

El Paso County, Texas

2022 County Water and Sewer Systems Financial Plan and Rate Review Study

Final Report / June 8, 2022

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1. Introduction

1.1. Study Overview

El Paso Water Utilities (EPW) retained Raftelis to calculate wholesale water and sewer rates for El Paso County (County) water and sewer utilities under a service arrangement that increased the scope of wholesale services provided by EPW to the County. The contract was executed in April 2022 and was effective May 1, 2022. Raftelis assists EPW complete an annual update of wholesale water and sewer customer rates, including those for the County. The current County water and sewer systems including:

- East Montana (Water)
- Colonia Revolución (Water)
- Mayfair/NuWay & Schuman (Water)
- Square Dance (Water and Sewer)

Raftelis developed updated wholesale rates for the County water and sewer systems summarized in a separate memo dated March 2, 2022.

EPW and the County also requested that Raftelis update a financial plan and complete a rate review study for the County water and sewer utilities served by EPW. Raftelis completed this similar analysis for the County as documented in a report dated September 2021 and adopted rates effective data of November 1, 2021. The 2022 study is an update of the 6-year financial planning period spanning from Fiscal Year (FY¹) 2022 through FY 2027 (Study Period) as summarized within this report. The financial plan and rate review scope of service includes the following:

- » Develop separate water and sewer fund financial plans for the 6-year Study Period.
- » Evaluate separate water and sewer rate revenue adjustments for the Study Period necessary to fund annual revenue requirements, maintain adequate cash reserves, and provide appropriate debt service coverage.
- » Project County water and sewer rates for FY 2023 through FY 2027 effective October 1st of each year.

Estimated financial results for FY 2022 provided by the County and refined as part of this update, were incorporated into the financial planning models. FY 2023 includes preliminary budget information, adjusted for the contract service arrangement between EPW and the County. FY 2024 through FY 2027 includes FY 2023 financial information adjusted for inflation plus County provided capital maintenance and capital improvement projects.

The multi-year water financial plan, supporting worksheets and calculations, revenue projections, and assumptions are detailed in Appendix A. The multi-year sewer financial plan, supporting worksheets and calculations, revenue projections, and assumptions are detailed in Appendix B.

¹ Refers to the year at the end of the fiscal year (e.g., FY 2022 is the period ending September 30, 2022).

1.2. Reliance on County and EPW Provided Data

During this project, the County and EPW provided Raftelis with a variety of technical information from capital improvement program, operational to estimated and budgeted financial reports, customer billing data and revenue data. Raftelis assessed the information for errors and reasonableness but did not independently assess or test for the accuracy of such data, historic or projected. We have relied on this data in the formulation of our findings and subsequent recommendations, as well as in the preparation of this report.

As is often the case, there will be differences between actual and projected data. Some of the assumptions used in this report will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the data or results projected in this report and actual results achieved; these differences may be material. As such, we take no responsibility for the accuracy of data or projections provided by or prepared on behalf of the EPW and the County, nor do we have any responsibility for updating this report for events occurring after the date of this report.

2. Utility Background, Water Use & Growth

2.1. Water System

The County owns and maintains the four water systems consisting of network of water distribution pipelines, pump stations, and treated water storage tanks.

The County served over 2,300 active water customers in December 2021. EPW recovers the costs of providing service to County customers through a per account administrative fee and a per hundred cubic feet (CCF) rate based on metered water use. 2021 Billed wholesale water for the combined County water systems was over 420,000 CCF. This includes the total of individual County water customer water sales plus the EPW system water loss of 15.9% for the similar period.

Customer classes that have the highest ratio of peak season water use to winter period water use are more expensive to serve as they require infrastructure to be installed for only a portion of the year which is idle capacity the remainder of the year. Raftelis incorporates peak day water use within the calculation of County water rates per CCF. Peak day water use for the combined County water systems is estimated to be 1.85 times the average daily water demands based on 2019 through 2021 water use information. Annual and peak water use varies annually affected by customer growth, rainfall, temperature, and water use behaviors.

2.2. Historical Water Sales

Raftelis evaluated 2019 through 2021 calendar year water sales and the percent of use within the minimum and at each tier. This evaluation was completed to incorporate a more normalized water volume sales projection and resulting annual volume-based water user charge revenues.

Table 2-1 summarizes the January through December results for 2019 through 2021.

Table 2-1: County Customer Water Sales (kgal)

Description	Water Allocation	2021	2020	2019	Total	Projected
Minimum	0 – 3,000	73,175	73,131	71,181	217,487	72,680
Tier 1	3,001 – 6,000	52,171	54,207	50,531	156,909	53,720
Tier 2	6,001 – 10,000	38,797	43,119	37,786	119,702	37,920
Tier 3	Over 10,000	<u>151,339</u>	<u>162,320</u>	<u>128,394</u>	<u>442,053</u>	<u>151,680</u>
Total		315,482	332,777	287,892	936,151	316,000
Minimum	0 – 3,000	23.19%	21.98%	24.72%	23.23%	23.00%
Tier 1	3,001 – 6,000	16.54%	16.29%	17.55%	16.76%	17.00%
Tier 2	6,001 – 10,000	12.30%	12.96%	13.13%	12.79%	12.00%
Tier 3	Over 10,000	<u>47.97%</u>	<u>48.78%</u>	<u>44.60%</u>	<u>47.22%</u>	<u>48.00%</u>
Total		100.00%	100.00%	100.00%	100.00%	100.00%

2020 was the highest period for water sales even though additional customers were added to the system in 2021. Relative to 2021 and 2019, it was drier and warmer during the irrigation season resulting in higher customer demands. Additionally, 2020 also included the COVID-19 restrictions where more customers were at home which is also a factor in the relatively higher water sales. Due to the overall higher water sales, a higher proportion of annual water use was sold at Tier 2 and Tier 3

Based on the review of the recent 3-year period, Raftelis projected FY 2022 water sales consistent with 2021 at 316,000 kgal adjusted for a 0.75%% growth in customers. Subsequent annual water sales reflect FY 2022 adjusted for anticipated annual customer growth. The percent of volume projected at each tier and within the minimum is also summarized in Table 2-1 and reflects the 3-year average, rounded to the nearest percent.

2.3. Sewer System Overview

The County owns and maintains a sewer conveyance system consisting of a network of sewer collection system pipelines, manholes and lift stations.

The County served over 270 active customers as of December 2021. 2021 billed sewer use for the County sewer customers was over 28,000 CCF. EPW recovers the costs of providing sewer service to County customers through a per CCF rate based on December through February (winter period) water use.

2.4. Historical Sewer Sales

Raftelis also evaluated 2019 through 2021 calendar year sewer volume sales and the percent of use within the minimum and the sewer volume rate. Similar to water, this evaluation was completed to incorporate a more normalized volume sales projection and resulting annual volume-based sewer user charge revenues. Sewer volumes are typically more stable than water volumes with less usage affected by irrigation season weather.

Table 2-2 summarizes the January through December results for 2020 through 2021 as 2019 included sewer services starting in April 2019.

Table 2-2: County Customer Sewer Sales (kgal)

Description	Water Allocation	2021	2020	Total	Projected
Minimum	0 – 2,000	5,966	5,554	11,520	6,434
Tier 1	Over 2,001	<u>16,219</u>	<u>12,529</u>	<u>28,748</u>	<u>15,752</u>
Total		22,185	18,083	40,268	22,186
Minimum	0 – 2,000	26.89%	30.71%	28.61%	29.00%
Tier 1	Over 2,001	<u>73.11%</u>	<u>69.29%</u>	<u>71.39%</u>	<u>71.00%</u>
Total		100.00%	100.00%	100.00%	100.00%

As sewer volumes reflect historical winter period water use, the volume trends can lag actual water sales. Additionally, the County has continued to increase the number of sewer customers connected to the system in 2020 and 2021, which also increases the overall sewer volumes.

Based on the review of the recent 2-year period, Raftelis projected FY 2022 sewer sales 22,185 kgal and then adjusted for a 1% growth in customers. Subsequent annual sewer sales reflect FY 2022 adjusted for anticipated annual customer growth.

2.5. Growth Assumptions

The County is currently adding water and sewer customers to the respective systems. Annual County water customer growth is projected to be:

- 1.0% in FY 2022 through FY 2027 or approximately 24 new customers annually²

Annual County sewer customer growth is projected to be:

- 1.0% in FY 2022 through FY 2027 or approximately 3 new customers annually

² Under the Hillcrest Scenario, the growth rate in FY 2024 is increased to incorporate the estimated existing 100 customers that would be connected to the water system following the availability of water services.

3. Financial Plan

The multi-year water financial plan, supporting worksheets and calculations, revenue projections, and assumptions are detailed in Appendix A. The multi-year sewer financial plan, supporting worksheets, revenue projections and assumptions are detailed in Appendix B.

The water and sewer utility financial plans are organized around a total fund with separate operations and capital improvement subfunds. The respective water and sewer rate revenue requirements represent the cost of providing service and include O&M expenses, debt service obligations, and other cash inflows and outflows.

All capital costs are assigned to the water and sewer capital improvement subfunds, where funding is provided from rate revenues, interest income, and transfers from the operations subfund, net bond proceeds, and grants (subject to award). The only expenses in the capital improvement subfund are capital improvement expenditures.

The financial plan evaluates the adequacy of system revenues adjusted for customer and demand-related growth to fund annual O&M expenses, debt service, and capital expenditures and maintain proposed financial performance thresholds. The thresholds for rate setting include:

- » Exceeding DSC ratio of at least 1.50 times annual debt service,
- » Funding outstanding debt cash reserve requirements,
- » Exceeding water fund and sewer fund cash reserve targets of
 - 25% (90 days) of annual O&M expenses PLUS
 - 25% (90 days) of annual EPW wholesale charges to the County

Raftelis recommends that the County phase to rates to exceed a DSC ratio of at least 1.50 times annual debt service for rate setting. The DSC ratio target is applied to outstanding debt and debt projected to be issued over the Study Period to fund capital projects. At present, the County is only required to maintain a minimum debt service coverage of 1.10 times annual debt service on the outstanding sewer fund debt obligation. This requirement is based on the gross revenues of the system which include all income, charges, and revenues derived directly or indirectly by the County from the operation and use of the water and sewer systems, including rates, charges, and other fees less annual O&M expenses. For the outstanding water debt obligations, a formal DSC ratio requirement is not included, although DSC ratio below 1.00 indicates that cash reserves are being used to fund annual debt service payments and over time this will deplete cash reserves. While the County could recover all or a portion of the annual debt service requirements from assessments to customers, annual debt service obligations have been and are anticipated to be repaid through user charges. For planning purposes, as revenues include weather and growth dependent sales that may fluctuate year-over-year, Raftelis recommends the more conservative DSC ratio target minimum for rate setting purposes.

Raftelis also recommends that the County continue to phase-in a cash reserve target equal to 25% of O&M expenses plus 25% of EPW wholesale charges. The two operating reserves are proposed to provide working

capital as revenue fluctuate throughout the year as well as an additional cash reserve since the annual EPW rates are effective in April each year or halfway through the fiscal year. Lastly, Raftelis recommends a sewer fund capital reserve target of \$50,000 to be available to fund unanticipated capital maintenance and/or projects. The proposed EPW cash reserve provides a way to absorb unanticipated cost increases costs prior to adjusting annual customer rates.

To mitigate the size of the near-term rate adjustments and impact to customer bills, Raftelis proposes DSC ratio targets and cash reserve policies be phased-in as follows:

- Operating and EPW charges reserve phased-in over a 10-year period starting in FY 2022.
- Sewer fund capital reserve phased-in over a 5-year period starting in FY 2022.
- DSC ratio targets for rate setting phased-in over a 5-year period starting in FY 2022.

The County should review cash reserve policies periodically and adjust reserve policies when warranted to mitigate the risk of unplanned operational contingencies, capital expenses, and potential fluctuations in volume sales revenue. For example, the County may consider establishing a separate water fund capital reserve for emergencies and/or unanticipated cost increases as multi-year capital replacements and capital improvements are further developed.

If system revenues are not adequate to fund annual expenditures and exceed financial performance requirements, the following four variables are used to balance the financial plan:

- » Draw down accumulated reserves to fund annual expenditures until funds are depleted.
- » Issue debt to fund a portion of annual capital improvements.
- » Increase user charges.
- » Delay and defer annual capital improvements.

While rate revenue increases are currently projected annually over the Study Period, adjustments may be necessary depending on annual updates to the EPW wholesale charges, future CIP and/or capital maintenance expenditures, system growth, water use patterns, inflation, and regulatory requirements. At a minimum, annual reviews as part of the budget process should be used to periodically assess the condition of the water and sewer funds to determine the necessity of future rate revenue adjustments.

