,000	2,517,000	2,050,000
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>(7,855,000)</b>	<b>(14,281,608)</b>	<b>(11,400,000)</b>	<b>(17,080,000)</b>	<b>(4,900,000)</b>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>44,997,000</b>	<b>35,449,530</b>	<b>49,128,200</b>	<b>44,398,000</b>	<b>71,024,000</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>8,000,000</b>	<b>9,065,424</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>8,000,000</b>
<b>INCREASE IN NET POSITION</b>	<b>52,997,000</b>	<b>44,514,954</b>	<b>57,128,200</b>	<b>52,398,000</b>	<b>79,024,000</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>876,108,938</b>	<b>876,108,938</b>	<b>920,623,892</b>	<b>920,623,892</b>	<b>977,752,092</b>
<b>TOTAL NET POSITION- ENDING</b>	<b>\$ 929,105,938</b>	<b>\$ 920,623,892</b>	<b>\$ 977,752,092</b>	<b>\$ 973,021,892</b>	<b>\$ 1,056,776,092</b>
<b>DEBT SERVICE COVERAGE</b>	<b>2.03</b>	<b>2.18</b>	<b>2.01</b>	<b>2.18</b>	<b>2.26</b>

\* This statement has been revised to reflect the new GASB 34 reporting requirements.

\*\* Interest on long term debt is net of capitalized interest.



<b>El Paso Water Utilities / Public Service Board Water and Wastewater Fiscal Year 2019-20 Annual Budget (in \$1,000's)</b>	<b>Approved FY 2019-20</b>
<b>Total Operating and Capital Budget</b>	<b>\$387,675</b>
<b>OPERATING REVENUES</b>	
Water Service	127,188
Water Supply & Replacement	30,843
Reclaimed Water Sales	4,557
Fire Protection	1,177
Service Charges, Misc. Fees	2,900
<b>TOTAL WATER REVENUES</b>	<b>166,665</b>
<b>RATE INCREASE - Water</b>	<b>4.0%</b>
<b>RATE INCREASE - Reuse</b>	<b>8.0%</b>
Wastewater Service	90,272
Pretreatment Surcharges	565
<b>TOTAL WASTEWATER REVENUES</b>	<b>90,837</b>
<b>RATE INCREASE - Wastewater</b>	<b>8.0%</b>
Other Revenue	2,881
Farm Revenues	2,140
Franchise Fee	3,550
Interest Revenue on Operating Funds	600
<b>TOTAL OPERATING REVENUES</b>	<b>266,674</b>
<b>LESS OPERATING EXPENSES</b>	
Operations & Maintenance	102,448
Farm Expenditures	1,043
Franchise Fee	3,550
<b>TOTAL OPERATING EXPENSES</b>	<b>107,041</b>
<b>NET OPERATING REVENUES AVAILABLE</b>	<b>159,633</b>
Sale of Assets	150
Interest Revenue on Restricted Funds	2,400
<b>REVENUE AVAILABLE FOR DEBT SERVICE</b>	<b>162,183</b>
Existing Debt Service - P & I - Bonds	70,198
Commercial Paper Annual Financing	850
New Debt Service - P & I - Bonds	1,656
Annual Contributions to Reserve Fund	3,143
Payment to City - Per Bond Covenant	16,709
<b>REVENUE AVAILABLE FOR CAPITAL IMPROVEMENTS</b>	<b>69,628</b>
<b>PLUS RESTRICTED NON-OPERATING REVENUES</b>	
Land Sales	15,000
Impact Fees	2,200
Annexation Fees	1,300
Contribution of New Customers	2,050
<b>TOTAL NON-OPERATING REVENUES</b>	<b>20,550</b>
<b>TOTAL REVENUE AVAILABLE FOR CAPITAL IMPROVEMENTS</b>	<b>90,178</b>
<b>CAPITAL EXPENDITURES</b>	
Capital Projects - Water	106,014
Capital Projects - Wastewater	74,291
Capital Projects - Reuse	1,200
Capital Equipment	4,012
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>185,517</b>
Contingencies	2,561
<b>(DEFICIENCY) TO BE FUNDED BY DEBT, GRANTS OR CONSTRUCTION FUNDS</b>	<b>(97,900)</b>
Less New Bond Issues & Commercial Paper	72,000
Less Grants	2,145
Less Restricted Construction Funds	45,000
Less Transfer to Water Supply Reserve	(15,000)
<b>Increase /(Decrease) In Fund Balance</b>	<b>\$6,245</b>
<b>Debt Service Coverage - Target 1.5x</b>	<b>2.26</b>
<b>Percent Increase In Utility Bill</b>	<b>5.6%</b>

