

In addition, operating costs related to new infrastructure is incorporated in the financial plan. There are numerous opportunities for staff updates, public input, and revisions, so this chart is a representative snapshot of a truly dynamic process.

OPERATING BUDGET POLICY

The Utility's fiscal year runs from March 1 to the last day of February the following year. EPWU ties its 12-month budget year to the water "season." Historically speaking, without a year-round water supply of surface water to treat, the water treatment plants shut down for maintenance during the winter months. The surface water supply is not year-round because the upstream irrigation and diversion dams, including Elephant Butte and Caballo dams, are served by snow melt from the Rocky Mountains. The water is released annually in conjunction with the farmers' irrigation season, which normally starts in mid-February and ends in early October. The Utility's surface water production season runs concurrently with the farmers' irrigation season. A normal fiscal year would include the following significant financial events:

- ❑ Mid February – surface water production season begins except in times of drought
- ❑ March 1 – fiscal year begins
- ❑ April to May – strategic planning updates to the 10 year capital plan
- ❑ May to September – peak consumption months for EPWU customer demand
- ❑ September – six month operating results distributed to each section manager so sections can begin planning for the upcoming fiscal year beginning next March
- ❑ October – surface water production ends (mid-month) and water treatment plants shut down except in times of drought
- ❑ October – sections submit operating budget requests
- ❑ October – internal budget conferences begin between the Sections and Management/Finance
- ❑ November – Management approves preliminary capital and operating budget requests
- ❑ November/December – budget workshops in which the Public Service Board reviews the budget requests and the public can comment
- ❑ December – PSB approves and adopts the final combined operating and capital budget for the fiscal year beginning next March 1

The Utility's FY 2015-2016 budget is a balanced budget, with the revenue and other financing sources equal to the expenditures and other uses.

BUDGET AMENDMENT POLICY

Operating or capital budget line item transfers are done on a memorandum basis, submitted by the requesting manager to Finance. The transfer is subject to approval by management but does not need approval by the Public Service Board. Emergency funding authorizations and amendments to the approved operating or capital budgets can only be done with approval by the Public Service Board.

REVENUE POLICY

Ordinance No. 752 also requires that the Board maintain rates sufficient to produce or yield revenues to produce in each fiscal year an amount adequate to pay all expenses incurred for the operations and maintenance of the System as such expenses shall accrue during the year and to produce an additional amount equal to 150% of the aggregate amount required to be paid in such year for principal and interest and redemption premiums on bonds payable from the Bond Funds. Another financial target that is used in preparing the five-year financial plan is maintaining a 45-day operating reserve fund balance.

Ordinance No. 752 also provides that the Board will permit no free water or services to be supplied to the City or to any other user. However, the ordinance requires that 10% of the total amounts received by the Board from the sale of water be paid to the City Treasurer. The money received by the City Treasurer may be expended by the City under the direction of the City Council for any purpose for which revenues of the System may be legally used under the state laws of the State of Texas.

EPWU is a component unit of the City of El Paso and operates as an autonomous enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations, maintenance, financing and related debt service, and billing and collection. Because the Utility operates in a proprietary manner, the major revenue sources are user charges for water and wastewater services. The Utility's revenue requirements are based on cost of service. This includes operating costs, expenditures for capital improvements, and repayment of debt. The

description and figures of the revenue sources are covered in the financial overview section of this budget.

INVESTMENT POLICY

The Utility also has an Investment Policy which establishes the guidelines for: 1) who can invest PSB funds; 2) how PSB funds will be invested; and 3) when and how a periodic review of investments will be made. In addition to this policy, bond funds shall be managed by their governing ordinance and all applicable State and Federal Law. The investment policy must comply with the Texas Public funds Investment Act of 1995 and any such amendments since then. The primary objectives of the investment policy are 1) preservation of capital; 2) safety of PSB funds; 3) maintenance of sufficient liquidity; 4) maximization of return within acceptable risk constraints; and 5) diversification of investments. The investment policy requires an annual review and adoption of its investment policy and strategies, and a quarterly comprehensive report to the PSB.

DEBT SERVICE POLICY

Planned rate increases on a consistent basis are programmed in the Financial Plan, and are mainly driven by the capital improvement program and debt service coverage required both by the revenue bond covenants and by the Public Service Board's benchmarks for financial management. While the revenue bond covenants require debt service coverage of 1.5 times (meaning 150% of the current year's debt service requirements must be available that fiscal year), the Public Service Board's financial benchmark is to maintain as close to a 2.0 times coverage as feasibly possible. The Utility does not have a legal debt limit.

FINANCIAL

BUDGET TRENDS IN FY 2014 - 2015

El Paso Water Utilities continues to evolve in addressing and meeting the needs of our customers in the 21st 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 2014-2015 the Utility completed nine new wells and rehabilitation of old wells to ensure that El Paso had the necessary groundwater supply available during the summer months in anticipation of a lower than normal river water allotment due to the continued river drought. In addition, the replacement of the Paisano Valley line was completed this year. The replacement of this 36" line with a 48" line added more capacity to move water and also will assist in providing additional water to the downtown and west side areas during periods of drought. In December 2014 the Utility completed the final phase of the multi-year Eastside Interceptor System that will provide sewer service to the growing eastside area from Montana Avenue to the Roberto Bustamante Wastewater Treatment Plant. FY 2014-2015 saw continued improvements in operational efficiencies. In accordance with the Public Service Board's guiding plans, the Utility continued its regional leadership, investment in its employees, and its savings to customers.

Overall operating costs for FY 2014-2015 increased mainly due to the additional cost to purchase and treat 24,000 acre feet (AF) of surface water that the Utility received in 2014 thru its contracts with the El Paso County Water Improvement District #1. In 2014 the Utility received an additional 13,500 AF of surface water compared to 2013 when the Utility only received 10,550 AF, which is far less than the Utility's normal surface water allotment of over 60,000 AF. This increase resulted in additional surface water cost and chemical expense in the two surface water treatment plants. 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.