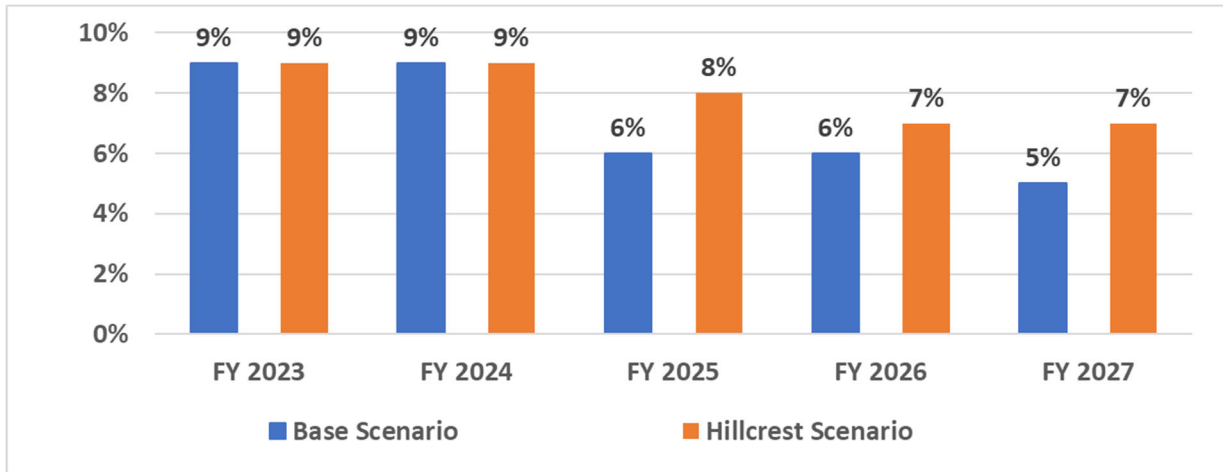
3.1. Water Fund Financial Plan Results

Raftelis worked with County and EPW staff to evaluate the water fund financial plan under two scenarios. The first scenario, Base Scenario, reflects the existing water system. The second scenario, Hillcrest Scenario, reflects the addition of the Hillcrest system through a projected capital improvement project funded through a blend of grants and external debt. Both scenarios phase in the cash reserve and DSC ratio requirements over a 5-year to 10-year period. The Base Scenario results are documented within Appendix A while the Hillcrest Scenario results are summarized and discussed within this report within Section 3.1, but are not separately documented within Appendix A.

Figure 3-1 summarizes projected water rate revenue increases during the Study Period that are necessary to fund annual expenditures and meet financial performance criteria under each scenario. FY 2023 is the focus

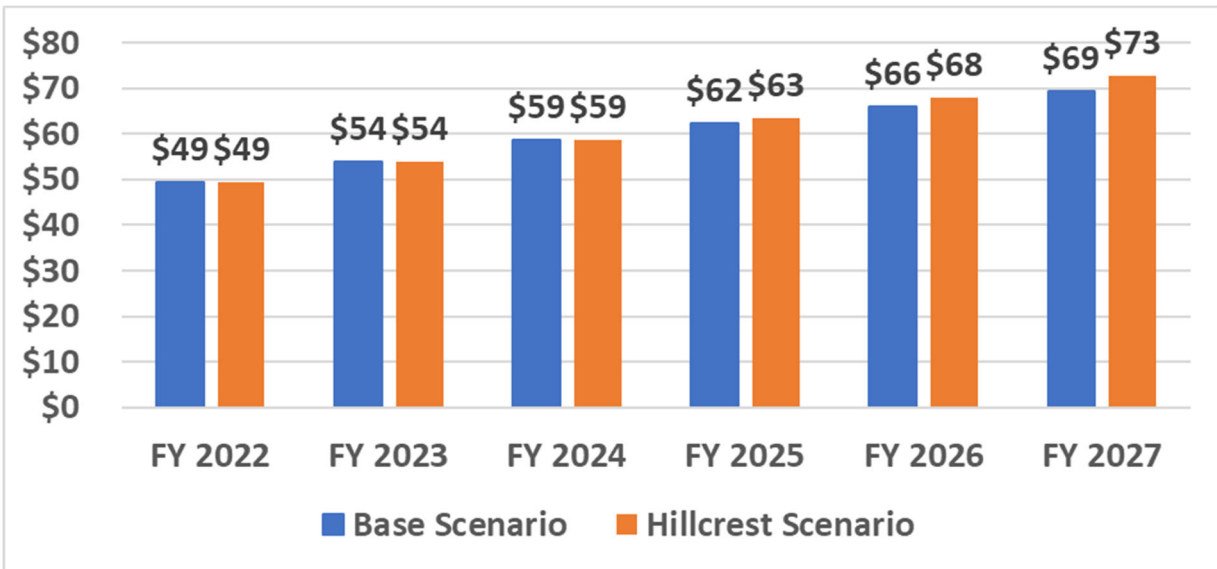
of this evaluation as EPW charges have increased at a time when water system capital maintenance and CIP are also increasing.

Figure 3-1: Projected Annual Water Rate Revenue Increases



Rate revenue increases are anticipated to be applied uniformly to fixed and volume rates assessed by the County effective October 1st of each year³. Figure 4-2 summarizes projected monthly residential customer water bills for a typical customer with a 3/4-inch water meter using 8,000 gallons per month under the two evaluated scenarios.

Figure 3-2: Projected Typically Monthly Residential Water Bill



The recommended FY 2023 water rates, which are based on a 9% overall rate revenue adjustment, are detailed in Section 3.3 of this report. The cash reserve is higher under the Hillcrest Scenario due to additional

³ The FY 2022 rate increases were effective November 1, 2021.

customers and resulting increases to recurring annual water purchases and admin charges resulting from additional customers.

Figure 3-3 shows the end-of-fiscal year water fund cash balances and annual targeted reserves under each scenario. The cash reserve targets are exceeded throughout the Study Period.

Figure 3-3: Projected Total Water Fund End-of-Year Cash Balances and Reserve Targets

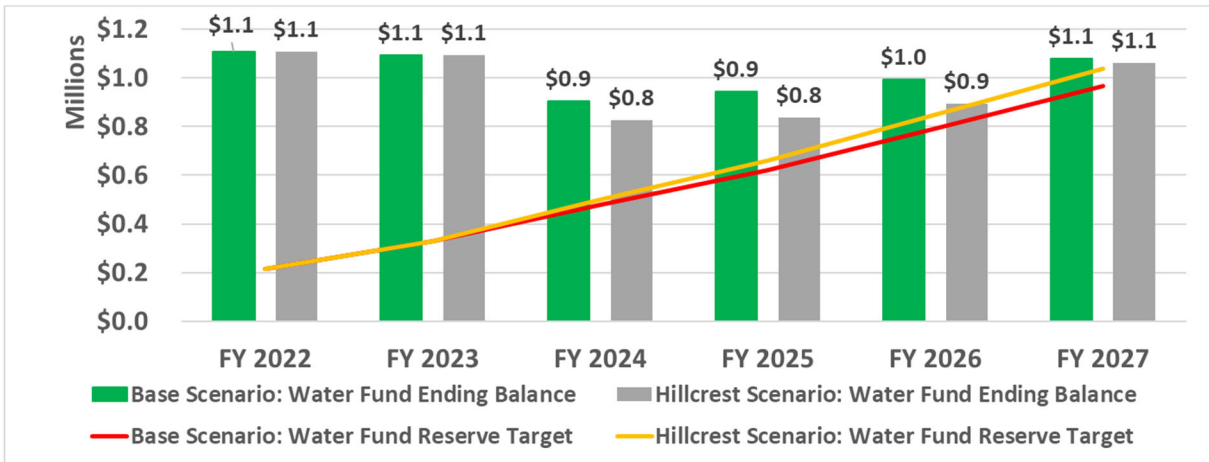
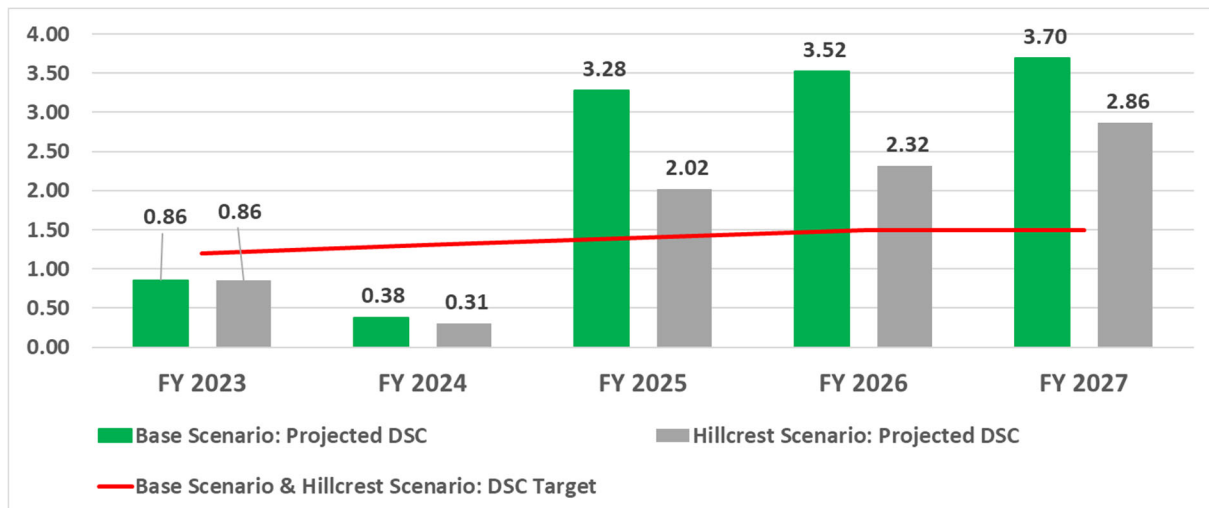


Figure 3-4 shows the projected annual water fund DSC ratios compared to the target which are exceeded each year of the Study Period.

Figure 3-4: Projected Annual Water Fund DSC



3.1.1.1. Total Water Fund

Appendix A details the water fund financial plan and projected annual results over the Study Period under the Base scenario. All water fund revenues and expenditures are summarized on page A-2 with key summary results summarized on page A-1.

A total water fund balance of approximately \$1.48 million is forecasted to be available as of October 1, 2022. Reducing this amount for the proposed cash reserve minimum of \$0.22 million leaves \$1.26 million as unrestricted to start FY 2022. Raftelis proposes that the County continue to phase-in two operating reserves over the 10-year phase-in period as previously discussed and has calculated this amount annually throughout the Study Period. For financial planning purposes, Raftelis developed two different subfunds within the water fund:

- » An operations subfund is summarized on page A-4 and
- » A capital improvement subfund is summarized on page A-3.

3.1.1.2. Revenues

Water user charge revenues in FY 2022 were projected by Raftelis incorporating 2019 through 2021 water use and water sales by tier. Projections for the remainder of the Study Period are adjusted based on customer growth and projected annual rate revenue increases summarized in pages A-5 and A-6.

Water user charge revenue is projected to range from \$2.17 million in FY 2022 to \$3.20 million in FY 2027.

The water fund has an additional revenue stream from interest earnings projected based on the start of year cash balance and an interest earnings rate of 0.6%. The interest earnings are allocated to the operating fund as summarized on page A-7.

3.1.1.3. Capital Funding Sources

Capital funding sources of grants or external debt may be used to assist the County in funding anticipated capital expenditures. The Base Scenario water fund financial plan does not anticipate external capital funding sources with 100% of projected capital expenditures being funded from user charge revenues or accumulated cash balances. The County should pursue reasonable grant opportunities.

The Hillcrest Scenario anticipates \$1.60 million in grants and \$2.30 million loan from the United States Department of Agriculture Rural Development (USDA-RD) funding the overall \$3.90 million capital project which have both been previously authorized. The County plans to bid this project in 2022 anticipating construction to be completed in FY 2023.

3.1.1.4. Operations and Maintenance

Pages A-12 through A-15 summarize projected water system O&M expenditures over the Study Period. Projected O&M expenditures are based on the County's FY 2022 estimated results and preliminary FY 2023 budgeted results refined and updated as part of this study. As part of this, EPW will incur recurring O&M for personnel, utilities, materials, supplies, and miscellaneous expenses operating the County water systems in addition to those related to wholesale water services. EPW charges are typically adjusted April 1 annually and this is factored into project annual County water fund O&M.

The County will continue to fund capital maintenance also included in O&M and have identified various prioritized maintenance costs ranging from \$0.17 million in FY 2022 increasing to \$0.37 million in FY 2023 and falling to an average of \$0.09 million in FY 2024 through FY 2027.

Capital maintenance projects, as adjusted for inflation, include:

- » Greg Storage Roofing of \$65,000 (FY 2022)
- » Meter Replacement of \$100,000 per year (FY 2022)
- » Meter Replacement of \$100,000 (FY 2023)
- » Far East Elevated Tank of \$135,000 (FY 2023)
- » Loop Project (Bradley) of \$45,000 (FY 2023) and \$217,485 (FY 2024)
- » Loop Project (Truscot) of \$13,500 (FY 2023) and \$65,245 (FY 2024)
- » Loop Project (Peggy) of \$13,500 (FY 2023) and \$65,245 (FY 2024)

Annual O&M is also updated for anticipated cost increases and inflation with total annual O&M ranging from \$2.28 million in FY 2022 to \$2.85 million by FY 2027.

The following annual cost inflations are assumed for O&M expense categories over the Study Period.