**EL PASO WATER/PUBLIC SERVICE BOARD  
WATER AND WASTEWATER OPERATING BUDGET BY OBJECT**

EXPENDITURE	2017-18			2018-19			2019-2020		
	Approved Budget	Actual	%	Approved Budget	6 months YTD	%	Approved Budget	Increase (Decrease)	%
<b>GENERAL OPERATING</b>									
PERSONAL SERVICES	44,155,600	40,715,838	92.2%	46,977,700	21,461,615	45.7%	48,700,800	1,723,100	3.67%
MATERIALS & SUPPLIES	13,833,600	12,804,396	92.6%	17,567,410	7,010,806	39.9%	10,332,340	(7,235,070)	-41.18%
MAINTENANCE	16,292,910	19,271,883	118.3%	16,735,010	8,948,691	53.5%	19,850,735	3,115,725	18.62%
UTILITIES	16,497,000	15,788,353	95.7%	16,274,680	7,088,085	43.6%	16,434,460	159,780	0.98%
OTHER*	15,603,890	15,348,908	98.4%	17,779,000	7,316,270	41.2%	17,722,665	(56,335)	-0.32%
<b>GROSS O &amp; M BUDGET</b>	<b>106,383,000</b>	<b>103,929,379</b>	<b>97.7%</b>	<b>115,333,800</b>	<b>51,825,466</b>	<b>44.9%</b>	<b>113,041,000</b>	<b>(2,292,800)</b>	<b>-1.99%</b>
Less: Capital Salaries	(4,126,000)	(4,533,792)	109.9%	(4,416,000)	(2,525,988)	57.2%	(4,574,000)	(158,000)	3.58%
Capital Credits	(3,974,000)	(5,210,957)	131.1%	(4,087,000)	(2,871,656)	70.3%	(4,485,000)	(398,000)	9.74%
Stormwater Indirect Cost Allocation	(903,000)	(903,000)	100.0%	(1,440,000)	(720,000)	50.0%	(1,534,000)	(94,000)	6.53%
<b>NET OPERATING BUDGET</b>	<b>97,380,000</b>	<b>93,281,630</b>	<b>95.8%</b>	<b>105,390,800</b>	<b>45,707,823</b>	<b>43.4%</b>	<b>102,448,000</b>	<b>(2,942,800)</b>	<b>-2.79%</b>
<b>CLEARING ACCOUNTS</b>									
PERSONAL SERVICES	4,380,000	4,072,740	93.0%	4,571,300	2,361,266	51.7%	5,006,800	435,500	9.53%
MATERIALS AND SUPPLIES	1,149,500	1,051,750	91.5%	1,107,000	673,295	60.8%	1,109,500	2,500	0.23%
MAINTENANCE	403,980	397,805	98.5%	387,260	240,402	62.1%	453,300	66,040	17.05%
UTILITIES	387,500	377,914	97.5%	393,400	176,968	45.0%	400,200	6,800	1.73%
OTHER*	1,132,020	1,269,667	112.2%	1,176,640	787,255	66.9%	1,541,200	364,560	30.98%
<b>TOTAL CLEARING ACCOUNTS</b>	<b>7,453,000</b>	<b>7,169,877</b>	<b>96.2%</b>	<b>7,635,600</b>	<b>4,239,186</b>	<b>55.5%</b>	<b>8,511,000</b>	<b>875,400</b>	<b>11.46%</b>

\*Other expenditures are those which don't fit the other 4 categories. These include, among others, professional services, employee training, prepaid insurance, sludge hauling, water conservation expenses, fees to financial institutions, and postage.