One major project that is ongoing is the reduction of 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 8.9% in 2014. Results of this program are reflected in various benchmarks in this budget document.

While the bulk of capital improvement efforts are geared towards serving the growth of the city, including water resource development, the Utility still pays diligent attention to replacement and rehabilitation of the total system. Phased improvements to reservoirs, pump stations, lift stations, treatment plants, and distribution and collection lines are a critical part of the capital improvement program. This allows the Utility to boast over a 99.99% reliability rating and demonstrates why the TCEQ again rated the Utility a "Superior Water System." Of the estimated \$101.0 million to be invested in plant and system improvements and additions in FY 2014-2015, the Utility estimates spending \$12.9 million in well drilling and equipping of high capacity water wells including the emergency drought wells project, \$7.2 million for new distribution water lines and pumping equipment, and \$18.5 million in rehabilitation of existing water infrastructure including \$4.7 million for the 48" Paisano Valley line replacement. In addition, \$3.7 million is projected to be spent for emergency back-up power generators. On the wastewater side, the Utility estimates spending \$15.6 million in new collection systems and pumping facilities, \$14.5 million in rehabilitation of existing wastewater infrastructure and \$5.6 million in reclaimed water facilities improvements. Finally, the Utility's geographic information system continues to expand and allow staff to take advantage of cutting edge tools in addressing Utility issues and priorities.

On January 8, 2015, the Utility issued \$131.7 million in revenue refunding bonds that took \$25 million of commercial paper long and refunded \$116.4 million of six previously issued bond series. The Utility took advantage its strong financial ratings and low rates in the market with this bond issue which resulted in a net present value savings of \$10.3 million.

FY 2015 – 2016: MEETING FUTURE DEMANDS

The FY 2015-2016 operating and capital budget was presented to the Public Service Board for review, input and guidance in 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>
November 10, 2014	Stormwater Utility Operating and Capital Budget
November 17, 2014	Water, Wastewater and Reclaimed Water Operating and Capital Budget
December 10, 2014	Adoption of Budget, Rates and Rules and Regulations for the Water, Wastewater and Reclaimed Water Utility
January 21, 2015	Public Hearing and Adoption of Budget, Rates and Rules and Regulations for the Stormwater Utility

ASSUMPTIONS

The FY 2015-2016 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:

Basic Assumptions

Customer growth rate	1.5%
Water billed	35.5 billion gallons
Water billed growth rate	1.5%
Sewer treated	22.1 billion gallons
Sewer treated growth rate	1.5%
Miscellaneous revenues growth rate	2.0%
Fire Protection growth rate	1.0%
Operations and Maintenance growth rate	1.0% of operating budget
Contingencies	2.5% of operating budget
Interest earnings rate	0.25% of average fund balance
Payment to City (water only)	10.0% of water revenues
Future debt financing 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 2015-2016 DETAIL BUDGET

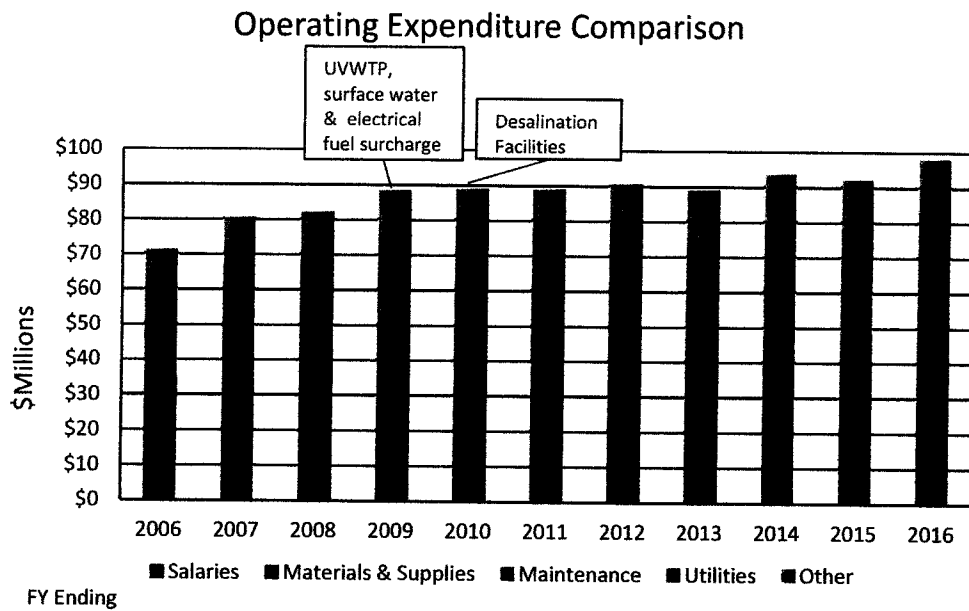
The Fiscal Year 2015 – 2016 budget reflects the PSB's updated Strategic Plan goals and objectives and is a balanced budget, with the revenue and other financing sources equal to the expenditures and other financing uses. The FY 2015-2016 combined operating and capital budget addresses a continued effort to hold the line on expenditures. The Utility adopted an 8 percent water and sewer rate increase.