- » Capital maintenance: 4% in FY 2023 falling to 3% annually thereafter
- » EPW Water Resale:
 - 11% in FY 2024
 - 14% in FY 2025
 - 10% in FY 2026
 - 4% in FY 2027
- » EPW Admin Fee: 2%
- » Capital: 3%

3.1.1.5. Capital Improvement Projects and Capital Maintenance Projects

The projects listed in the CIP were also provided by County staff in 2022 dollars for the years FY 2022 through FY 2027 as detailed on page A-16. The County anticipates increased CIP as the water systems continue to age requiring additional capital maintenance to extend useful lives with eventual replacement. The CIP totals \$0.81 million (inflation-adjusted) over the 6-year Study Period. The project listing on pages A-17 includes the inflated amount based on the project cost estimates and the anticipated fiscal year expended over the Study Period.

The inflated value of CIP projects include:

- » O'Leary Canopy of \$95,000 in FY 2022
- » Backup Generator System of \$80,000 in FY 2022
- » Future Capital Expenditures of
 - \$133,000 in FY 2024,
 - \$164,000 in FY 2025,
 - \$169,000 in FY 2026, and
 - \$174,000 in FY 2027

3.1.1.6. Debt and Debt Service

The water fund has annual debt service of averaging \$91,000 annually over the Study Period as detailed on page A-9. The three obligations are associated with previous infrastructure investments and include:

- 1997 Series (East Montana) retired in FY 2037

- 2012 Series (Mayfair/NuWay & Schuman) repaid fully in FY 2052
- 2013 Series (Colonia Revolucion) repaid fully in FY 2053

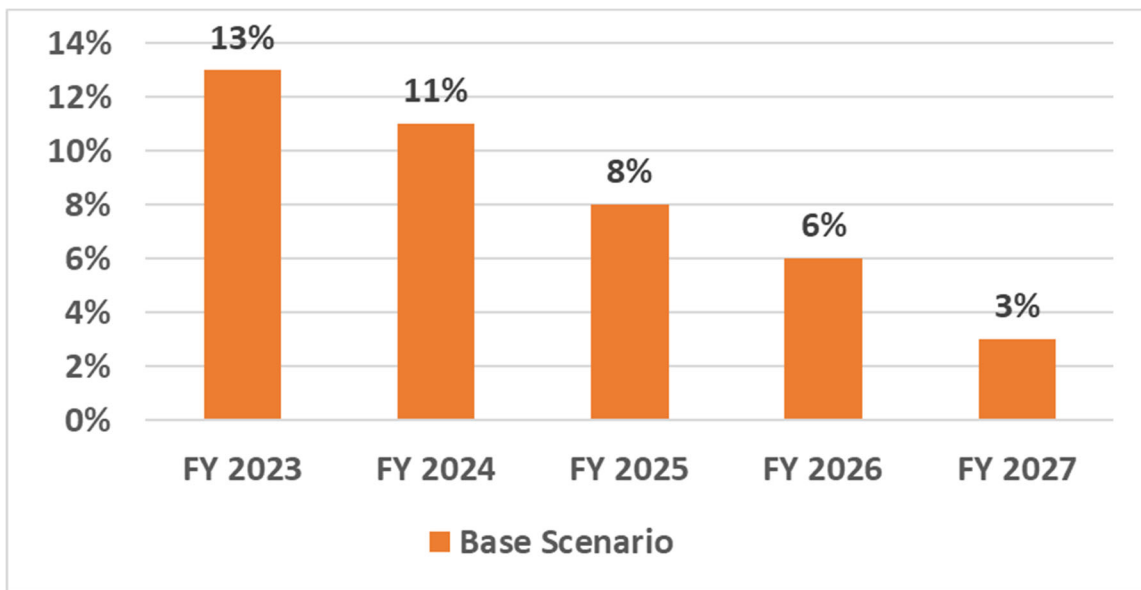
Additional debt is projected to fund future capital improvements in the Hillcrest Scenario, which is expected to include \$2.35 million in financing from a USDA backed loan, approximately \$90,000 in annual debt service starting in FY 2024 with the loan retired in FY 2061.

3.2. Sewer Fund Financial Plan Results

Raftelis worked with County and EPW staff to evaluate the sewer fund financial plan under a single scenario. The scenario phases in the cash reserve and DSC ratio requirements over a 5-year to 10-year period while incorporating rate increases as needed to maintain debt service coverage.

Figure 3-5 summarizes proposed sewer rate revenue increases during the Study Period that are necessary to fund annual expenditures and meet financial performance criteria.

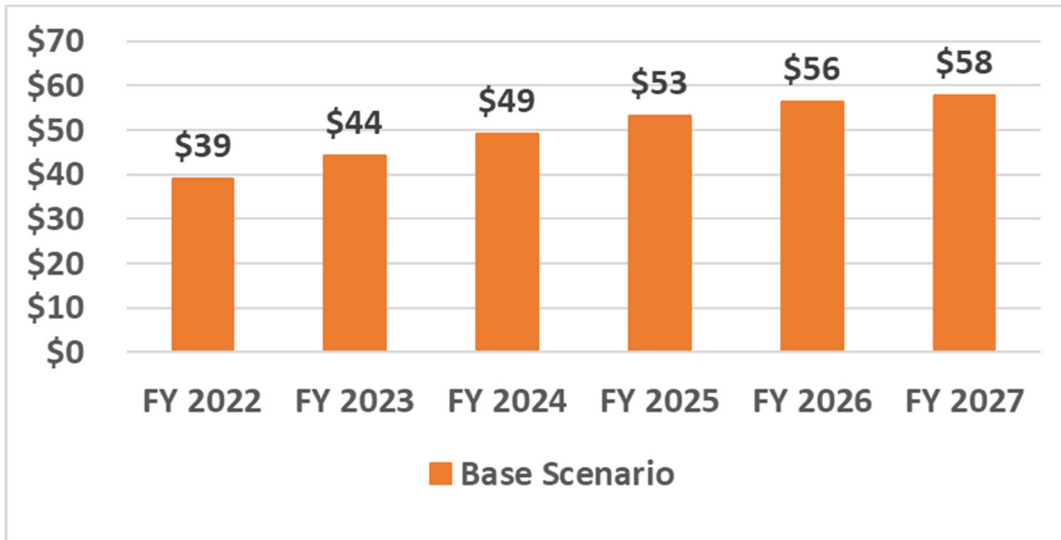
Figure 3-5: Projected Annual Sewer Rate Revenue Increases



Rate revenue increases are anticipated to be provided uniformly to fixed and volume rates assessed by the County effective October 1st of each year⁴. Figure 3-6 summarizes projected monthly residential customer sewer bills for a typical customer with a 3/4-inch water meter using 5,000 gallons.

⁴ The FY 2022 rate increases were effective November 1, 2021.

Figure 3-6: Projected Typically Monthly Residential Sewer Bill



The proposed FY 2023 sewer rates, which are based on a 13% overall rate revenue adjustment, are detailed in Section 3.3 of this report.

Figure 3-7 shows the end-of-fiscal year cash balance and reserves for the sewer fund. The cash reserve targets are exceeded throughout the Study Period.

Figure 3-7: Projected Total Sewer Fund End-of-Year Cash Balances and Reserve Targets

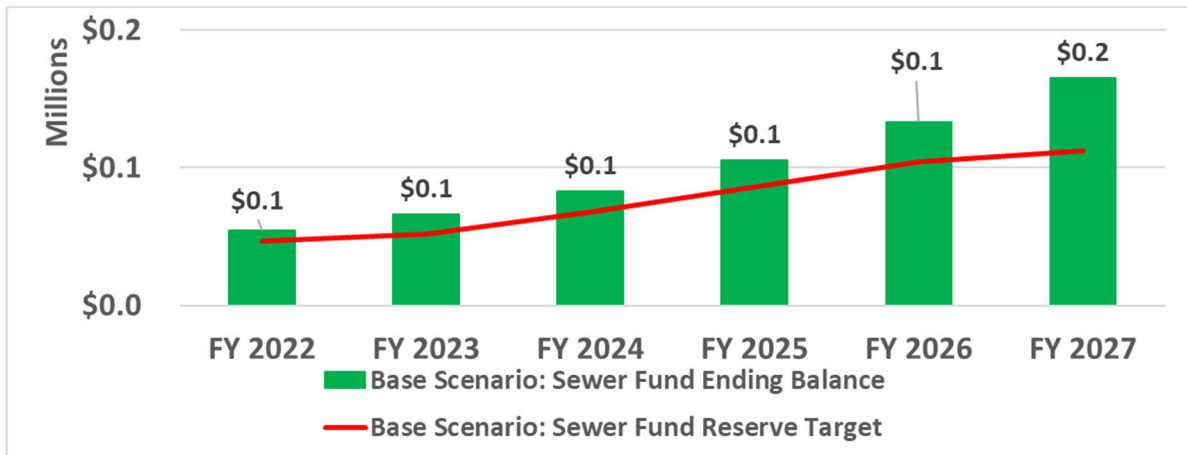
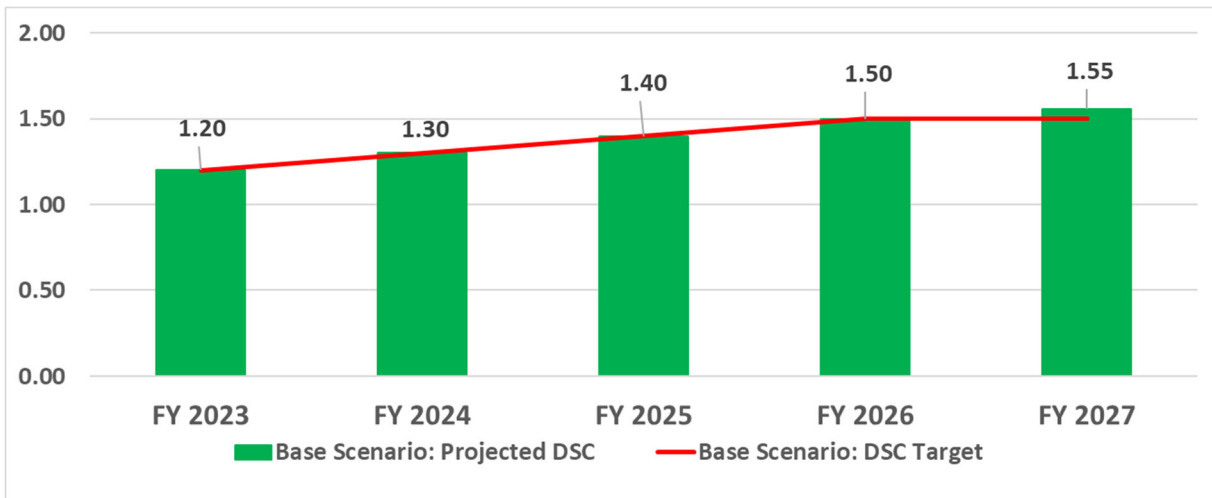


Figure 3-8 shows the projected annual sewer fund DSC ratios compared to the target which are met and/or exceeded each year of the Study Period.

Figure 3-8: Projected Annual Sewer Fund DSC



3.2.1.1. Total Sewer Fund

Appendix B details the sewer fund financial plan and projected annual results over the Study Period under the scenario where the cash reserve and DSC ratio targets are phased-in over a 5-year to 10-year period. All sewer fund revenues and expenditures are summarized on page B-2 with key summary results summarized on page B-1.

A total estimated sewer fund balance of approximately \$52,000 was available as of October 1, 2021. Reducing this amount for the proposed cash reserve minimum of \$47,000 leaves a balance of \$4,000 as unrestricted to start FY 2022. Raftelis recommends that the County continue to phase-in two operating reserves and a \$50,000 sewer fund capital reserve as previously discussed and has calculated this amount annually throughout the Study Period. For financial planning purposes, Raftelis developed two different subfunds within the sewer fund:

- » An operations subfund is summarized on page B-4 and
- » A capital improvement subfund is summarized on page B-3.

3.2.1.2. Revenues

Sewer user charge revenues in FY 2022 were projected by Raftelis incorporating 2020 and 2021 sewer volumes and trends. Projections for the remainder of the Study Period are adjusted based on customer growth and projected annual rate revenue increases summarized in pages B-5 and B-6.

Sewer user charge revenue is projected to range from \$0.15 million in FY 2022 to \$0.23 million in FY 2027.

The sewer fund has an additional revenue stream from interest earnings projected based on the start of year cash balance and an interest earnings rate of 0.6%. The interest earnings are allocated to the operating fund as summarized on page B-7.

3.2.1.3. Capital Funding Sources

Capital funding sources of grants or external debt may be used to assist the County in funding anticipated capital expenditures. The sewer facilities were recently installed and as it is relatively new, near-term capital improvements are not anticipated. County staff will be developing a multi-year sewer capital plan and as projects are identified, the County should pursue reasonable grant opportunities.

3.2.1.4. Operations and Maintenance

Pages B-9 through B-12 summarize projected sewer system O&M expenditures over the Study Period. Projected O&M expenditures are based on the County's FY 2022 estimated results and preliminary FY 2023 budgeted amounts refined and updated as part of this study. The FY 2022 results are adjusted based on the May 1, 2022 effective date of the increased wholesale services. As part of this, EPW will incur recurring O&M for personnel, utilities, materials, supplies, and miscellaneous expenses operating the County sewer systems in addition to those related to wholesale sewer services currently provided. EPW charges are adjusted April 1 annually and this is factored into project annual County sewer fund O&M.