**EL PASO WATER/PUBLIC SERVICE BOARD  
SUMMARY OF OPERATING BUDGET APPROPRIATIONS  
BY PROGRAM BY ORGANIZATIONAL UNIT  
FISCAL YEAR 2019-2020**

**FINAL**

Section	Division	FY 2017-18			FY 2018-19			FY 2019-20		
		Approved Budget	Actual	%	Approved Budget	6 months YTD	%	Approved Budget	Increase (Decrease)	%
<b>ADMINISTRATION</b>										
100	Public Service Board	384,000	380,776	99.2%	365,500	128,109	35.1%	421,000	55,500	15.18%
105	Executive Services	1,365,000	1,469,535	107.7%	1,414,400	725,108	51.3%	1,470,000	55,600	3.93%
110	Legal Services	1,099,000	1,337,920	121.7%	1,121,700	653,563	58.3%	1,245,000	123,300	10.99%
115	Communications & Government Affairs	1,824,000	1,681,977	92.2%	2,113,200	876,731	41.5%	1,911,000	(202,200)	-9.57%
120	Human Resources & Risk Management	1,109,000	1,155,658	104.2%	1,207,000	461,583	38.2%	1,339,000	132,000	10.94%
130	Water Resources Management	486,000	408,009	84.0%	503,400	207,430	41.2%	510,000	6,600	1.31%
140	Land Management	1,052,000	1,077,773	102.4%	1,303,100	394,963	30.3%	1,438,000	134,900	10.35%
150	Tech20 Learning Center	999,000	921,422	92.2%	1,188,600	383,000	32.2%	1,071,000	(117,600)	-9.89%
<b>TOTAL DIVISION</b>		<b>8,318,000</b>	<b>8,433,070</b>	<b>101.4%</b>	<b>9,216,900</b>	<b>3,830,487</b>	<b>41.6%</b>	<b>9,405,000</b>	<b>188,100</b>	<b>2.04%</b>
<b>TECHNICAL SERVICES</b>										
310	Technical Services	919,000	785,733	85.5%	970,600	423,696	43.7%	1,043,000	72,400	7.46%
315	Water/Wastewater Design	1,034,000	861,522	83.3%	1,238,800	436,119	35.2%	1,255,000	16,200	1.31%
320	Planning and Development	2,163,000	2,018,465	93.3%	3,227,200	1,099,186	34.1%	2,859,000	(368,200)	-11.41%
325	Engineering Project Management	837,000	802,130	95.8%	809,500	328,859	40.6%	976,000	166,500	20.57%
335	Construction Project Management	441,000	424,209	0.0%	633,800	265,888	0.0%	689,000	55,200	8.71%
<b>TOTAL DIVISION</b>		<b>5,394,000</b>	<b>4,892,059</b>	<b>90.7%</b>	<b>6,879,900</b>	<b>2,553,747</b>	<b>37.1%</b>	<b>6,822,000</b>	<b>(57,900)</b>	<b>-0.84%</b>
<b>OPERATIONS (WATER DIVISION)</b>										
410	Water Division Office	1,297,000	1,318,368	101.6%	1,189,800	374,377	31.5%	1,250,000	60,200	5.06%
420	Water Production	13,547,000	12,128,454	89.5%	13,117,500	5,444,019	41.5%	14,676,000	1,558,500	11.88%
430	Canal Street Water Treatment Plant	5,303,000	4,625,212	87.2%	5,785,300	2,127,246	36.8%	3,256,000	(2,529,300)	-43.72%
440	Water Distribution	11,985,000	13,446,236	112.2%	11,947,800	6,092,456	51.0%	14,111,000	2,163,200	18.11%
450	Jonathan Rogers Water Treatment Plant	7,860,000	8,645,402	110.0%	10,686,600	5,376,017	50.3%	4,644,000	(6,042,600)	-56.54%
470	Upper Valley Water Treatment Plant	1,802,000	1,559,679	86.6%	1,737,900	733,985	42.2%	1,802,000	64,100	3.69%