Some of the highlights of the 2015-2016 budget are as follows:

The operating budget increased by \$5.9 million. The following changes to the operating budget show that expenses increased mainly as a result of the expected increase in river water allotment of 35,000 acre feet:

- \$2.6 million increase in river water supply cost
- \$1.1 million increase in electricity expense
- \$376,000 increase in chemical expense

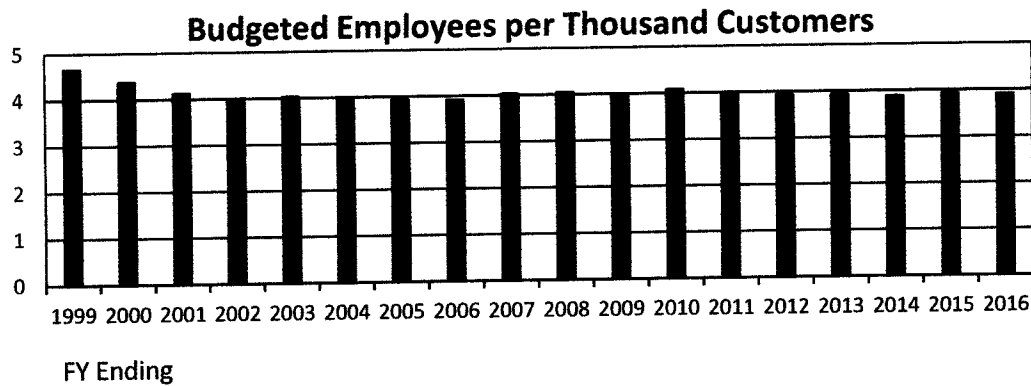
In addition, maintenance cost increased by \$183,000 and \$608,000 for normal salary adjustments and 11 new positions.



The following table identifies adjustments to the staffing table:

CHANGE IN STAFFING	
SECTION	NUMBER OF POSITIONS
Engineering	+2
Financial and Support Services	+1
Information Systems	+1
Operations (Water)	+5
Operations (Wastewater)	+1
Operations (Equipment & Facilities Maintenance)	+1
NET CHANGE, ALL DIVISIONS FY 2015-2016	+11 POSITIONS

The Utility's ratio of employees to 1,000 customers has been reduced by 20% from 5.0 in 1996 to 3.9 employees per 1,000 customers budgeted for in FY 2015-2016.



Some capital projects were delayed in FY 2014-2015, therefore in FY 2015-2016 \$33.2 million of capital projects are already funded through prior years' appropriations. Out of the \$169.6 million capital budget, \$133.4 million is from new appropriations. The capital budget continues to address water supply issues, continued population growth and water demand, rehabilitation of water and wastewater infrastructure, and new water, wastewater and reclaimed water facilities to meet future demand:

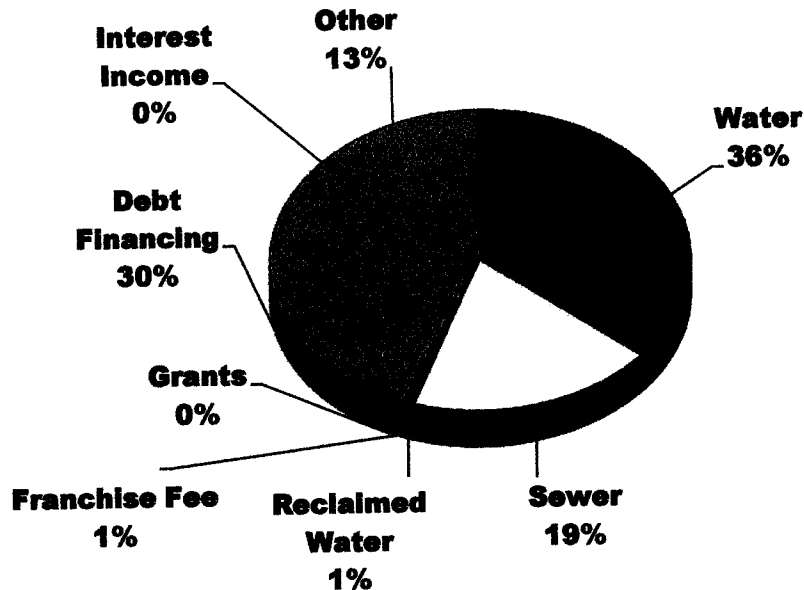
- To meet the demands of growth both inside and outside the city, several projects are included in the FY 2015-2016 capital budget. One of these is the construction of five reservoirs in the northeast, central and eastside of El Paso. These tanks will be built over two years at an estimated cost of \$26.3 million of which \$14.2 million will be spent during FY 2015-2016.
- To meet future water demand the Utility budgeted \$55.3 million for the acquisition of land for "near" and "far" water importation projects.
- A new strategic plan initiative is the implementation of a drought proof source of water. An advance purified water plant will be pilot tested to produce drinking water. The initial pilot plant will have a 2 MGD capacity and the Utility budgeted in FY 2015-2016 \$2.1 million for the design and permit requirements with the goal of treating 10 MGD in the near future for an estimated construction cost of \$89 million.
- Another initiative the Utility budgeted this year is for the first phase of a multiyear project to expand the Jonathan Rogers Water Treatment Plant from 60 MGD to 80 MGD. The total cost of this project is estimated at \$43.0 million, of which \$2.1 million will be spent in FY 2015-2016.
- The Utility will be constructing and equipping six water supply wells in the east and northeast areas of the city at an estimated cost of \$6.1 million.

- The Utility included \$14.1 million to provide emergency back-up power to major water facilities. This will be the fourth year of this multi-year \$30 million project.
- The capital budget also includes \$20.0 million for sewer rehabilitation projects which includes \$5.7 million for City of El Paso bond paving projects and TXDOT relocation of lines projects.
- In addition, the budget includes \$3 million for field operations yard relocation. This project was accelerated with the request from the City to relocate the Rescue Mission to our fleet maintenance location.
- 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 service to areas outside the city limits by obtaining grants to provide this much needed service. The Utility continues to work in close conjunction with the City of El Paso and the Texas Department of Transportation in 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

Sources of Funds, FY 15-16: \$332.010 million



Water – Water revenues are funds generated for providing potable water service to customers and fire protection. Water revenue for FY 2015-2016 is estimated at \$98.9 million and reflects an increase of \$8.5 million in billed water compared to the estimated water revenue for FY 2014-2015 due to an approved 8 percent revenue adjustment and normal growth in customers.