The County will continue to fund capital maintenance also included in O&M. The sewer system was more recently installed and overtime the County will incur capital maintenance expenditures but have not identified annual expenses.

Annual O&M is also updated for anticipated cost increases and inflation with total annual O&M ranging from \$0.09 million in FY 2022 to \$0.11 million by FY 2027.

The following annual cost inflations are assumed for O&M expense categories over the Study Period.

- » Capital maintenance: 4% in FY 2023 decreasing to 3% thereafter
- » EPW Sewer Charges:
 - 15% in FY 2024
 - 12% in FY 2025
 - 9% in FY 2026, and
 - 3% in FY 2027
- » Capital: 3%

3.2.1.5. Capital Improvement Projects

The sewer facilities were recently installed and as it is relatively new, near-term capital improvements are not anticipated. Capital projects should be anticipated, particularly as the sewer system ages to maintain facilities and extend useful lives with eventual replacement. County staff will be developing a multi-year sewer capital plan and as projects are identified, the County should pursue reasonable grant opportunities.

3.2.1.6. Debt and Debt Service

The sewer fund has annual debt service of averaging \$56,000 annually over the study period. The debt obligation is associated with the Square Dance sewer system investments issued in 2017 and retired in FY 2057. No additional debt is projected within the Study Period.

3.3. FY 2023 Rates

Projected rate revenue adjustments are anticipated to be provided across-the-board to County water and sewer rates and fees. The County assesses fixed charges with minimum water allowance and a three-tiered, inclining block tiered rate which assesses increased rates as monthly customer water use increases. The County assesses fixed sewer charges and volume rate based on the AWC period water use. EPW bills County customers as a component of the contract services provided to the County.

3.3.1. WATER RATES

The County’s current water user charges reflect rate changes were effective November 2021 . Current and projected FY 2023 water user charges and rates are shown in Table 3-1.

Table 3-1: Current and Proposed FY 2023 Water Fixed Minimum and Tiered Volume Rates

Description	Water Allocation	Current	FY 2023
Minimum	0 – 3,000	\$32.40	\$35.32
Tier 1	3,001 – 6,000	2.52	2.75
Tier 2	6,001 – 10,000	4.75	5.17
Tier 3	Over 10,000	6.21	6.77

3.3.2. SEWER RATES

The existing sewer rates reflect rate changes were effective in November 2021. Current and projected FY 2023 sewer user charges and rates are shown in Table 3-2. The sewer rate structure also includes a monthly service charge that increases by meter size and a volume rate per 1,000 gallons of AWC.

Table 3-2: Current and Proposed FY 2023 Sewer Fixed Minimum Volume Rates

Description	Water Allocation	Current	FY 2023
Minimum	0 – 2,000	\$28.33	\$32.01
Volume Rate	Over 2,000	3.61	4.08

APPENDIX A:

Water Fund Financial Plan

El Paso County, TX - Water and Sewer Utilities
Water Utility
Financial Plan Summary

6/7/2022

Fiscal Period Ending September 30

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<u>Water Operating Fund Cashflow</u>						
Months Increase is Effective in First Year	11	12	12	12	12	12
Annualized Percentage Increase	0.0%	9.0%	9.0%	6.0%	6.0%	5.0%
Cumulative Increase	0.0%	9.0%	18.8%	25.9%	33.5%	40.2%
Operating Fund Ending Balance	1,107,506	1,094,183	905,137	943,837	994,224	1,079,678
<i>Operating Reserve Target</i>	216,422	329,929	478,429	620,129	792,529	968,329
Operating Fund Ending Balance After Reserves	891,084	764,254	426,708	323,708	201,695	111,349
<u>Capital Fund</u>						
Revenue Bond Issuance Proceeds						
State & Other Loan Proceeds	0	0	0	0	0	0
Annual CIP	175,000	0	132,613	163,909	168,826	173,891
Ending Capital Fund Balance	0	0	0	0	0	0
<i>Capital Reserve Target</i>	0	0	0	0	0	0
<u>Combined Water Enterprise Fund</u>						
Water Fund Cash Flow Ending Balance	1,107,506	1,094,183	905,137	943,837	994,224	1,079,678
Target Reserve						
Operating	216,422	329,929	478,429	620,129	792,529	968,329
Capital	0	0	0	0	0	0
Total Target Reserve	216,422	329,929	478,429	620,129	792,529	968,329
<i>Over/(Under) Target Reserve</i>	891,084	764,254	426,708	323,708	201,695	111,349
DSC	(1.09)	0.86	0.38	3.28	3.52	3.70

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates Cash Flow Analysis
 Total Water Fund Cash Flow Analysis

6/7/2022

Line No.	Description	Projected - Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Revenue from Existing Water Fees	\$2,166,532	\$2,196,351	\$2,218,311	\$2,240,494	\$2,262,900	\$2,285,530
2	Add'l Water Fee Revenue from Rate Increases	0	198,231	418,320	581,894	758,896	918,484
3	Total Water Fee Revenue	2,166,532	2,394,582	2,636,631	2,822,388	3,021,796	3,204,015
4	Other Miscellaneous Revenue	0	0	0	0	0	0
5	Grants	0	0	0	0	0	0
6	Revenue Bond Proceeds	0	0	0	0	0	0
7	State and Other Loan Proceeds	0	0	0	0	0	0
8	Interest Income	9,000	7,000	7,000	5,000	6,000	6,000
9	Total Sources	2,175,532	2,401,582	2,643,631	2,827,388	3,027,796	3,210,015
Uses of Funds							
10	Operation and Maintenance Expense	2,276,486	2,323,339	2,609,416	2,535,954	2,721,581	2,854,501
Debt Service							
11	Existing	92,248	91,459	90,648	88,825	87,003	96,169
12	Proposed - Revenue Bonds	0	0	0	0	0	0
13	Proposed - State & Other	0	0	0	0	0	0
14	Total Debt Service	92,248	91,459	90,648	88,825	87,003	96,169
15	Debt Service Reserve and Issuance Expense	0	0	0	0	0	0
16	Maintenance and Replacement Reserve	1,940	107	0	0	0	0
Capital							
17	Capital Improvement Program	175,000	0	132,613	163,909	168,826	173,891
18	Total Uses	2,545,673	2,414,905	2,832,676	2,788,688	2,977,410	3,124,561
19	Annual Surplus (Deficiency)	(370,141)	(13,323)	(189,046)	38,700	50,387	85,454
20	Beginning Balance	1,477,646	1,107,506	1,094,183	905,137	943,837	994,224
21	Ending Balance	1,107,506	1,094,183	905,137	943,837	994,224	1,079,678
Target Reserves							
22	Target Operating Reserves (1)	216,422	329,929	478,429	620,129	792,529	968,329
23	Target Capital Reserves	0	0	0	0	0	0
24	Total Target Reserves	216,422	329,929	478,429	620,129	792,529	968,329
25	Undesignated Reserves	891,084	764,254	426,708	323,708	201,695	111,349
26	Annualized Water Rate Revenue Increase	0.0%	9.0%	9.0%	6.0%	6.0%	5.0%
27	Cumulative Rate Revenue Increase	0.0%	9.0%	18.8%	25.9%	33.5%	40.2%
28	Annual Debt Service Coverage	(1.09)	0.86	0.38	3.28	3.52	3.70

(1) Includes proposed Operating and El Paso Water Reserves phased-in over 10 years plus existing Debt Service and Maintenance and Repair Reserves required by outstanding loans.

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Capital Fund Cash Flow Analysis

6/7/2022

Line No.	Description	Projected - Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Transfer From Operating Fund	\$175,000	\$0	\$132,613	\$163,909	\$168,826	\$173,891
2	Grants	0	0	0	0	0	0
3	Revenue Bond Proceeds	0	0	0	0	0	0
4	State and Other Loan Proceeds	0	0	0	0	0	0
5	Interest Income	0	0	0	0	0	0
6	Total Sources	175,000	0	132,613	163,909	168,826	173,891
Uses of Funds							
7	Capital Improvement Program	175,000	0	132,613	163,909	168,826	173,891
8	Future Debt Service Reserve and Issuance Expense	0	0	0	0	0	0
9	Transfer To Operating Fund	0	0	0	0	0	0
10	Total Uses	175,000	0	132,613	163,909	168,826	173,891
11	Annual Surplus (Deficiency)	0	0	0	0	0	0
12	Beginning Balance	0	0	0	0	0	0
13	Ending Balance	0	0	0	0	0	0
14	<i>Target Capital Reserve</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Operating Fund Cash Flow Analysis

6/7/2022

Line No.	Description	Projected - Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Total Revenue from Existing Water Rate Revenues	\$2,166,532	\$2,196,351	\$2,218,311	\$2,240,494	\$2,262,900	\$2,285,530
2	Additional Water Revenue from Rate Increases	0	198,231	418,320	581,894	758,896	918,484
3	Total Water Fee Revenue	2,166,532	2,394,582	2,636,631	2,822,388	3,021,796	3,204,015
4	Other Miscellaneous Revenue	0	0	0	0	0	0
5	Transfer From Capital Fund	0	0	0	0	0	0
6	Interest Income	9,000	7,000	7,000	5,000	6,000	6,000
7	Total Sources	2,175,532	2,401,582	2,643,631	2,827,388	3,027,796	3,210,015
Uses of Funds							
8	Total Operations and Maintenance	2,276,486	2,323,339	2,609,416	2,535,954	2,721,581	2,854,501
Debt Service							
9	Existing Debt Service	92,248	91,459	90,648	88,825	87,003	96,169
10	Proposed - Revenue Bonds	0	0	0	0	0	0
11	Proposed - State and Other Loans	0	0	0	0	0	0
12	Total Debt Service	92,248	91,459	90,648	88,825	87,003	96,169
13	Maintenance and Replacement Reserve	1,940	107	0	0	0	0
14	Transfer to Capital Improvement Fund	175,000	0	132,613	163,909	168,826	173,891
15	Total Uses	2,545,673	2,414,905	2,832,676	2,788,688	2,977,410	3,124,561
16	Annual Surplus (Deficiency)	(370,141)	(13,323)	(189,046)	38,700	50,387	85,454
17	Beginning Balance	1,477,646	1,107,506	1,094,183	905,137	943,837	994,224
18	Ending Balance	1,107,506	1,094,183	905,137	943,837	994,224	1,079,678
19	Target Operating Reserves (1)	216,422	329,929	478,429	620,129	792,529	968,329
20	Unrestricted Funds	891,084	764,254	426,708	323,708	201,695	111,349
21	Annual Water Service Revenue Increase	0.0%	9.0%	9.0%	6.0%	6.0%	5.0%
22	Cumulative Revenue Increase	0.0%	9.0%	18.8%	25.9%	33.5%	40.2%

(1) Includes proposed Operating and El Paso Water Reserves phased-in over 10-years plus existing Debt Service and Maintenance and Repair Reserves required by outstanding loans.

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Water Rate Revenue Under Existing Rates

Line No.	Description	Projected - Fiscal Period Ending September 30					
		FY 2022 (1)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1	Project Water Sales - CCF	426,684	429,885	434,183	438,525	442,911	447,340
2	Project Water Sales - KGAL	319,160	321,554	324,769	328,017	331,297	334,610
3	Percent of Use by Tier						
4	Minimum Use	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
5	Tier 1	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
6	Tier 2	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
7	Tier 3	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%
8	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
9	Water Sales By Tier (KGAL)						
10	Minimum Use	73,407	73,957	74,697	75,444	76,198	76,960
11	Tier 1	54,257	54,664	55,211	55,763	56,321	56,884
12	Tier 2	41,491	41,802	42,220	42,642	43,069	43,499
13	Tier 3	150,005	151,131	152,641	154,168	155,709	157,267
14	Total	319,160	321,554	324,769	328,017	331,297	334,610
15	Water Volume Rate by Tier						
16	Minimum Use	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
17	Tier 1	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52	\$2.52
18	Tier 2	\$4.75	\$4.75	\$4.75	\$4.75	\$4.75	\$4.75
19	Tier 3	\$6.21	\$6.21	\$6.21	\$6.21	\$6.21	\$6.21
20	Water Sales Revenue By Tier						
21	Minimum Use	\$0	\$0	\$0	\$0	\$0	\$0
22	Tier 1	135,869	137,753	139,132	140,523	141,929	143,348
23	Tier 2	195,872	198,560	200,545	202,550	204,578	206,620
24	Tier 3	925,781	938,522	947,902	957,383	966,954	976,629
25	Total	\$1,257,522	\$1,274,834	\$1,287,579	\$1,300,455	\$1,313,460	\$1,326,596
26	Average Monthly Accounts	2,353	2,370	2,394	2,418	2,442	2,466
27	Minimum Charge - \$ per Month	\$32.40	\$32.40	\$32.40	\$32.40	\$32.40	\$32.40
28	Fixed Charge Revenue	909,011	921,517	930,732	940,039	949,440	958,934
29	Fixed Charge Revenue	\$909,011	\$921,517	\$930,732	\$940,039	\$949,440	\$958,934
30	Volume Rate Revenue	\$1,257,522	\$1,274,834	\$1,287,579	\$1,300,455	\$1,313,460	\$1,326,596
31	Total Revenue Under Existing Rates	\$2,166,532	\$2,196,351	\$2,218,311	\$2,240,494	\$2,262,900	\$2,285,530

(1) FY 2022 revenues reflect rate adjustments effective November 1st, 2021 or 11 months of the 12 month fiscal year.