480	Kay Bailey Hutchison Desalination Plant	3,733,000	2,739,711	73.4%	3,823,800	1,470,349	38.5%	4,615,000	791,200	20.69%
<b>TOTAL DIVISION</b>		<b>45,527,000</b>	<b>44,463,063</b>	<b>97.7%</b>	<b>48,288,700</b>	<b>21,618,449</b>	<b>44.8%</b>	<b>44,354,000</b>	<b>(3,934,700)</b>	<b>-8.15%</b>
<b>OPERATIONS (OPERATIONS SUPPORT)</b>										
510	Operations Management	765,000	743,513	97.2%	1,060,700	384,567	36.3%	1,158,000	97,300	9.17%
520	Environmental Compliance	778,000	762,904	98.1%	1,186,200	563,158	47.5%	1,284,000	97,800	8.24%
525	Laboratory Services	3,298,000	3,155,603	95.7%	3,270,200	1,509,272	46.2%	3,446,000	175,800	5.38%
540	Reclaimed Water System	513,000	482,779	94.1%	502,300	347,343	69.2%	550,000	47,700	9.50%
560	Biosolids Management	2,319,000	2,126,747	91.7%	1,720,000	852,116	49.5%	1,821,000	101,000	5.87%
580	Utility Equipment Maintenance	0	0	0.0%	369,800	71,389	0.0%	442,000	72,200	19.52%
<b>TOTAL DIVISION</b>		<b>7,673,000</b>	<b>7,271,545</b>	<b>94.8%</b>	<b>8,109,200</b>	<b>3,727,846</b>	<b>46.0%</b>	<b>8,701,000</b>	<b>591,800</b>	<b>7.30%</b>
<b>OPERATIONS (WASTEWATER DIVISION)</b>										
610	Wastewater Division Office	715,000	680,673	95.2%	590,700	338,956	57.4%	969,000	378,300	64.04%
620	Wastewater Lift Stations	2,693,000	2,455,697	91.2%	2,714,800	1,287,128	47.4%	2,730,000	15,200	0.56%
630	Collection System Maintenance	2,052,000	1,888,064	92.0%	2,182,300	918,806	42.1%	2,111,000	(71,300)	-3.27%
640	John T. Hickerson Water Reclamation Facility	2,786,000	2,972,205	106.7%	3,083,300	1,465,830	47.5%	3,194,000	110,700	3.59%
650	Haskell Street Wastewater Treatment Plant	3,988,000	4,461,336	111.9%	4,598,600	2,154,733	46.9%	4,508,000	(90,600)	-1.97%
670	Roberto Bustamante WW Treatment Plant	4,434,000	4,346,211	98.0%	4,556,700	2,142,472	47.0%	4,831,000	274,300	6.02%
680	Fred Hervey Water Reclamation Plant	3,471,000	3,788,506	109.1%	3,690,800	1,805,548	48.9%	3,900,000	209,200	5.67%
690	Wastewater System Repair & Construction	2,318,000	2,340,763	101.0%	2,209,400	1,075,999	48.7%	2,429,000	219,600	9.94%
<b>TOTAL DIVISION</b>		<b>22,457,000</b>	<b>22,933,455</b>	<b>102.1%</b>	<b>23,626,600</b>	<b>11,189,473</b>	<b>47.4%</b>	<b>24,672,000</b>	<b>1,045,400</b>	<b>4.42%</b>
<b>FINANCIAL &amp; SUPPORT SERVICES</b>										
710	Finance	736,000	533,470	72.5%	927,500	478,653	51.6%	916,000	(11,500)	-1.24%
715	Property & Treasury Management	888,000	884,072	99.6%	970,700	445,504	45.9%	962,000	(8,700)	-0.90%
720	Customer Service	6,651,000	6,234,693	93.7%	7,639,400	3,185,231	41.7%	7,601,000	(38,400)	-0.50%
740	Accounting	783,000	794,684	101.5%	771,200	395,327	51.3%	831,000	59,800	7.75%
750	Purchasing & Contract Management	690,000	633,128	91.8%	812,000	335,348	41.3%	821,000	9,000	1.11%
<b>TOTAL DIVISION</b>		<b>9,748,000</b>	<b>9,080,046</b>	<b>93.1%</b>	<b>11,120,800</b>	<b>4,840,063</b>	<b>43.5%</b>	<b>11,131,000</b>	<b>10,200</b>	<b>0.09%</b>