Sewer – Sewer revenues are proceeds from providing wastewater treatment services to customers. Wastewater revenue for FY 2015-2016 is estimated to be \$62.5 million. This estimate is higher from the previous year's budget reflecting an approved 8 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 \$21.8 million for FY 2015-2016. Effective March 1, 2015, a 3/4" x 5/8" meter accounts with monthly water consumption of less than 3 ccfs will not be charged the WSRC. This rate elimination was approved by the PSB to help low volume users. The WSRC for 3/4" meter customers with monthly consumption of 3 ccfs or greater will see a 24 percent rate adjustment. Customers with meter sizes greater than 3/4" will see an 8 percent rate adjustment.

Debt Service Proceeds – These are restricted funds available from previously issued and/or new bond issues for a specific use. For FY 2015-2016 the Utility budgeted \$98.0 million for new bond issues for capital improvements. This is an increase of \$73.0 million over the previous year and includes a bond issue of \$50.0 million to purchase water rights land in Hudspeth County. In addition, a \$20 million bond issue will be needed to finance the construction of five reservoirs.

Franchise Fee – Effective September 1, 2014 the City of El Paso is charging the Utility a franchise fee of \$3.6 million annually. 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. City Council recommended that the monthly flat fee of \$15.82 be collected from non-residential meter accounts only.

Reclaimed – Reclaimed water revenues are funds generated for supplying advanced secondary and tertiary reuse water services. This revenue source is estimated to generate \$3.1 million in FY 2015-2016. The estimated revenue is \$369,000 more than FY 2014-2015 due to an approved 8 percent revenue adjustment and normal customer growth.

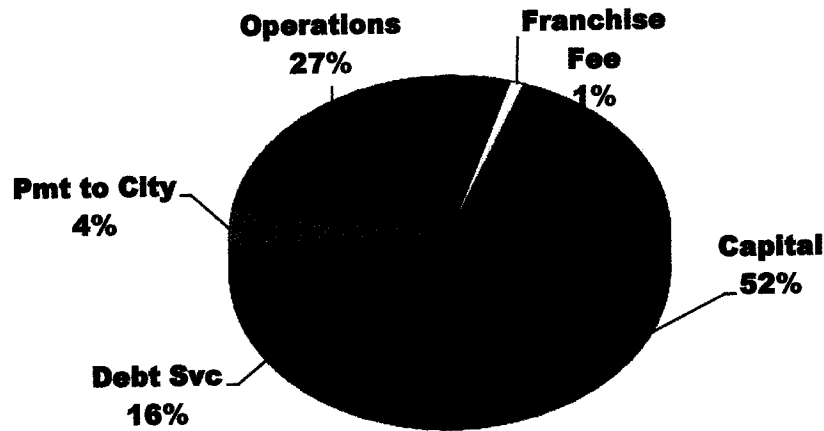
Interest Income – This category includes interest earned from investments, other cash management functions and notes receivable. This revenue source is estimated at \$318,000 for FY 2015-2016. Interest rates are projected to remain low in the upcoming year.

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 2015-2016 are estimated to be \$156,000, a decrease of \$3.0 million over the previous year.

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. It also includes the drawdown of fund balances to fund capital projects. The FY 2015-2016 estimated revenue from this source is \$43.8 million, which includes \$31.8 million from fund balance, \$2.0 million in revenue from annexation fees, \$850,000 in revenue from impact fees and \$2.5 million from contributions from new customers. The BAB 35% tax credit of \$219,000 is also included in this year's budget and reflects the decrease as a result of cuts made in the Budget Act of 2013.

EXPENDITURES AND OTHER FINANCING USES

Uses of Funds, FY 15-16: \$332.010 million



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 2015-2016 are estimated to be \$88.4 million. This is a 7.1% increase compared to FY 2014-2015. The increase is mainly due to the budgeted increase of surface water allotment from 15,000 acre feet (AF) in FY 2014-15 to 35,000 AF projected for FY 2015-16.

Capital – Capital expenses include all expenditures for the planning, design, construction, rehabilitation or purchase of assets. Total capital expenses for FY 2015-2016 are estimated to be \$171.4 million. Water capital projects represent 75.7% of total capital expenditures in FY 2015-2016, with wastewater projects representing 21.6%, reclaimed water projects representing 1.6%, and capital equipment representing 1.10%.

Debt Service – This category includes expenditures for the payment of principal and interest on bonds and other debt instruments. Debt service for FY 2015-2016 is estimated to be \$54.2 million. This is a \$4.8 million increase over the prior year due to the additional debt services cost associated with \$70.0 million of new bonds to be issued to finance capital projects. In addition, the Utility plans to take long an estimated \$28.0 million of Commercial Paper Notes next fiscal year.

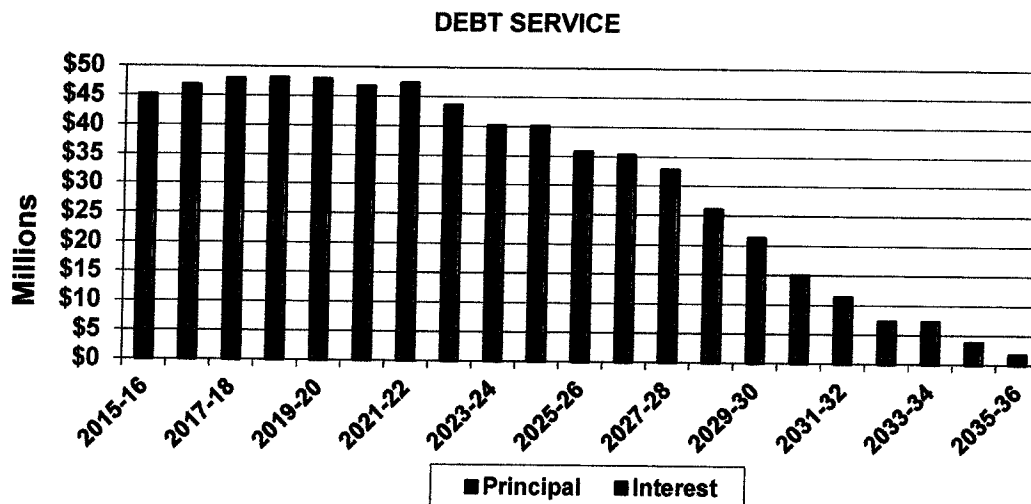
Payment to City – 10% of water revenues paid to the City of El Paso's general fund per bond ordinance. For FY 2015-2016, this payment to the City is estimated to be \$12.2 million. This figure is \$852,000 more than the previous year due to an approved 8 percent water revenue adjustment.