El Paso County, TX - Water and Sewer Utilities
FY 2022 County W/WW Utilities Financial Plan and Rates
Water Rate Revenue Under Proposed Rates

Line No.	Description	Projected - Fiscal Period Ending September 30					
		FY 2022 (1)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1	Project Water Sales - CCF	426,684	429,885	434,183	438,525	442,911	447,340
2	Project Water Sales - KGAL	319,160	321,554	324,769	328,017	331,297	334,610
3	Percent of Use by Tier						
4	Minimum Use	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
5	Tier 1	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
6	Tier 2	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
7	Tier 3	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%
8	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
9	Water Sales By Tier (KGAL)						
10	Minimum Use	73,407	73,957	74,697	75,444	76,198	76,960
11	Tier 1	54,257	54,664	55,211	55,763	56,321	56,884
12	Tier 2	41,491	41,802	42,220	42,642	43,069	43,499
13	Tier 3	150,005	151,131	152,641	154,168	155,709	157,267
14	Total	319,160	321,554	324,769	328,017	331,297	334,610
15	Water Volume Rate by Tier						
16	Minimum Use	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
17	Tier 1	\$2.52	\$2.75	\$3.00	\$3.18	\$3.37	\$3.54
18	Tier 2	\$4.75	\$5.18	\$5.65	\$5.99	\$6.35	\$6.67
19	Tier 3	\$6.21	\$6.77	\$7.38	\$7.82	\$8.29	\$8.70
20	Water Sales Revenue By Tier						
21	Minimum Use	\$0	\$0	\$0	\$0	\$0	\$0
22	Tier 1	135,869	150,326	165,633	177,326	189,802	201,369
23	Tier 2	195,872	216,534	238,543	255,426	273,488	290,138
24	Tier 3	925,781	1,023,155	1,126,492	1,205,593	1,290,828	1,368,224
25	Total	\$1,257,522	\$1,390,015	\$1,530,668	\$1,638,345	\$1,754,118	\$1,859,731
26	Average Monthly Accounts	2,353	2,370	2,394	2,418	2,442	2,466
27	Minimum Charge - \$ per Month	\$32.40	\$35.32	\$38.50	\$40.81	\$43.26	\$45.42
28	Fixed Charge Revenue	909,011	1,004,567	1,105,962	1,184,043	1,267,678	1,344,283
29	Fixed Charge Revenue	\$909,011	\$1,004,567	\$1,105,962	\$1,184,043	\$1,267,678	\$1,344,283
30	Volume Rate Revenue	\$1,257,522	\$1,390,015	\$1,530,668	\$1,638,345	\$1,754,118	\$1,859,731
31	Total Revenue Under Proposed Rates	\$2,166,532	\$2,394,582	\$2,636,631	\$2,822,388	\$3,021,796	\$3,204,015
32	Total Revenue Under Existing Rates	\$2,166,532	\$2,196,351	\$2,218,311	\$2,240,494	\$2,262,900	\$2,285,530
33	Total Revenue From Increased Rates	\$0	\$198,231	\$418,320	\$581,894	\$758,896	\$918,484
34	Total Revenue From Increased Rates - %	0.0%	9.0%	18.9%	26.0%	33.5%	40.2%

(1) FY 2022 revenues reflect rate adjustments effective November 1st, 2021 or 11 months of the 12 month fiscal year.

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Interest Calculation

Line No.	Description	Projected - Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Revenues							
1	Capital Fund	0	0	0	0	0	0
2	Operating Fund	9,000	7,000	7,000	5,000	6,000	6,000
3	Total	9,000	7,000	7,000	5,000	6,000	6,000

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Water Miscellaneous Revenue

Line No.	Description	Inflation Coding	Actual	Actual	Actual	Estimated	Annual Cost Escalation Rates				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
			\$	\$	\$	\$	%	%	%	%	%
Miscellaneous Revenue											
1	Loan Payment Mill Levy	MR					0.0%	0.0%	0.0%	0.0%	0.0%
2	Other Income	MR					0.0%	0.0%	0.0%	0.0%	0.0%
3	Miscellaneous Revenue	MR					0.0%	0.0%	0.0%	0.0%	0.0%
4	Insurance Proceeds	MR	314,444				0.0%	0.0%	0.0%	0.0%	0.0%
5	Interest	MR	61,061	40,755	12,000	6,742	0.0%	0.0%	0.0%	0.0%	0.0%
6	Bond Proceeds	MR					0.0%	0.0%	0.0%	0.0%	0.0%
7	Total Miscellaneous Revenue		375,505	40,755	12,000	6,742	0	0	0	0	0

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Water Miscellaneous Revenue Adjustments

Line No.	Title	Inflation Coding	Actual	Actual	Actual	Estimated	Annual Miscellaneous Revenue Adjustment Inputs				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Miscellaneous Revenue											
1	Loan Payment Mill Levy	MR									
2	Other Income	MR									
3	Miscellaneous Revenue	MR									
4	Insurance Proceeds	MR									
5	Interest	MR				(6,700)					
6	Bond Proceeds	MR									
7	Total Miscellaneous Revenue		0	0	0	(6,700)	0	0	0	0	0

Table B-4
 El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Water Miscellaneous Revenue Forecast

Line No.	Title	Actual	Actual	Actual	Estimated			Projected		
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Miscellaneous Revenue										
1	Loan Payment Mill Levy	0	0	0	0	0	0	0	0	0
2	Other Income	0	0	0	0	0	0	0	0	0
3	Miscellaneous Revenue	0	0	0	0	0	0	0	0	0
4	Insurance Proceeds	314,400	0	0	0	0	0	0	0	0
5	Interest	61,100	40,800	12,000	0	0	0	0	0	0
6	Bond Proceeds	0	0	0	0	0	0	0	0	0
7	Total Miscellaneous Revenue	375,500	40,800	12,000	0	0	0	0	0	0

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Existing Debt

Line No.		Series 1997A (East Montana)	Series 2012 (Mayfair)	Series 2013 (Colonia Revolucion)	Total Outstanding Debt Summary					
1	Term (Years)	40	40	40						
2	Original Issuance Amount	1,050,000	272,000	514,000						
3	Year of Issuance	1997	2012	2013						
4	Final Payment Date	8/15/2037	9/30/2052	2/15/2053						
5	Interest Rate	4.88%	2.25%	2.25%						
	Fiscal Year	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Annual Debt Service
	Ending Sept. 30									
6	FY 2021	\$34,613	\$30,000	\$5,411	\$5,000	\$10,001	\$9,000	\$50,025	\$44,000	\$94,025
7	FY 2022	33,150	30,000	5,299	5,000	9,799	9,000	48,248	44,000	92,248
8	FY 2023	31,688	30,000	5,186	5,000	9,585	10,000	46,459	45,000	91,459
9	FY 2024	30,225	30,000	5,063	6,000	9,360	10,000	44,648	46,000	90,648
10	FY 2025	28,763	30,000	4,928	6,000	9,135	10,000	42,825	46,000	88,825
11	FY 2026	27,300	30,000	4,793	6,000	8,910	10,000	41,003	46,000	87,003
12	FY 2027	25,838	40,000	4,658	6,000	8,674	11,000	39,169	57,000	96,169
13	FY 2028	23,888	40,000	4,523	6,000	8,426	11,000	36,836	57,000	93,836
14	FY 2029	21,938	40,000	4,388	6,000	8,179	11,000	34,504	57,000	91,504
15	FY 2030	19,988	40,000	4,253	6,000	7,931	11,000	32,171	57,000	89,171
16	FY 2031	18,038	40,000	4,106	7,000	7,673	12,000	29,816	59,000	88,816
17	FY 2032	16,088	50,000	3,949	7,000	7,403	12,000	27,439	69,000	96,439
18	FY 2033	13,650	50,000	3,791	7,000	7,133	12,000	24,574	69,000	93,574
19	FY 2034	11,213	50,000	3,634	7,000	6,863	12,000	21,709	69,000	90,709
20	FY 2035	8,775	60,000	3,476	7,000	6,581	13,000	18,833	80,000	98,833
21	FY 2036	5,850	60,000	3,319	7,000	6,289	13,000	15,458	80,000	95,458
22	FY 2037	2,925	60,000	3,150	8,000	5,996	13,000	12,071	81,000	93,071
23	FY 2038	-	-	2,970	8,000	5,693	14,000	8,663	22,000	30,663
24	FY 2039	-	-	2,790	8,000	5,378	14,000	8,168	22,000	30,168
25	FY 2040	-	-	2,610	8,000	5,063	14,000	7,673	22,000	29,673
26	FY 2041	-	-	2,430	8,000	4,736	15,000	7,166	23,000	30,166
27	FY 2042	-	-	2,250	8,000	4,399	15,000	6,649	23,000	29,649
28	FY 2043	-	-	2,059	9,000	4,061	15,000	6,120	24,000	30,120
29	FY 2044	-	-	1,856	9,000	3,713	16,000	5,569	25,000	30,569
30	FY 2045	-	-	1,654	9,000	3,353	16,000	5,006	25,000	30,006
31	FY 2046	-	-	1,451	9,000	2,993	16,000	4,444	25,000	29,444
32	FY 2047	-	-	1,238	10,000	2,621	17,000	3,859	27,000	30,859
33	FY 2048	-	-	1,013	10,000	2,239	17,000	3,251	27,000	30,251
34	FY 2049	-	-	788	10,000	1,856	17,000	2,644	27,000	29,644
35	FY 2050	-	-	563	10,000	1,463	18,000	2,025	28,000	30,025
36	FY 2051	-	-	338	10,000	1,058	18,000	1,395	28,000	29,395
37	FY 2052	-	-	113	10,000	641	19,000	754	29,000	29,754
38	FY 2053	-	-	-	-	214	19,000	214	19,000	19,214
39	FY 2054	-	-	-	-	-	-	0	0	0
40	Total	\$353,925	\$710,000	\$98,044	\$243,000	\$187,414	\$449,000	\$639,383	\$1,402,000	\$2,041,383

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Historical & Projected Water Operation and Maintenance Expense (1) (2)

Line No.	Account	Account Description	Inflation Coding	Actual	Actual	Actual	Revised Budget	Projected Budget	Annual Cost Escalation Rates			
				FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
				\$	\$	\$	\$	\$	\$	%	%	%
1	510011	SALARY-FT REGULAR	1	84,781	96,925	121,657	128,502	133,166	3.0%	3.0%	3.0%	3.0%
2	510012	SALARY-PT REGULAR	1	3,104	0	0	0	0	3.0%	3.0%	3.0%	3.0%
3	511020	SOCIAL SECURITY	1	6,202	7,267	9,107	9,595	10,187	3.0%	3.0%	3.0%	3.0%
4	511030	RETIREMENT	1	14,953	17,149	21,872	25,020	26,094	3.0%	3.0%	3.0%	3.0%
5	511040	INSURANCE-LIFE	1	32	28	32	40	2	3.0%	3.0%	3.0%	3.0%
6	511050	INS-HEALTH/DENTAL	1	12,078	7,209	14,426	15,649	686	3.0%	3.0%	3.0%	3.0%
7	511060	INS-WORKERS COMP	1	3	4	7	4	4	3.0%	3.0%	3.0%	3.0%
8	511070	INS-UNEMPLOYMENT	1	118	107	147	111	122	3.0%	3.0%	3.0%	3.0%
9	600309	OPS EXPENSES-GEN	3	54,889	59,012	125,000	173,513	167,600	4.0%	3.0%	3.0%	3.0%
10	600311	OPS EQUIPMENT	3	21,604	34,541	10,031	8,294	0	4.0%	3.0%	3.0%	3.0%
11	600314	WATER PURCHASES (RESALE)	6	817,118	967,521	1,716,853	1,794,988	1,839,863	11.0%	14.0%	10.0%	4.0%
12	600317	CLOTHING	4	1,459	885	2,300	1,148	0	3.0%	3.0%	3.0%	3.0%
13	600601	VEH OPS EXPENSE	4	5,760	4,289	7,905	4,124	0	3.0%	3.0%	3.0%	3.0%
14	600651	MAINT/REP-GENERAL	3	0	542,000	4,308	0	0	4.0%	3.0%	3.0%	3.0%
15	600751	UTILITIES-GENERAL	5	7,206	7,268	7,400	4,632	0	3.0%	3.0%	3.0%	3.0%
16	600771	COMMUNIC-GEN	5	2,210	2,149	4,330	1,114	0	3.0%	3.0%	3.0%	3.0%
17	601107	PROF SVC-GEN	2	0	0	2,218	1,775	0	3.0%	3.0%	3.0%	3.0%
18	601404	CONTR SVC-GEN	7	103,123	107,127	123,284	217,578	391,391	2.0%	2.0%	2.0%	2.0%
19	706002	CAP OUT-EQUIP	2	0	142,078	30,478	95,000	0	3.0%	3.0%	3.0%	3.0%
20	800102	Portable Structure Capital	2	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
21	Project	Greg Storage Roofing - Storage Facility	10						3.0%	3.0%	3.0%	3.0%
22	Project	Far East Elevated Tank	10						3.0%	3.0%	3.0%	3.0%
23	Project	Meter Replacement EMWS II	10						3.0%	3.0%	3.0%	3.0%
24	Project	Meter Replacement EMWS III	10						3.0%	3.0%	3.0%	3.0%
25	Project	Loop Project (Bradley)	10						3.0%	3.0%	3.0%	3.0%
26	Project	Loop Project (Truscot)	10						3.0%	3.0%	3.0%	3.0%
27	Project	Loop Project (Peggy)	10						3.0%	3.0%	3.0%	3.0%
28	Total	Total		1,134,640	1,995,559	2,201,355	2,481,087	2,569,114				