<b>INFORMATION TECHNOLOGY</b>										
810	Information Technology	4,948,000	4,309,826	87.1%	5,686,900	2,822,934	49.6%	5,366,000	(320,900)	-5.64%
825	Instrumentation and Control	2,318,000	2,546,314	109.8%	2,404,800	1,242,468	51.7%	2,590,000	185,200	7.70%
<b>TOTAL DIVISION</b>		<b>7,266,000</b>	<b>6,856,141</b>	<b>94.4%</b>	<b>8,091,700</b>	<b>4,065,402</b>	<b>50.2%</b>	<b>7,956,000</b>	<b>(135,700)</b>	<b>-1.68%</b>
<b>GROSS O &amp; M BUDGET</b>										
	Less: Capital Salaries	(4,126,000)	(4,533,792)	109.9%	(4,416,000)	(2,525,988)	57.2%	(4,574,000)	(158,000)	3.58%
	Less: Capital Credits	(3,974,000)	(5,210,957)	131.1%	(4,087,000)	(2,871,656)	70.3%	(4,485,000)	(398,000)	9.74%
	Less: Stormwater Indirect Cost Allocation	(903,000)	(903,000)	100.0%	(1,440,000)	(720,000)	50.0%	(1,534,000)	(94,000)	6.53%
<b>NET OPERATING BUDGET EPWU</b>		<b>97,380,000</b>	<b>93,281,630</b>	<b>95.8%</b>	<b>105,390,800</b>	<b>45,707,823</b>	<b>43.4%</b>	<b>102,448,000</b>	<b>(2,942,800)</b>	<b>-2.79%</b>
<b>CLEARING ACCOUNTS</b>										
912	Meter Repair & Testing	637,000	513,282	80.6%	617,800	276,605	44.8%	724,000	106,200	17.19%
914	Warehouse	508,000	485,334	95.5%	565,200	230,450	40.8%	564,000	(1,200)	-0.21%
915	Fleet Maintenance	2,413,000	2,376,211	98.5%	2,411,900	1,389,642	57.6%	2,527,000	115,100	4.77%
916	Heavy Equipment Operations	2,428,000	2,463,814	101.5%	2,484,600	1,489,747	60.0%	3,134,000	649,400	26.14%
917	Facilities Maintenance	1,467,000	1,331,236	90.7%	1,556,100	852,742	54.8%	1,562,000	5,900	0.38%
<b>TOTAL CLEARING ACCOUNTS</b>		<b>7,453,000</b>	<b>7,169,877</b>	<b>96.2%</b>	<b>7,635,600</b>	<b>4,239,186</b>	<b>55.5%</b>	<b>8,511,000</b>	<b>875,400</b>	<b>11.46%</b>
<b>STORMWATER UTILITY</b>										
210	Stormwater Management	4,257,000	4,359,975	102.4%	4,430,100	1,999,903	45.1%	4,503,000	72,900	1.65%
220	Technical Services	374,000	387,055	0.0%	788,860	316,377	40.1%	886,000	97,140	12.31%
225	Stormwater Project Administration	389,000	302,833	0.0%	0	0	0.0%	0	0	0.00%
230	Stormwater Code Compliance	441,000	395,218	0.0%	0	0	0.0%	0	0	0.00%
<b>TOTAL STORMWATER UTILITY</b>		<b>5,461,000</b>	<b>5,445,081</b>	<b>99.7%</b>	<b>5,218,960</b>	<b>2,316,280</b>	<b>44.4%</b>	<b>5,389,000</b>	<b>170,040</b>	<b>3.26%</b>
Plus: Indirect Cost Allocation		903,000	903,000	100.0%	1,440,000	720,000	50.0%	1,534,000	94,000	6.53%
<b>NET OPERATING BUDGET STORM</b>		<b>6,364,000</b>	<b>6,348,081</b>	<b>99.7%</b>	<b>6,658,960</b>	<b>3,036,280</b>	<b>45.6%</b>	<b>6,923,000</b>	<b>264,040</b>	<b>3.97%</b>
<b>EPWU AND STORMWATER</b>		<b>103,744,000</b>	<b>99,629,711</b>	<b>96.0%</b>	<b>112,049,760</b>	<b>48,744,103</b>	<b>43.5%</b>	<b>109,371,000</b>	<b>(2,678,760)</b>	<b>-2.39%</b>