Franchise Fee – Effective September 1, 2014 the City of El Paso is charging the Utility a franchise fee of \$3.6 million annually. 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. City Council recommended that the monthly flat fee of \$15.82 be collected from non-residential meter accounts only.

Contingency – This category allows for unusual, unbudgeted expenses, equivalent to 2.5% of the operating budget. The contingency this year is \$2.2 million.

DEBT SERVICE

The following chart shows, as of February 28, 2015, all outstanding principal and interest owed by El Paso Water Utilities. An adequate level of debt and strong financial positions reflects superior fiscal management that have allowed EPWU to continue to earn among the highest ratings that can be awarded by rating agencies like Standard & Poor's (AA+) and Fitch (AA+). In December 2014 Standard & Poor's and Fitch Ratings confirm 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. The commercial paper matures from one to 270 days, with interest rates from 0.06% to 0.11%. On January 8, 2015, the Utility issued \$131.7 million in revenue refunding bonds that took \$25 million of commercial paper long and refunded \$116.4 million of six previously issued bond series. The Utility took advantage its strong financial ratings and low rates in the market with this bond issue and obtained a net present value savings of \$10.3 million. This new debt service has been included in the FY 2015-2016 budget. The net result of low interest rates on debt financing means lower overall cost to EPWU customers. The combined result of these efforts allows the Utility to continue to be able to provide competitive service in the region.

DEBT SERVICE DETAIL			
<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015-16	27,345,000	17,774,315	\$45,119,315
2016-17	28,025,000	18,784,068	\$46,809,068
2017-18	30,040,000	17,841,439	\$47,881,439
2018-19	31,335,000	16,740,982	\$48,075,982
2019-20	32,415,000	15,489,678	\$47,904,678
2020-21	32,545,000	14,174,628	\$46,719,628
2021-22	34,495,000	12,799,989	\$47,294,989
2022-23	32,295,000	11,333,798	\$43,628,798
2023-24	30,360,000	9,860,828	\$40,220,828
2024-25	31,790,000	8,389,007	\$40,179,007
2025-26	28,920,000	6,949,795	\$35,869,795
2026-27	29,735,000	5,609,134	\$35,344,134
2027-28	28,475,000	4,298,211	\$32,773,211
2028-29	22,880,000	3,143,918	\$26,023,918
2029-30	19,045,000	2,237,651	\$21,282,651
2030-31	13,455,000	1,543,094	\$14,998,094
2031-32	10,325,000	1,021,263	\$11,346,263
2032-33	6,625,000	655,331	\$7,280,331
2033-34	6,900,000	372,413	\$7,272,413
2034-35	3,645,000	139,994	\$3,784,994
2035-36	1,655,000	28,963	\$1,683,963

CUSTOMER IMPACTS

Because of the many factors that go into providing quality water and wastewater services, El Paso Water Utilities must continue its leadership in regional and local planning to ensure that its customers continue to receive the highest quality water and sewer 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 sewer use is measured. New customers who have not established an AWC are assigned the AWC based on the meter size for their classification. So a 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 *\$5.03 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 8 percent revenue increase rate adjustment was approved in the FY 2015-2016 budget. The rates effective March 1, 2015 are outlined below:

*Rates effective March 1, 2015

Block 1 \$1.52 per CCF

Block 2 \$3.58 per CCF

Block 3 \$5.12 per CCF

* Does not include the 10 percent of all water sales payable to the City of El Paso.

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 *\$7.13. Effective March 1, 2015, a 3/4" x 5/8" meter accounts with monthly water consumption of less than 3 ccf's will not be charged 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 El Paso Water Utilities. Effective March 1, 2015 this monthly charge will be shown separately from water charges in the Utility bill.

Effective September 1, 2014, City Council established a franchise fee to be paid by the El Paso Water Utilities to compensate the City of El Paso for the use of city streets and rights of way for utility lines and wear and tear on City streets in a total amount of Three Million Five Hundred Fifty Thousand and No/100 Dollars (\$3,550,000.00). The City recommended that any resulting fee be assessed on non-residential meters. The calculated monthly fee is \$15.92 and will be adjusted as needed in order to meet the amount established by City Council.

The wastewater bill is determined by taking 90% of the customer's AWC, then billing a minimum charge of \$11.80 for the first 4 CCFs, and \$1.49 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. EPWU continues to offer the most competitive and efficient services possible, and provides one of the most affordable commodities in the West, as supported in a September 2014 survey of similar cities (survey assumes consumption of 13 CCFs of water and 9 CCFs of sewer). A detail history of water and wastewater rates is included in the Statistical section of this budget document.

It should be noted that El Paso Water Utilities 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 EPWU-PSB 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.