(1) Capital outlay included in Capital Improvement Plan (CIP)

(2) Debt service included in Existing Debt

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Annual O&M Cost Adjustment Inputs

Line No.	Account	Account Description		Actual		Revised Budget			Annual Cost Adjustments (Inflated)			
				FY 2018	FY 2019	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
				\$	\$	\$	\$	\$	\$	\$	\$	\$
1	510011	SALARY-FT REGULAR	1					0				
2	510012	SALARY-PT REGULAR	1					0				
3	511020	SOCIAL SECURITY	1					0				
4	511030	RETIREMENT	1					0				
5	511040	INSURANCE-LIFE	1					0				
6	511050	INS-HEALTH/DENTAL	1					0				
7	511060	INS-WORKERS COMP	1					0				
8	511070	INS-UNEMPLOYMENT	1					0				
9	600309	OPS EXPENSES-GEN	3				108,513	32,600	16,952			
10	600311	OPS EQUIPMENT	3					0				
11	600314	WATER PURCHASES (RESALE)	6				1,685,594	1,865,182	2,123,589	2,395,154	2,577,781	2,707,701
12	600317	CLOTHING	4					0				
13	600601	VEH OPS EXPENSE	4					0				
14	600651	MAINT/REP-GENERAL	3					0				
15	600751	UTILITIES-GENERAL	5					0				
16	600771	COMMUNIC-GEN	5					0				
17	601107	PROF SVC-GEN	2					0				
18	601404	CONTR SVC-GEN	7				117,578	118,558				
19	706002	CAP OUT-EQUIP	2				0					
20	800102	Portable Structure Capital	2					0				
21	Project	Greg Storage Roofing - Storage Facility	10				65,000	0	0	0		
22	Project	Far East Elevated Tank	10					135,000	0	0		
23	Project	Meter Replacement EMWS II	10				100,000		0			
24	Project	Meter Replacement EMWS III	10					100,000	0	0		
25	Project	Loop Project (Bradley)	10					45,000	217,485	0	0	
26	Project	Loop Project (Truscot)	10					13,500	65,245	0	0	
27	Project	Loop Project (Peggy)	10					13,500	65,245	0	0	
29	Total			0	0	0	2,076,686	2,323,339	2,488,516	2,395,154	2,577,781	2,707,701

El Paso County, TX - Water and Sewer Utilities
FY 2022 County W/WW Utilities Financial Plan and Rates
EPW Water Resale

Line No.	Description	Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1	Project Water Sales - CCF	494,527	498,237	503,219	508,251	513,334	518,467
2	Percent of Use: October - March	45%	45%	45%	45%	45%	45%
3	Water Sales: October - March	222,537	224,207	226,449	228,713	231,000	233,310
4	Wholesale Water Rate per CCF: October - March	\$3.26	\$3.53	\$3.92	\$4.47	\$4.91	\$5.11
5	Water Sales: October - March	\$725,471	\$791,449	\$887,293	\$1,021,630	\$1,135,031	\$1,192,236
6	Percent of Use: April - September	55%	55%	55%	55%	55%	55%
7	Water Sales: April - September	271,990	274,030	276,770	279,538	282,334	285,157
8	Wholesale Water Rate per CCF: April - September (1)	\$3.53	\$3.92	\$4.47	\$4.91	\$5.11	\$5.31
9	Water Sales: April - September	\$960,124	\$1,073,733	\$1,236,296	\$1,373,524	\$1,442,750	\$1,515,465
10	Total	\$1,685,594	\$1,865,182	\$2,123,589	\$2,395,154	\$2,577,781	\$2,707,701

(1) Projected wholesale rate updated and effective April 1st each year (e.g., FY 2022 includes rate adjustment effective April 1, 2022).

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Budget & Projected Operation and Maintenance Expense

6/7/2022

Line No.	Account	Account Description	Inflation Coding	Actual	Actual	Actual	Rev. Budget	Proj. Budget	Projected			
				FY 2018	FY 2019	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
				\$	\$	\$	\$	\$	\$	\$	\$	\$
1	510011	SALARY-FT REGULAR	1	84,800	96,900	121,700	128,500	0	0	0	0	0
2	510012	SALARY-PT REGULAR	1	3,100	0	0	0	0	0	0	0	0
3	511020	SOCIAL SECURITY	1	6,200	7,300	9,100	9,600	0	0	0	0	0
4	511030	RETIREMENT	1	15,000	17,100	21,900	25,000	0	0	0	0	0
5	511040	INSURANCE-LIFE	1	0	0	0	0	0	0	0	0	0
6	511050	INS-HEALTH/DENTAL	1	12,100	7,200	14,400	15,600	0	0	0	0	0
7	511060	INS-WORKERS COMP	1	0	0	0	0	0	0	0	0	0
8	511070	INS-UNEMPLOYMENT	1	100	100	100	100	0	0	0	0	0
9	600309	OPS EXPENSES-GEN	3	54,900	59,000	125,000	108,513	32,600	16,952	17,500	18,000	18,500
10	600311	OPS EQUIPMENT	3	21,600	34,500	10,000	8,300	0	0	0	0	0
11	600314	WATER PURCHASES (RESALE)	6	817,100	967,500	1,716,900	1,685,594	1,865,182	2,123,589	2,395,154	2,577,781	2,707,701
12	600317	CLOTHING	4	1,500	900	2,300	1,100	0	0	0	0	0
13	600601	VEH OPS EXPENSE	4	5,800	4,300	7,900	4,100	0	0	0	0	0
14	600651	MAINT/REP-GENERAL	3	0	542,000	4,300	0	0	0	0	0	0
15	600751	UTILITIES-GENERAL	5	7,200	7,300	7,400	4,600	0	0	0	0	0
16	600771	COMMUNIC-GEN	5	2,200	2,100	4,300	1,100	0	0	0	0	0
17	601107	PROF SVC-GEN	2	0	0	2,200	1,800	0	0	0	0	0
18	601404	CONTR SVC-GEN	7	103,100	107,100	123,300	117,578	118,558	120,900	123,300	125,800	128,300
19	689999	DEPRECIATION EXPENSE	2	0	0	0	0	0	0	0	0	0
20	706002	CAP OUT-EQUIP	2	0	142,100	30,500	0	0	0	0	0	0
21	800102	Portable Structure Capital	2	0	0	0	0	0	0	0	0	0
22	Project	Greg Storage Roofing - Storage Facility	10	0	0	0	65,000	0	0	0	0	0
23	Project	Far East Elevated Tank	10	0	0	0	0	135,000	0	0	0	0
24	Project	Meter Replacement EMWS II	10	0	0	0	100,000	0	0	0	0	0
25	Project	Meter Replacement EMWS III	10	0	0	0	0	100,000	0	0	0	0
26	Project	Loop Project (Bradley)	10	0	0	0	0	45,000	217,485	0	0	0
27	Project	Loop Project (Truscot)	10	0	0	0	0	13,500	65,245	0	0	0
28	Project	Loop Project (Peggy)	10	0	0	0	0	13,500	65,245	0	0	0
30	Total	Total		1,134,700	1,995,400	2,201,300	2,276,486	2,323,339	2,609,416	2,535,954	2,721,581	2,854,501

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Water Capital Improvement Plan (CIP)

6/7/2022

Line No.	Description	Include Inflation? (Y/N)	Projected					6-Year Total	
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027
			\$	\$	\$	\$	\$	\$	
1	O'Leary Canopy- Building at Boosterstation to protect bypass tanks	N	95,000						95,000
2	FY 2024 and FY 2025	N			125,000	150,000			275,000
3	FY 2026	N					150,000		150,000
4	FY 2027	N						150,000	150,000
5	Backup Generator Systems	N	80,000						80,000
6	Hillcrest Water System Project	Y		0					0
7	Total CIP		175,000	0	125,000	150,000	150,000	150,000	750,000

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Water Capital Improvement Plan (Inflated)

6/7/2022

Line No.	Description	Include Inflation? (Y/N)	Projected					6-Year Total	
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026		FY 2027
1	O'Leary Canopy- Building at Boosterstation to protect bypass tanks	N	\$ 95,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,000
2	FY 2024 and FY 2025	N	0	0	132,613	163,909	0	0	296,522
3	FY 2026	N	0	0	0	0	168,826	0	168,826
4	FY 2027	N	0	0	0	0	0	173,891	173,891
5	Backup Generator Systems	N	80,000	0	0	0	0	0	80,000
6	Hillcrest Water System Project	Y	0	0	0	0	0	0	0
7	Total CIP - Inflated		175,000	0	132,613	163,909	168,826	173,891	814,239

El Paso County, TX - Water and Sewer Utilities
FY 2022 County W/WW Utilities Financial Plan and Rates

Financial Metric Targets

First Year	2021
Budget Year	2022

Description	Target Measure	Units	Fiscal Period Ending September 30					
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Performance Metrics								
Operating Fund (Days of O&M) (1)	90	Days O&M	\$56,900	\$116,200	\$195,600	\$253,600	\$340,000	\$428,400
EPW Reserve (1)	90	EPW Charges	45,100	99,200	168,300	252,000	338,000	425,400
Debt Service Reserve (2)		Bond Req.	94,873	94,873	94,873	94,873	94,873	94,873
Colonia Maintenance & Repair Reserve (2)		\$19,655	19,548	19,655	19,655	19,655	19,655	19,655
Capital Reserve			0	0	0	0	0	0
Target DSC (3)	1.50	Total	1.10	1.20	1.30	1.40	1.50	1.50

- (1) Proposed target phased-in over a 10-year period.
- (2) Debt service and Maintenance & Repair reserves required by outstanding debt issues.
- (3) Target of 1.50 times annual debt service phased-in over a 5-year period.

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Annual Escalation Assumptions

Char	Description	Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Expenses:							
1	Personnel Services		3.00%	3.00%	3.00%	3.00%	3.00%
2	Professional & Contractual Services		3.00%	3.00%	3.00%	3.00%	3.00%
3	Repairs/Maintenance		4.00%	4.00%	3.00%	3.00%	3.00%
4	Operating Supplies / Equipment < \$5000		3.00%	3.00%	3.00%	3.00%	3.00%
5	Utilities / Communication Expenses		3.00%	3.00%	3.00%	3.00%	3.00%
6	EPW Water Resale			11.00%	14.00%	10.00%	4.00%
7	EPW Admin Fee		2.00%	2.00%	2.00%	2.00%	2.00%
8	Other Charges / Services		3.00%	3.00%	3.00%	3.00%	3.00%
9	One-time Expenditures		3.00%	3.00%	3.00%	3.00%	3.00%
10	Capital Outlay			3.00%	3.00%	3.00%	3.00%
Capital Costs							
	Annual CIP Inflation Factor		3.00%	3.00%	3.00%	3.00%	3.00%
Revenues							
MR	Miscellaneous Revenue		0.00%	0.00%	0.00%	0.00%	0.00%
WF	Water Fees		1.00%	1.00%	1.00%	1.00%	1.00%
	Annual Growth		0.75%	1.00%	1.00%	1.00%	1.00%

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Debt Issuance Terms Assumptions - Future Debt

Line No.	Description		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenue Bonds								
1	Month DS Payments Begin	input 1-12	1	1	1	1	1	1
2	Repayment Delay	- years	1	1	1	1	1	1
3	Interest Rate	- %	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
4	Payment Period	- years (10 +)	20	20	20	20	20	20
5	Issuance Expense (a)	- %	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
6	Debt Service Reserve (b)	- %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
State and Other Loans								
7	Month DS Payments Begin	input 1-12	1	1	1	1	1	1
8	Repayment Delay	- years	1	1	1	1	1	1
9	Interest Rate	- %	2.38%	2.38%	2.38%	2.38%	2.38%	2.38%
10	Payment Period	- years (10 +)	40	40	40	40	40	40
11	Issuance Expense (a)	- %	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%
12	Debt Service Reserve (b)	- %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

El Paso County, TX - Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Beginning Balances and Interest Rates

Line No.	Description	Cash Balances at the Start of FY 2022
1	East Montana	\$1,352,195
2	East Montana Loan	6,658
3	Mayfair Loan	4,482
4	Colonia Rev. Loan	1,829
5	Reserve Colonia Rev Main + Rep	17,609
6	Reserve Loans	94,873
7	Total	\$1,477,646
8	Assumed Interest Rate on Average Fund Balances	0.60%

APPENDIX B:

Sewer Financial Plan

El Paso County Water and Sewer Utilities
 Sewer Utility
 Financial Plan Summary

6/7/2022

	Fiscal Period Ending September 30					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Sewer Operating Fund Cashflow						
Months Increase is Effective in First Year	11	12	12	12	12	12
Annualized Percentage Increase	0.0%	13.0%	11.0%	8.0%	6.0%	3.0%
Cumulative Increase	0.0%	13.0%	25.4%	35.5%	43.6%	47.9%
Operating Fund Ending Balance	54,539	45,852	53,091	65,364	83,345	114,796
<i>Operating Reserve Target</i>	26,680	31,780	38,080	46,180	54,280	62,180
Operating Fund Ending Balance After Reserves	27,859	14,072	15,011	19,184	29,065	52,616
Capital Fund						
Revenue Bond Issuance Proceeds	0	0	0	0	0	0
State & Other Loan Proceeds	0	0	0	0	0	0
Annual CIP	0	0	0	0	0	0
Ending Capital Fund Balance	0	20,000	30,000	40,000	50,000	50,000
<i>Capital Reserve Target</i>	20,000	20,000	30,000	40,000	50,000	50,000
Combined Sewer Fund						
Sewer Fund Cash Flow Ending Balance	54,539	65,852	83,091	105,364	133,345	164,796
Target Reserve						
Operating	26,680	31,780	38,080	46,180	54,280	62,180
Capital	20,000	20,000	30,000	40,000	50,000	50,000
Total Target Reserve	46,680	51,780	68,080	86,180	104,280	112,180
<i>Over/(Under) Target Reserve</i>	7,859	14,072	15,011	19,184	29,065	52,616
<i>DSC</i>	1.05	1.20	1.30	1.40	1.50	1.55

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates Cash Flow Analysis
 Total Sewer Fund Cash Flow Analysis

6/7/2022

Line No.	Description	Projected Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Revenue from Existing Sewer Fees	\$148,966	\$150,916	\$152,495	\$154,082	\$155,672	\$157,270
2	Add'l Sewer Fee Revenue from Rate Increases	0	19,620	38,796	54,616	67,769	75,310
3	Total Sewer Fee Revenue	148,966	170,536	191,291	208,698	223,441	232,580
4	Other Miscellaneous Revenue	0	0	0	0	0	0
5	Grants	0	0	0	0	0	0
6	Revenue Bond Proceeds	0	0	0	0	0	0
7	State and Other Loan Proceeds	0	0	0	0	0	0
8	Interest Income	300	300	400	500	600	800
9	Total Sources	149,266	170,836	191,691	209,198	224,041	233,380
Uses of Funds							
10	Operation and Maintenance Expense	89,438	103,147	117,682	130,788	139,555	145,083
Debt Service							
11	Existing	56,980	56,375	56,770	56,138	56,505	56,845
12	Proposed - Revenue Bonds	0	0	0	0	0	0
13	Proposed - State & Other	0	0	0	0	0	0
14	Total Debt Service	56,980	56,375	56,770	56,138	56,505	56,845
15	Debt Service Reserve and Issuance Expense	0	0	0	0	0	0
Capital							
16	Capital Improvement Program	0	0	0	0	0	0
17	Total Uses of Funds	146,418	159,522	174,452	186,925	196,060	201,928
18	Annual Surplus (Deficiency)	2,849	11,313	17,239	22,272	27,981	31,451
19	Beginning Balance	51,690	54,539	65,852	83,091	105,364	133,345
20	Ending Balance	54,539	65,852	83,091	105,364	133,345	164,796
Target Reserves							
21	Target Operating Reserves (1)	26,680	31,780	38,080	46,180	54,280	62,180
22	Target Capital Reserves (2)	20,000	20,000	30,000	40,000	50,000	50,000
23	Total Target Reserves	46,680	51,780	68,080	86,180	104,280	112,180
24	Undesignated Reserves	7,859	14,072	15,011	19,184	29,065	52,616
25	Annualized Sewer Service Revenue Increase	0.0%	13.0%	11.0%	8.0%	6.0%	3.0%
26	Cumulative Revenue Increase	0.0%	13.0%	25.4%	35.5%	43.6%	47.9%
27	Annual Debt Service Coverage (3)	1.05	1.20	1.30	1.40	1.50	1.55

(1) Includes proposed Operating and El Paso Water Reserves phased-in over a 10-year period plus existing Debt Service Reserves required by outstanding loans.

(2) Proposed target of \$50,000 phased-in over a 5-year period. Initial \$20,000 from FY 2022 budgeted contingency.

(3) Raftelis proposes an annual debt service coverage target of 1.50 times annual debt service for rate setting purposes phased-in over a 5-year to 10-year period.

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Capital Fund Cash Flow Analysis

6/7/2022

Line No.	Description	Projected Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Transfer From Operating Fund	\$0	\$20,000	\$9,900	\$9,800	\$9,800	(\$300)
2	Grants	0	0	0	0	0	0
3	Revenue Bond Proceeds	0	0	0	0	0	0
4	State and Other Loan Proceeds	0	0	0	0	0	0
5	Interest Income	0	0	100	200	200	300
6	Total Sources	0	20,000	10,000	10,000	10,000	0
Uses of Funds							
7	Capital Improvement Program	0	0	0	0	0	0
8	Debt Service Reserve and Issuance Expense	0	0	0	0	0	0
9	Transfer To Operating Fund	0	0	0	0	0	0
10	Total Uses	0	0	0	0	0	0
11	Annual Surplus (Deficiency)	0	20,000	10,000	10,000	10,000	0
12	Beginning Balance	0	0	20,000	30,000	40,000	50,000
13	Ending Balance	0	20,000	30,000	40,000	50,000	50,000
14	<i>Target Capital Reserve</i>	<i>20,000</i>	<i>20,000</i>	<i>30,000</i>	<i>40,000</i>	<i>50,000</i>	<i>50,000</i>

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Operating Fund Cash Flow Analysis

6/7/2022

Line No.	Description	Projected Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Sources of Funds							
1	Total Revenue from Existing Sewer Fees	\$148,966	\$150,916	\$152,495	\$154,082	\$155,672	\$157,270
2	Additional Sewer Fee Revenue from Rate Increases	0	19,620	38,796	54,616	67,769	75,310
3	Total Sewer Fee Revenue	148,966	170,536	191,291	208,698	223,441	232,580
4	Other Miscellaneous Revenue	0	0	0	0	0	0
5	Transfer From Capital Fund	0	0	0	0	0	0
6	Interest Income	300	300	300	300	400	500
7	Total Sources	149,266	170,836	191,591	208,998	223,841	233,080
Uses of Funds							
8	Total Operations and Maintenance	89,438	103,147	117,682	130,788	139,555	145,083
Debt Service							
9	Existing Debt Service	56,980	56,375	56,770	56,138	56,505	56,845
10	Proposed - Revenue Bonds	0	0	0	0	0	0
11	Proposed - State and Other Loans	0	0	0	0	0	0
12	Total Debt Service	56,980	56,375	56,770	56,138	56,505	56,845
13	Debt Service Reserve	0	0	0	0	0	0
14	Transfer to Capital Improvement Fund	0	20,000	9,900	9,800	9,800	(300)
15	Total Uses	146,418	179,522	184,352	196,725	205,860	201,628
16	Annual Surplus (Deficiency)	2,849	(8,687)	7,239	12,272	17,981	31,451
17	Beginning Balance	51,690	54,539	45,852	53,091	65,364	83,345
18	Ending Balance	54,539	45,852	53,091	65,364	83,345	114,796
19	Target Operating Fund Reserves (1)	26,680	31,780	38,080	46,180	54,280	62,180
20	Unrestricted Funds	27,859	14,072	15,011	19,184	29,065	52,616
21	Annual Sewer Service Revenue Increase	0.0%	13.0%	11.0%	8.0%	6.0%	3.0%
22	Cumulative Revenue Increase	0.0%	13.0%	25.4%	35.5%	43.6%	47.9%

(1) Includes proposed Operating and El Paso Water Reserves phased-in over a 10-year period plus existing Debt Service Reserves required by an outstanding loan.

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Wastewater Service Fee Revenue User Existing Rates

Line No.	Description	Fiscal Period Ending September 30					
		FY 2022 (1)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1	Projected Sewer Sales - CCF	28,953	29,243	29,536	29,832	30,130	30,430
2	Projected Sewer Sales - KGAL	21,657	21,874	22,093	22,314	22,537	22,762
3	Percent of Use by Tier						
4	Minimum Use	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
5	Tier 1	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%
6	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
7	Sewer Sales By Tier (KGAL)						
8	Minimum Use	6,281	6,343	6,407	6,471	6,536	6,601
9	Tier 1	15,376	15,531	15,686	15,843	16,001	16,161
10	Total	21,657	21,874	22,093	22,314	22,537	22,762
11	Sewer Volume Rate by Tier						
12	Minimum Use	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13	Tier 1	\$3.61	\$3.61	\$3.61	\$3.61	\$3.61	\$3.61
14	Sewer Sales Revenue By Tier						
15	Minimum Use	\$0	\$0	\$0	\$0	\$0	\$0
16	Tier 1	\$55,366	\$56,067	\$56,626	\$57,193	\$57,764	\$58,341
17	Total	\$55,366	\$56,067	\$56,626	\$57,193	\$57,764	\$58,341
18	Average Monthly Accounts	276	279	282	285	288	291
19	Minimum Charge - \$ per Month	\$28.33	\$28.33	\$28.33	\$28.33	\$28.33	\$28.33
20	Fixed Charge Revenue	\$93,600	\$94,849	\$95,869	\$96,889	\$97,908	\$98,928
21	Fixed Charge Revenue	\$93,600	\$94,849	\$95,869	\$96,889	\$97,908	\$98,928
22	Volume Rate Revenue	\$55,366	\$56,067	\$56,626	\$57,193	\$57,764	\$58,341
23	Total Revenue Under Existing Rates	\$148,966	\$150,916	\$152,495	\$154,082	\$155,672	\$157,270

(1) FY 2022 revenues reflect rate adjustments effective November 1st, 2021 or 11 months of the 12 month fiscal year.

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Wastewater Service Fee Revenue Under Projected Rates

Line No.	Description	Fiscal Period Ending September 30					
		FY 2022 (1)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1	Project Sewer Sales - CCF	28,953	29,243	29,536	29,832	30,130	30,430
2	Project Sewer Sales - KGAL	21,657	21,874	22,093	22,314	22,537	22,762
3	Percent of Use by Tier						
4	Minimum Use	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
5	Tier 1	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%
6	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
7	Sewer Sales By Tier (KGAL)						
8	Minimum Use	6,281	6,343	6,407	6,471	6,536	6,601
9	Tier 1	15,376	15,531	15,686	15,843	16,001	16,161
10	Total	21,657	21,874	22,093	22,314	22,537	22,762
11	Sewer Volume Rate by Tier						
12	Minimum Use	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13	Tier 1	\$3.61	\$4.08	\$4.53	\$4.89	\$5.18	\$5.34
14	Sewer Sales Revenue By Tier						
15	Minimum Use	\$0	\$0	\$0	\$0	\$0	\$0
16	Tier 1	\$55,366	\$63,366	\$71,058	\$77,472	\$82,885	\$86,300
17	Total	\$55,366	\$63,366	\$71,058	\$77,472	\$82,885	\$86,300
18	Average Monthly Accounts	276	279	282	285	288	291
19	Minimum Charge - \$ per Month	\$28.33	\$32.01	\$35.53	\$38.37	\$40.67	\$41.89
20	Fixed Charge Revenue	\$93,600	\$107,169	\$120,234	\$131,225	\$140,556	\$146,280
21	Fixed Charge Revenue	\$93,600	\$107,169	\$120,234	\$131,225	\$140,556	\$146,280
22	Volume Rate Revenue	\$55,366	\$63,366	\$71,058	\$77,472	\$82,885	\$86,300
23	Total Revenue Under Propojected Rates	\$148,966	\$170,536	\$191,291	\$208,698	\$223,441	\$232,580
24	Total Revenue Under Existing Rates	\$148,966	\$150,916	\$152,495	\$154,082	\$155,672	\$157,270
25	Increase Under Proposed Rates	\$0	\$19,620	\$38,796	\$54,616	\$67,769	\$75,310
26	Increase Under Proposed Rates - %	0.0%	13.0%	25.4%	35.4%	43.5%	47.9%

El Paso County Water and Sewer Utilities
FY 2022 County W/WW Utilities Financial Plan and Rates
Interest Calculation

Line No.	Description	Projected Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
		\$	\$	\$	\$	\$	\$
Revenues							
1	Capital Fund	0	0	100	200	200	300
2	Operating Fund	300	300	300	300	400	500
3	Total	300	300	400	500	600	800