**EL PASO WATER  
SUMMARY, FY 2019-2020  
STAFFING BY DIVISION AND SECTION**

	<b>Division/Section</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Administration</b>	Executive Services	6	5	5	6	7	7
	Legal Services	4	4	5	5	5	5
	Communications & Government Affairs	8	8	10	10	9	10
	Human Resources	11	11	11	13	14	14
	Water Resources Management	4	4	5	5	5	5
	Land Management	8	9	9	9	10	10
	TechH <sub>2</sub> O Learning Center	10	10	10	10	10	8
	<b>Total Division</b>	<b>51</b>	<b>51</b>	<b>55</b>	<b>58</b>	<b>60</b>	<b>59</b>
<b>Technical Services</b>	Technical Services	6	5	3	5	6	6
	Water/Wastewater Design	15	15	15	15	15	15
	Planning and Development	33	31	32	34	37	38
	Engineering Project Management	8	13	9	9	9	11
	Stormwater Engineering	0	0	0	0	0	0
	Construction Project Management	0	0	5	5	6	6
<b>Total Division</b>	<b>62</b>	<b>64</b>	<b>64</b>	<b>68</b>	<b>73</b>	<b>76</b>	
<b>Financial &amp; Support Services</b>	Finance	4	4	3	4	5	4
	Property & Treasury Management	15	15	15	14	14	14
	Customer Service	102	103	105	106	109	111
	Accounting	13	13	13	13	13	13
	Purchasing & Contract Administration	10	10	10	10	11	11
	Meter Repair Shop	11	11	13	13	13	14
	Warehouse	8	8	9	9	9	9
	<b>Total Division</b>	<b>163</b>	<b>164</b>	<b>168</b>	<b>169</b>	<b>174</b>	<b>176</b>
<b>Information Technology</b>	Information Technology	30	31	33	33	39	43
	Instrumentation and Control	29	29	29	29	30	30
	<b>Total Division</b>	<b>59</b>	<b>60</b>	<b>62</b>	<b>62</b>	<b>69</b>	<b>73</b>
<b>Operations (Water System)</b>	Water Division Office	3	3	3	3	2	3
	Well Production	43	44	44	44	45	45
	Canal Water Treatment Plant	20	20	20	20	21	21
	Water Distribution	98	102	104	105	106	109
	Jonathan Rogers Water Treatment Plant	18	18	18	18	18	18
	Upper Valley Water Treatment Plant	15	15	15	15	13	13
	Kay Bailey Hutchison Desalination Plant	14	14	14	14	13	13
	<b>Total Division</b>	<b>211</b>	<b>216</b>	<b>218</b>	<b>219</b>	<b>218</b>	<b>222</b>
<b>Operations (Wastewater System)</b>	Wastewater Division Office	5	5	5	6	5	7
	Wastewater Lift Stations	18	18	18	18	18	18
	Wastewater Collection System Maintenance	33	33	33	33	33	33
	John T. Hickerson Water Reclamation Facility	15	15	16	17	18	18
	Haskell R. Street Wastewater Treatment Plant	30	30	30	30	29	29
	Roberto Bustamante Wastewater Treatment Plant	29	30	30	30	29	29
	Fred Hervey Water Reclamation Plant	28	28	28	28	27	27
	Wastewater System Repair & Construction	20	20	20	20	20	20
<b>Total Division</b>	<b>178</b>	<b>179</b>	<b>180</b>	<b>182</b>	<b>179</b>	<b>181</b>	
<b>Operations (Operations Support)</b>	Operations Management	4	4	5	5	9	8
	Environmental Compliance/Industrial Pretreatment	10	10	10	10	16	18
	Laboratory Services	30	30	30	31	31	31
	Reclaimed Water System	1.5	1.5	0.75	0.75	0.75	0.75
	Biosolids Management	0.5	0.5	0.25	0.25	0.25	0.25
	Plant Equipment Maintenance	0	0	0	0	6	7
<b>Total Division</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>47</b>	<b>63</b>	<b>65</b>	
<b>Operations (Equipment &amp; Facilities Maintenance)</b>	Fleet Maintenance	22.33	23.33	23.33	23.33	22.25	22.25
	Heavy Equipment Operations	42.33	42.33	42.33	42.33	42.25	48.25
	Facilities Maintenance	18.33	18.33	19.33	19.33	20.25	20.25
	<b>Total Division</b>	<b>83</b>	<b>84</b>	<b>85</b>	<b>85</b>	<b>84.75</b>	<b>90.75</b>
<b>TOTAL BUDGETED POSITIONS</b>		<b>853</b>	<b>864</b>	<b>878</b>	<b>890</b>	<b>920.75</b>	<b>942.75</b>
<b>TOTAL ACTUAL POSITIONS</b>		<b>775</b>	<b>765</b>	<b>770</b>	<b>777</b>	<b>790</b>	