**Water/Wastewater Ten Largest Cities in Texas Survey
October 2014**

													TOTAL
Austin	\$65.76				\$62.53								\$128.29
Corpus Christi	\$50.45				\$56.44								\$106.89
Houston	\$48.20				\$43.10								\$91.30
Dallas	\$42.87				\$37.78								\$80.65
Plano	\$32.47				\$36.65								\$69.12
Fort Worth	\$41.35				\$26.67								\$67.93
Arlington	\$29.61				\$32.94								\$62.55
San Antonio	\$33.74				\$28.49								\$62.23
Laredo	\$23.24				\$23.50								\$46.74
	\$27.61				\$17.76								
El Paso (current)	\$25.61				\$16.45								\$42.06
	\$0	\$20	\$40	\$60	\$80	\$100	\$120	\$140					
	Water		Sewer										

* 13 CCF for Water and 9 CCF for Sewer

**Water/Wastewater Arid Cities Survey
October 2014**

													TOTAL
Santa Fe (County)					\$112.31				\$29.95				\$142.26
Tucson	\$37.51				\$44.34								\$81.85
Albuquerque	\$39.09				\$23.37								\$62.46
Lower Valley Water District	\$31.32				\$25.28								\$56.60
Las Vegas	\$34.59				\$19.68								\$54.17
Phoenix	\$27.61				\$21.82								\$49.43
	\$27.61				\$17.76								
Las Cruces	\$23.25				\$19.68								\$42.93
El Paso (current)	\$25.61				\$16.45								\$42.06
	\$0	\$20	\$40	\$60	\$80	\$100	\$120	\$140	\$160				
	Water		Sewer										

* 13 CCF for Water and 9 CCF for Sewer

**Water/Wastewater Regional Survey
October 2014**

																	TOTAL
Santa Fe (County)			\$112.31				\$29.95										\$142.26
Ruidoso			\$79.71				\$67.59										\$137.30
Lubbock		\$59.91		\$29.15													\$89.06
Tucson	\$37.51		\$44.34														\$81.85
Albuquerque	\$39.09	\$23.37															\$62.46
Lower Valley Water District	\$31.32	\$25.28															\$56.60
Alamogordo	\$32.15	\$21.94															\$54.09
	\$27.61	\$17.76															\$42.06
Las Cruces	\$23.25	\$19.68															\$42.93
El Paso (current)	\$25.61	\$16.45															\$42.06
	\$0	\$20	\$40	\$60	\$80	\$100	\$120	\$140	\$160								
	Water										Sewer						

* 13 CCF for Water and 9 CCF for Sewer

El Paso Water Utilities - Public Service Board
SUMMARY OF RECEIPTS & DISBURSEMENTS (IN 1000'S)
FY 2015-16 BUDGET

FY 2014-15 Approved -vs- Projected Budget

	Approved Budget FY 2014-15	Projected FY 2014-15	Variance	% Change
Water Billed (In Billion Gallons)	36.50	34.50	(2.00)	-5.48%
REVENUE				
Water	89,781	89,423	(358)	-0.40%
Water Supply Replacement Charge	19,976	19,929	(47)	-0.24%
Reclaimed Water	2,682	2,789	107	3.99%
Fire Protection	581	646	65	11.19%
Service Charges, Misc. Fees	3,157	3,407	250	7.93%
Total Water	116,177	116,194	17	0.01%
Wastewater Service	58,096	56,599	(1,497)	-2.58%
Pretreatment Surcharge	501	493	(8)	-1.60%
Total Wastewater	58,597	57,092	(1,505)	-2.57%
Misc. Operating Revenues	3,000	2,949	(51)	-1.70%
City Franchise Fee	-	1,980	3,600	N/A
Interest Revenue on Operating Funds	55	90	35	63.64%
Total Operating Revenues	177,830	178,305	2,096	0.27%

LESS OPERATING EXPENDITURES

Operation & Maintenance	82,545	81,307	(1,238)	-1.50%
City Franchise Fee	-	1,980	3,600	N/A
Total Expenditures	82,545	83,287	2,362	0.90%

Revenues Available	95,286	95,018	(268)	-0.28%
Sale of Misc. Assets	70	70	0	0.00%
Interest Revenue on Restricted Funds	254	228	(26)	-10.09%
Build America Bonds (BAB) 35% Tax Credit	219	214	(5)	-2.09%
Revenues Available for Debt Service	95,829	95,530	(299)	-0.31%
Debt Service - Water and Wastewater	48,104	48,099	(5)	-0.01%
Debt Service Reserve Fund	908	1,236	328	36.12%
Short Term Commercial Paper - Interest	373	350	(23)	-6.17%
Payment to City	11,301	10,705	(596)	-5.27%
Revenues Avail For Capital Rehab/Impr.	35,143	35,141	(2)	-0.01%

PLUS MISC. NON-OPERATING REVENUES

Sales of Land Assets	6,500	900	(5,600)	-86.15%
Impact Fees	850	805	(45)	-5.29%
Annexation Fees	1,000	2,100	1,100	110.00%
Contribution of New Customers	4,668	2,790	(1,878)	-40.23%
Total Non-Operating Revenues	13,018	6,595	(6,423)	-49.34%

Total Revenues Avail for Capital Rehab/Impr.	48,161	41,736	(6,425)	-13.34%
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CAPITAL EXPENDITURES

Capital Projects-Water	74,892	60,634	(14,258)	-19.04%
Capital Projects-Wastewater	39,066	34,558	(4,508)	-11.54%
Capital Projects-Reuse	6,222	5,611	(611)	-9.82%
Capital Equipment	1,287	3,500	2,213	171.95%
Total Capital Expenditures	121,467	104,303	(17,164)	-14.13%
Contingencies	2,064	-	(2,064)	-100.00%
Deficiency to be funded by debt or construction funds	(75,369)	(62,567)	12,802	-16.99%
Restricted Bond Construction Funds	-	62,566	62,566	N/A
New Bond Issues & Short Term Commercial Paper Program	25,000	35,000	10,000	40.00%
Grants	3,200	1,000	(2,200)	-68.75%
Less Transfer to Water Supply Reserve	(6,500)	(900)	5,600	-86.15%
Fund Balance (Increase/Decrease)	(53,669)	35,099	88,768	
Debt Service Coverage	1.99	1.99		