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Existing Debt

Line No.		Series 2017 (Square Dance)		Total Outstanding Debt Summary		
1	Term (Years)	40				
2	Original Issuance Amount	1,334,000				
3	Date of Issuance	7/1/2017				
4	Final Payment Date	2/15/2057				
5	Interest Rate	2.75%				
				Annual Debt		
Fiscal Year		Interest	Principal	Interest	Principal	Service
Ending Sep. 30						
6	FY 2021	35,558	21,000	\$35,558	\$21,000	\$56,558
7	FY 2022	34,980	22,000	34,980	22,000	56,980
8	FY 2023	34,375	22,000	34,375	22,000	56,375
9	FY 2024	33,770	23,000	33,770	23,000	56,770
10	FY 2025	33,138	23,000	33,138	23,000	56,138
11	FY 2026	32,505	24,000	32,505	24,000	56,505
12	FY 2027	31,845	25,000	31,845	25,000	56,845
13	FY 2028	31,158	25,000	31,158	25,000	56,158
14	FY 2029	30,470	26,000	30,470	26,000	56,470
15	FY 2030	29,755	27,000	29,755	27,000	56,755
16	FY 2031	29,013	27,000	29,013	27,000	56,013
17	FY 2032	28,270	28,000	28,270	28,000	56,270
18	FY 2033	27,500	29,000	27,500	29,000	56,500
19	FY 2034	26,703	30,000	26,703	30,000	56,703
20	FY 2035	25,878	30,000	25,878	30,000	55,878
21	FY 2036	25,053	31,000	25,053	31,000	56,053
22	FY 2037	24,200	32,000	24,200	32,000	56,200
23	FY 2038	23,320	33,000	23,320	33,000	56,320
24	FY 2039	22,413	34,000	22,413	34,000	56,413
25	FY 2040	21,478	35,000	21,478	35,000	56,478
26	FY 2041	20,515	36,000	20,515	36,000	56,515
27	FY 2042	19,525	36,000	19,525	36,000	55,525
28	FY 2043	18,535	37,000	18,535	37,000	55,535
29	FY 2044	17,518	38,000	17,518	38,000	55,518
30	FY 2045	16,473	39,000	16,473	39,000	55,473
31	FY 2046	15,400	40,000	15,400	40,000	55,400
32	FY 2047	14,300	41,000	14,300	41,000	55,300
33	FY 2048	13,173	42,000	13,173	42,000	55,173
34	FY 2049	12,018	44,000	12,018	44,000	56,018
35	FY 2050	10,808	45,000	10,808	45,000	55,808
36	FY 2051	9,570	46,000	9,570	46,000	55,570
37	FY 2052	8,305	47,000	8,305	47,000	55,305
38	FY 2053	7,013	48,000	7,013	48,000	55,013
39	FY 2054	5,693	50,000	5,693	50,000	55,693
40	FY 2055	4,318	51,000	4,318	51,000	55,318
41	FY 2056	2,915	52,000	2,915	52,000	54,915
42	FY 2057	1,485	54,000	1,485	54,000	55,485
43	FY 2058			0	0	0
44	Total	\$778,938	\$1,293,000	\$778,938	\$1,293,000	\$2,071,938

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Historical & Projected Wastewater Operation and Maintenance Expense

Line No.	Account	Account Description	Inflation Coding	Actual	Actual	Actual	Revised Budget	Projected Budget	Annual Cost Escalation Rates			
				FY 2018	FY 2019	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
				\$	\$	\$	\$	\$	\$	%	%	%
1	510011	SALARY-FT REGULAR	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
2	510012	SALARY-PT REGULAR	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
3	511020	SOCIAL SECURITY	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
4	511030	RETIREMENT	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
5	511040	INSURANCE-LIFE	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
6	511050	INS-HEALTH/DENTAL	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
7	511060	INS-WORKERS COMP	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
8	511070	INS-UNEMPLOYMENT	1	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
9	600309	OPS EXPENSES-GEN	3	0	0	0	0	0	4.0%	3.0%	3.0%	3.0%
10	600311	OPS EQUIPMENT	3	0	0	0	0	0	4.0%	3.0%	3.0%	3.0%
11	600314	Sewer Service (EPW)	6	0	0	79,744	84,207	87,576	15.0%	12.0%	9.0%	3.0%
12	600317	CLOTHING	4	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
13	600601	VEH OPS EXPENSE	4	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
14	600651	MAINT/REP-GENERAL	3	0	0	0	4,167	4,334	4.0%	3.0%	3.0%	3.0%
15	600751	UTILITIES-GENERAL	5	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
16	600771	COMMUNIC-GEN	5	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
17	601107	PROF SVC-GEN	2	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
18	601404	CONTR SVC-GEN	7	0	0	0	0	0	2.0%	2.0%	2.0%	2.0%
19	689999	DEPRECIATION EXPENSE	2	0	0			0	3.0%	3.0%	3.0%	3.0%
20	706002	CAP OUT-EQUIP	2	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
21	800102	XFER OUT-GRANT MATCH	2	0	0	0	0	0	3.0%	3.0%	3.0%	3.0%
22		Unused	10						3.0%	3.0%	3.0%	3.0%
23		Unused	10						3.0%	3.0%	3.0%	3.0%
24		Total		0	0	79,744	88,374	91,909				

(1) Capital outlay included in Capital Improvement Plan (CIP)

(2) Debt service included in Existing Debt

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Annual O&M Cost Adjustment Inputs

Line No.	Account	Account Description		Actual			Revised Budget	Projected Budget	Annual Cost Adjustments (Inflated)			
				FY 2018	FY 2019	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
				\$	\$	\$	\$	\$	\$	\$	\$	\$
1	510011	SALARY-FT REGULAR	1					0				
2	510012	SALARY-PT REGULAR	1					0				
3	511020	SOCIAL SECURITY	1					0				
4	511030	RETIREMENT	1					0				
5	511040	INSURANCE-LIFE	1					0				
6	511050	INS-HEALTH/DENTAL	1					0				
7	511060	INS-WORKERS COMP	1					0				
8	511070	INS-UNEMPLOYMENT	1					0				
9	600309	OPS EXPENSES-GEN	3					0				
10	600311	OPS EQUIPMENT	3					0				
11	600314	Sewer Service (EPW)	6				85,238	98,847	113,182	126,188	134,855	140,283
12	600317	CLOTHING	4					0				
13	600601	VEH OPS EXPENSE	4					0				
14	600651	MAINT/REP-GENERAL	3									
15	600751	UTILITIES-GENERAL	5					0				
16	600771	COMMUNIC-GEN	5					0				
17	601107	PROF SVC-GEN	2					0				
18	601404	CONTR SVC-GEN	7					0				
19	689999	DEPRECIATION EXPENSE	2					0				
20	706002	CAP OUT-EQUIP	2					0				
21	800102	XFER OUT-GRANT MATCH	2									
22	0	Unused	10									
23	0	Unused	10									
24		Total		0	0	0	85,238	98,847	113,182	126,188	134,855	140,283

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Budget & Projected Operation and Maintenance Expense

6/7/2022

Line No.	Account	Account Description	Inflation Coding	Actual	Actual	Actual	Rev. Budget	Proj. Budget	Projected			
				FY 2018	FY 2019	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
				\$	\$	\$	\$	\$	\$	\$	\$	\$
1	510011	SALARY-FT REGULAR	1	0	0	0	0	0	0	0	0	0
2	510012	SALARY-PT REGULAR	1	0	0	0	0	0	0	0	0	0
3	511020	SOCIAL SECURITY	1	0	0	0	0	0	0	0	0	0
4	511030	RETIREMENT	1	0	0	0	0	0	0	0	0	0
5	511040	INSURANCE-LIFE	1	0	0	0	0	0	0	0	0	0
6	511050	INS-HEALTH/DENTAL	1	0	0	0	0	0	0	0	0	0
7	511060	INS-WORKERS COMP	1	0	0	0	0	0	0	0	0	0
8	511070	INS-UNEMPLOYMENT	1	0	0	0	0	0	0	0	0	0
9	600309	OPS EXPENSES-GEN	3	0	0	0	0	0	0	0	0	0
10	600311	OPS EQUIPMENT	3	0	0	0	0	0	0	0	0	0
11	600314	Sewer Service (EPW)	6	0	0	79,700	85,238	98,847	113,182	126,188	134,855	140,283
12	600317	CLOTHING	4	0	0	0	0	0	0	0	0	0
13	600601	VEH OPS EXPENSE	4	0	0	0	0	0	0	0	0	0
14	600651	MAINT/REP-GENERAL	3	0	0	0	4,200	4,300	4,500	4,600	4,700	4,800
15	600751	UTILITIES-GENERAL	5	0	0	0	0	0	0	0	0	0
16	600771	COMMUNIC-GEN	5	0	0	0	0	0	0	0	0	0
17	601107	PROF SVC-GEN	2	0	0	0	0	0	0	0	0	0
18	601404	CONTR SVC-GEN	7	0	0	0	0	0	0	0	0	0
19	689999	DEPRECIATION EXPENSE	2	0	0	0	0	0	0	0	0	0
20	706002	CAP OUT-EQUIP	2	0	0	0	0	0	0	0	0	0
21	800102	XFER OUT-GRANT MATCH	2	0	0	0	0	0	0	0	0	0
22	0	Unused	10	0	0	0	0	0	0	0	0	0
23	0	Unused	10	0	0	0	0	0	0	0	0	0
24	Total			0	0	79,700	89,438	103,147	117,682	130,788	139,555	145,083

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 EPW Sewer Services

Line No.	Description	Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1	Project Water Sales - CCF	28,953	29,243	29,536	29,832	30,130	30,430
2	Percent of Use: October - March	49%	49%	49%	49%	49%	49%
3	Water Sales: October - March	14,187	14,329	14,473	14,618	14,764	14,911
4	Wholesale Water Rate per CCF: October - March	\$2.74	\$3.14	\$3.61	\$4.04	\$4.41	\$4.54
5	Water Sales: October - March	\$38,872	\$44,993	\$52,261	\$59,119	\$65,083	\$67,703
6	Percent of Use: April - September	51%	51%	51%	51%	51%	51%
7	Water Sales: April - September	14,766	14,914	15,063	15,214	15,366	15,519
8	Wholesale Water Rate per CCF: April - September (1)	\$3.14	\$3.61	\$4.04	\$4.41	\$4.54	\$4.68
9	Water Sales: April - September	\$46,365	\$53,854	\$60,921	\$67,069	\$69,772	\$72,580
10	Total	\$85,238	\$98,847	\$113,182	\$126,188	\$134,855	\$140,283

(1) Projected wholesale rate updated and effective April 1st each year (e.g., FY 2022 includes rate adjustment effective April 1, 2022).

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Financial Metric Targets

First Year	2021
Budget Year	2022

Description	Target Measure	Units	Fiscal Period Ending September 30					
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Performance Metrics								
Operating Fund (Days of O&M) (1)	90	Days O&M	0	2,600	5,800	9,900	14,000	18,000
EPW Reserve (1)	90	EPW Charges	0	2,500	5,600	9,600	13,600	17,500
Debt Service Reserve (2)	\$ 26,680	Bond Req.	26,680	26,680	26,680	26,680	26,680	26,680
Capital Reserve (3)			20,000	20,000	30,000	40,000	50,000	50,000
Target DSC (4)	1.50	Total	1.10	1.20	1.30	1.40	1.50	1.50

- (1) Proposed target phased-in over a 10-year period.
- (2) Debt service reserve of 2% of original debt issue required by the outstanding sewer debt issue.
- (3) Proposed target of \$50,000 phased-in over a 5-year period. Initial \$20,000 from FY 2022 budgeted contingency.
- (4) Target of 1.50 times annual debt service phased-in over a 5-year period.

El Paso County Water and Sewer Utilities
 FY 2022 County W/WW Utilities Financial Plan and Rates
 Annual Escalation Assumptions

Char	Description	Fiscal Period Ending September 30					
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Expenses:							
1	Personnel Services		3.0%	3.0%	3.0%	3.0%	3.0%
2	Professional & Contractual Services		3.0%	3.0%	3.0%	3.0%	3.0%
3	Repairs/Maintenance		4.0%	4.0%	3.0%	3.0%	3.0%
4	Operating Supplies / Equipment < \$5000		3.0%	3.0%	3.0%	3.0%	3.0%
5	Utilities / Communication Expenses		3.0%	3.0%	3.0%	3.0%	3.0%
6	EPW Sewer Service		13.0%	15.0%	12.0%	9.0%	3.0%
7	EPW Admin Fee		2.0%	2.0%	2.0%	2.0%	2.0%
8	Other Charges / Services		3.0%	3.0%	3.0%	3.0%	3.0%
9	One-time Expenditures		3.0%	3.0%	3.0%	3.0%	3.0%
10	Capital Outlay			3.0%	3.0%	3.0%	3.0%
Capital Costs							
	Annual CIP Inflation Factor		3.0%	3.0%	3.0%	3.0%	3.0%
Revenues							
MR	Miscellaneous Revenue		0.0%	0.0%	0.0%	0.0%	0.0%
WF	Water Fees		1.0%	1.0%	1.0%	1.0%	1.0%
	Annual Growth		1.0%	1.0%	1.0%	1.0%	1.0%

El Paso County Water and Sewer Utilities
FY 2022 County W/WW Utilities Financial Plan and Rates
Beginning Balances and Interest Rates

Line No.	Description	Cash Balances at the Start of FY 2022
1	Square Dance	\$25,010
2	Debt Service Reserve - Square Dance Loan	26,680
3	Total	\$51,690
4	Assumed Interest Rate on Average Fund Balances	0.60%