El Paso Water  
Financial Plan  
Water, Reuse, Wastewater

Water, Reuse & Wastewater Funds	Adopted Budget	Projected Budget	Proposed Budget	Projected	Projected	Projected	Projected
	FY 2018-19	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Total Operating and Capital Budget</b>	<b>\$490,288</b>	<b>\$459,485</b>	<b>\$387,675</b>	<b>\$387,115</b>	<b>\$458,227</b>	<b>\$432,597</b>	<b>\$419,246</b>
<b>Operating Revenues</b>							
Water Service	120,870	122,023	127,188	133,912	140,996	148,460	156,324
Water Supply Replacement	29,843	29,276	30,843	32,806	34,894	37,115	39,477
Fire Protection	1,069	1,132	1,177	1,236	1,298	1,363	1,431
Reclaimed Water Sales	3,641	4,212	4,557	4,931	5,321	5,731	6,160
<b>Total Water/Reuse Revenues</b>	<b>155,424</b>	<b>156,643</b>	<b>163,766</b>	<b>172,885</b>	<b>182,509</b>	<b>192,668</b>	<b>203,393</b>
<b>Rate Increase - Water</b>	<b>8.0%</b>	<b>8.0%</b>	<b>4.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Rate Increase - Reuse</b>	<b>12.0%</b>	<b>12.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>
Wastewater Service	81,190	83,250	90,272	94,813	99,554	104,532	109,758
Pretreatment Surcharges	489	635	565	574	590	594	598
<b>Total Wastewater Revenues</b>	<b>81,679</b>	<b>83,885</b>	<b>90,837</b>	<b>95,387</b>	<b>100,144</b>	<b>105,126</b>	<b>110,356</b>
<b>Rate Increase - Wastewater</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Misc. Operating Revenues</b>							
Farm Revenues	12,100	10,000	2,140	2,160	2,182	2,207	2,232
Service Charges, Misc. Fees	6,323	6,177	5,781	5,781	5,781	5,781	5,781
Interest Earnings	525	551	600	600	600	600	600
<b>Total Operating Revenues</b>	<b>256,051</b>	<b>257,256</b>	<b>263,124</b>	<b>276,814</b>	<b>291,216</b>	<b>306,382</b>	<b>322,362</b>
<b>Less Operating Expenses</b>							
O&M Expenses	105,391	100,477	102,448	102,842	103,870	104,909	105,958
<b>Total Operating Expenses</b>	<b>105,391</b>	<b>100,477</b>	<b>102,448</b>	<b>102,842</b>	<b>103,870</b>	<b>104,909</b>	<b>105,958</b>
Farm Expenses	9,700	9,900	1,043	1,112	963	922	881
<b>Operating Revenues Available</b>	<b>140,960</b>	<b>146,881</b>	<b>159,633</b>	<b>172,860</b>	<b>186,382</b>	<b>200,551</b>	<b>215,523</b>
Sale of Assets	200	107	150	150	150	150	150
Interest Revenue on Restricted Funds	1,600	3,240	2,400	2,400	2,400	2,400	2,400
Build America Bonds (BAB) 35% Tax Credit	-	-	-	-	-	-	-
<b>Revenues Available for Debt Service</b>	<b>142,760</b>	<b>150,228</b>	<b>162,183</b>	<b>175,410</b>	<b>188,932</b>	<b>203,101</b>	<b>218,073</b>
Existing Debt Service - P & I - Bonds	68,996	69,015	70,198	67,725	67,993	67,896	67,822
Commercial Paper Annual Interest & Issuance Costs	893	510	850	849	961	1,074	1,074
New Debt Service - P & I - Bonds	1,858	-	1,656	8,193	19,164	29,700	37,752
Annual Contributions to Reserve Fund	2,620	3,156	3,143	3,239	3,248	3,502	3,273
City Franchise Fee - Water Only	3,550	3,550	3,550	3,550	3,550	3,550	3,550
Payment to City - Water Only	15,571	15,400	16,709	16,965	18,071	18,931	20,146
<b>Rev. Avail. For Capital Improvements</b>	<b>49,272</b>	<b>58,597</b>	<b>66,078</b>	<b>74,889</b>	<b>75,945</b>	<b>78,448</b>	<b>84,457</b>
<b>Plus Misc. Non-Operating Revenues</b>							
Impact Fees	1,600	2,113	2,200	1,600	1,600	1,600	1,600
Contribution of New Customers	2,200	2,517	2,050	2,050	2,050	2,050	2,050
Land Sales	10,000	1,405	15,000	2,000	5,000	2,000	5,000
Annexation Fees	1,000	1,538	1,300	1,200	1,100	1,000	900
City Franchise Fee Revenue - Water Only	3,550	3,550	3,550	3,550	3,550	3,550	3,550
<b>Total Non-Operating Revenues</b>	<b>18,350</b>	<b>11,123</b>	<b>24,100</b>	<b>10,400</b>	<b>13,300</b>	<b>10,200</b>	<b>13,100</b>
<b>Total Rev. Avail. For Capital Rehab/Impr.</b>	<b>67,623</b>	<b>69,720</b>	<b>90,178</b>	<b>85,289</b>	<b>89,245</b>	<b>88,648</b>	<b>97,557</b>
<b>Capital Expenses</b>							
Capital Projects	276,149	254,027	181,505	177,569	235,310	196,991	173,642
Capital Equipment	2,926	3,450	4,012	2,500	2,500	2,500	2,500
<b>Total Capital Expenses</b>	<b>279,075</b>	<b>257,477</b>	<b>185,517</b>	<b>180,069</b>	<b>237,810</b>	<b>199,491</b>	<b>176,142</b>
Contingencies	2,635	-	2,561	2,571	2,597	2,623	2,649
<b>(Deficiency) To Be Funded By Debt, Grants Or Construction Funds</b>	<b>(214,087)</b>	<b>(187,757)</b>	<b>(97,900)</b>	<b>(97,351)</b>	<b>(151,161)</b>	<b>(113,466)</b>	<b>(81,234)</b>
New Bond Issues & Commercial Paper	56,479	45,000	72,000	85,000	152,000	111,000	90,000
Grants	1,000	1,600	2,145	6,174	5,819	900	900
Construction Fund	133,102	150,000	45,000	4,238	-	-	-
Transfers from / (to) Water Supply Reserve	(10,000)	(1,405)	(15,000)	(2,000)	(5,000)	(2,000)	(5,000)
<b>Increase / Decrease In Fund Balance</b>	<b>(33,506)</b>	<b>7,438</b>	<b>6,245</b>	<b>(3,939)</b>	<b>1,658</b>	<b>(3,566)</b>	<b>4,666</b>
<b>DSC Senior Lien Debt - 2x</b>	<b>2.01</b>	<b>2.18</b>	<b>2.26</b>	<b>2.31</b>	<b>2.17</b>	<b>2.08</b>	<b>2.07</b>