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, 2014</u>		<u>Year End February 28, 2015</u>		<u>FY 2015-2016</u>
	Budget	Actual	Budget	Projected	Budget
BILLED WATER (billions of gallons, retail + wholesale)	35.00	34.75	36.50	34.50	35.50
OPERATING REVENUES					
Water service	\$ 93,662,000	\$ 88,016,006	\$ 89,781,000	\$ 89,423,000	\$ 98,224,000
Water supply replacement charge	19,703,000	19,594,187	19,976,000	19,929,000	21,803,000
Reclaimed water service	3,086,000	2,651,400	2,682,000	2,789,000	3,051,000
Fire protection	1,022,000	587,999	581,000	646,000	652,000
Service charges, misc. fees	2,663,000	3,233,707	3,157,000	3,356,000	3,342,000
Wastewater service	57,737,000	57,582,137	58,096,000	56,599,000	61,922,000
Pretreatment surcharges	534,000	450,359	501,000	493,000	539,000
Misc. operating revenues	3,000,000	4,243,578	3,000,000	3,000,000	3,000,000
Franchise Fee	-	-	-	1,980,000	3,550,000
Interest revenue on operating funds	48,000	56,824	55,000	90,000	90,000
TOTAL OPERATING REVENUES	181,456,000	176,416,197	177,830,000	178,305,000	196,174,000
OPERATING EXPENSES					
Operations and maintenance - water and reclaimed water	43,138,900	38,764,590	40,976,000	40,361,000	45,464,800
Operations and maintenance - wastewater	23,535,600	22,496,822	23,484,000	23,132,000	23,392,700
General and administrative	17,573,500	19,178,358	18,085,000	17,814,000	19,576,500
Franchise Fee	-	-	-	1,980,000	3,550,000
Depreciation	50,000,000	50,592,539	50,000,000	50,000,000	50,000,000
Other operating expenses	1,850,000	2,602,114	1,850,000	1,850,000	1,850,000
Other Post-Employment Benefits expense	1,000,000	833,973	1,000,000	1,000,000	1,000,000
Payment to City of El Paso per bond covenants	11,587,000	10,553,216	11,301,000	10,705,000	12,153,000
TOTAL OPERATING EXPENSES	148,685,000	145,021,612	146,696,000	146,842,000	156,987,000
OPERATING INCOME	32,771,000	31,394,585	31,134,000	31,463,000	39,187,000
NON-OPERATING REVENUES (EXPENSES)					
Interest income	365,000	209,091	254,000	228,000	228,000
IRS tax credit for Build America Bonds	236,000	221,332	219,000	214,000	219,000
Gain on sale of assets	5,092,000	2,328,419	6,570,000	970,000	3,070,000
Interest on bonds and commercial paper	(21,000,000)	(18,534,364)	(21,000,000)	(22,465,000)	(21,000,000)
Impact Fees	850,000	273,620	850,000	805,000	850,000
Annexation fees	1,000,000	1,899,650	1,000,000	2,100,000	2,000,000
Tap fees and other customer construction related contributions	15,029,000	2,463,951	4,668,000	2,790,000	2,500,000
TOTAL NON-OPERATING EXPENSES	1,572,000	(11,138,301)	(7,439,000)	(15,358,000)	(12,133,000)
INCOME BEFORE CONTRIBUTIONS	34,343,000	20,256,284	23,695,000	16,105,000	27,054,000
CAPITAL CONTRIBUTIONS	8,000,000	13,828,858	8,000,000	8,000,000	8,000,000
INCREASE IN NET POSITION	42,343,000	34,085,142	31,695,000	24,105,000	35,054,000
TOTAL NET POSITION - BEGINNING	751,129,267	751,129,267	785,214,409	785,214,409	816,909,409
TOTAL NET POSITION - ENDING	\$ 793,472,267	\$ 785,214,409	\$ 816,909,409	\$ 809,319,409	\$ 851,963,409
DEBT SERVICE COVERAGE	2.02	2.09	1.99	1.99	2.00

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

El Paso Water Utilities / Public Service Board Water and Wastewater Fiscal Year 2015-16 Annual Budget (in \$1,000's)	Approved FY 2015-16
Total Operating and Capital Budget	\$332,010
OPERATING REVENUES	
Water Service	98,224
Water Supply & Replacement	21,803
Reclaimed Water Sales	3,051
Fire Protection	652
Service Charges, Misc. Fees	3,342
TOTAL WATER REVENUES	127,072
RATE INCREASE - Water	8.0%
RATE INCREASE - Reuse	8.0%
Wastewater Service	61,922
Pretreatment Surcharges	539
TOTAL WASTEWATER REVENUES	62,461
RATE INCREASE - Wastewater	8.0%
Other Revenue	3,000
Franchise Fee	3,550
Interest Revenue on Operating Funds	90
TOTAL OPERATING REVENUES	196,174
LESS OPERATING EXPENSES	
Operations & Maintenance	88,434
Franchise Fee	3,550
TOTAL OPERATING EXPENSES	91,985
NET OPERATING REVENUES AVAILABLE	104,189
Sale of Assets	70
Interest Revenue on Restricted Funds	228
Build America Bonds (BAB) 35% Tax Credit	219
REVENUE AVAILABLE FOR DEBT SERVICE	104,706
Existing Debt Service - P & I - Bonds	46,317
Commercial Paper Annual Financing	332
New Debt Service - P & I - Bonds	5,958
Annual Contributions to Reserve Fund	1,622
Payment to City - Water Only	12,153
REVENUE AVAILABLE FOR CAPITAL IMPROVEMENTS	38,324
PLUS RESTRICTED NON-OPERATING REVENUES	
Land Sales	3,000
Impact Fees	850
Annexation Fees	2,000
Contribution of New Customers	2,500
TOTAL NON-OPERATING REVENUES	8,350
TOTAL REVENUE AVAILABLE FOR CAPITAL IMPROVEMENTS	46,674
CAPITAL EXPENDITURES	
Capital Projects - Water	129,786
Capital Projects - Wastewater	37,100
Capital Projects - Reuse	2,677
Capital Equipment	1,867
TOTAL CAPITAL EXPENDITURES	171,430
Contingencies	2,212
(DEFICIENCY) TO BE FUNDED BY DEBT, GRANTS OR CONSTRUCTION FUNDS	(126,969)
Less Restricted Construction Funds	-
Less New Bond Issues & Commercial Paper	98,000
Less Grants	156
Less Transfer to Water Supply Reserve	(3,000)
Increase/(Decrease) In Fund Balance	(\$31,813)
Debt Service Coverage - Target 1.5x	2.00
Percent Increase In Utility Bill	8.0%