\*This financial plan is not approved by the Public Service Board, but is used as a guide for financial purposes.

## **FIVE-YEAR FINANCIAL PLAN**

A five-year financial plan is prepared that incorporates best estimates of operating and capital expenditures over the near-term and projected revenue sources and future revenue requirements. This plan is a guide for management and the Public Service Board to assess and review as it addresses current budget proposals and in considering Utility water, wastewater and reclaimed water initiatives and the short and long-term impact such initiatives will have on the financial condition of the Utility.

### **Decrease in Operating Expenses**

The five-year plan includes Operations and Maintenance (O&M) expenses for new infrastructure being placed into service. For fiscal year (FY) 2019-2020 there was a decrease of \$2.9 million made to the O&M budget mainly due to the expected reduction in the surface river water allotment the Utility purchases from the El Paso County Water Improvement District #1, which therefore also reduces the chemicals needed at the water treatment plants. The decrease in operating expenses is offset by increases in maintenance and personnel costs due to salary adjustments and an addition of 16 new positions and the transfer of 6 positions from the Stormwater Utility.

### **Alternative Revenue Sources**

The five-year plan includes several assumptions regarding additional revenue sources. The FY 2019-2020 CIP budget includes new funding of \$143.1 million including \$55.4 million of Commercial Paper for interim financing of water and wastewater projects. Major projects for next year include:

- \$18.8 million to continue the construction or design of several city-wide reservoirs
- \$23.2 million in water treatment facilities improvements and rehabilitation, including \$12.9 million for the completion of the new ozone generators at the Jonathan Rogers Water Treatment Plant
- \$31.0 million for new distribution water lines and rehabilitation of existing water infrastructure

In addition, all net proceeds from land sales will be deposited in a restricted reserve fund for future water supply projects including the Kay Bailey Hutchison Desalination Plant expansion, direct potable water projects and the importation of water from areas outside El Paso County. The anticipated sale of land currently owned by the Utility will be a source of revenue for years to come. For FY 2019-2020, \$15 million in land sales are budgeted, with \$2 million projected in the following year. The City of El Paso adopted water and wastewater impact fees in May 2009, we anticipate collecting \$2.2 million in impact fees in FY 2019-2020 and an additional \$6.4 million in the following four years.