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

EXPENDITURE	2013-14			2014-15			Final		
	Approved Budget	Actual	%	Approved Budget	6 months YTD	%	Approved	2015-16 Increase (Decrease)	%
GENERAL OPERATING									
PERSONAL SERVICES	38,812,600	36,936,465	95.2%	39,517,600	17,433,928	44.1%	40,125,900	608,300	1.54%
MATERIALS & SUPPLIES	10,365,900	7,144,943	68.9%	8,390,800	3,765,381	44.9%	11,314,900	2,924,100	34.85%
MAINTENANCE	15,319,800	14,386,547	93.9%	15,184,700	6,868,059	45.2%	15,367,800	183,100	1.21%
UTILITIES	15,850,600	16,306,713	102.9%	15,276,100	8,688,898	56.9%	16,334,200	1,058,100	6.93%
OTHER*	13,004,100	12,664,758	97.4%	13,506,800	6,267,322	46.4%	14,492,200	985,400	7.30%
GROSS O & M BUDGET	93,353,000	87,439,425	93.7%	91,876,000	43,023,589	46.8%	97,635,000	5,759,000	6.27%
Less: Capital Salaries	(3,779,000)	(4,526,590)	119.8%	(3,965,000)	(2,400,679)	60.5%	(3,781,000)	184,000	-4.64%
Capital Credits	(4,021,000)	(4,786,560)	119.0%	(4,173,000)	(2,447,951)	58.7%	(4,119,000)	54,000	-1.29%
Stormwater Indirect Cost Allocation	(1,305,000)	(1,305,000)	100.0%	(1,193,000)	(596,500)	50.0%	(1,300,000)	(107,000)	8.97%
NET OPERATING BUDGET	84,248,000	76,821,275	91.2%	82,545,000	37,478,459	45.5%	88,435,000	5,880,000	7.14%
CLEARING ACCOUNTS									
PERSONAL SERVICES	4,072,000	3,722,869	91.4%	4,060,100	1,797,924	44.3%	3,835,500	(224,600)	-5.53%
MATERIALS AND SUPPLIES	1,589,700	1,586,916	99.8%	1,688,700	775,005	45.9%	1,650,900	(37,800)	-2.24%
MAINTENANCE	283,200	308,803	109.0%	298,200	147,989	49.6%	296,200	(2,000)	-0.67%
UTILITIES	270,000	319,961	118.5%	293,000	178,339	60.9%	296,000	3,000	1.02%
OTHER*	972,100	1,037,247	106.7%	1,093,000	595,279	54.5%	1,106,400	13,400	1.23%
TOTAL CLEARING ACCOUNTS	7,187,000	7,975,735	111.1%	7,433,000	3,494,535	47.0%	7,185,000	(248,000)	-3.44%

*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 UTILITIES/PUBLIC SERVICE BOARD
SUMMARY OF OPERATING BUDGET APPROPRIATIONS
BY PROGRAM BY ORGANIZATIONAL UNIT
FISCAL YEAR 2015-2016**

Section Division	FY 2013-14			FY 2014-15			FY 2015-16		
	Approved Budget	Actual	%	Approved Budget	6 months YTD	%	Approved Budget	Increase (Decrease)	%
ADMINISTRATION									
100 Public Service Board	715,000	435,258	60.9%	698,000	139,424	20.0%	362,000	(336,000)	-48.14%
105 Executive Services	2,246,000	2,271,055	101.1%	1,281,600	590,866	46.1%	1,145,000	(136,600)	-10.66%
110 Legal Services	809,000	1,174,373	145.2%	815,000	533,590	65.5%	1,071,000	256,000	31.41%
115 Communications	557,000	416,974	74.9%	996,800	505,542	50.7%	1,579,000	582,200	58.41%
120 Human Resources	826,000	706,507	85.5%	922,000	375,184	40.7%	920,000	(2,000)	-0.22%
130 Water Resources Management	351,000	344,174	98.1%	348,000	158,002	45.4%	355,000	7,000	2.01%
140 Land Management	953,000	1,034,278	108.5%	979,000	419,120	42.8%	971,000	(8,000)	-0.82%
150 Tech20 Learning Center	971,000	768,349	79.1%	876,000	354,070	40.4%	1,187,000	311,000	35.50%
TOTAL DIVISION	7,428,000	7,160,968	96.3%	6,915,400	3,015,756	43.6%	7,680,000	973,600	17.4%
TECHNICAL SERVICES									
310 Technical Services	572,000	291,094	50.9%	638,600	228,495	35.8%	644,000	5,400	0.85%
315 Water/Wastewater Engineering	921,000	640,711	69.6%	1,026,000	289,041	28.2%	1,005,000	(21,000)	-2.05%
320 Planning and Development	1,960,000	1,886,684	96.3%	2,022,000	821,679	40.6%	1,892,000	(130,000)	-6.43%
325 Project Administration	697,000	734,016	105.3%	817,000	373,718	45.7%	1,059,000	242,000	29.62%
TOTAL DIVISION	4,150,000	3,552,505	85.6%	4,503,600	1,712,933	38.0%	4,599,000	95,400	2.1%
OPERATIONS (WATER DIVISION)									
410 Water Division Office	1,438,000	999,163	69.5%	1,280,000	326,044	25.5%	1,217,000	(63,000)	-4.92%
420 Water Production	14,337,000	14,099,063	98.3%	14,451,000	7,201,032	49.8%	14,534,000	83,000	0.57%
430 Canal Street Water Treatment Plant	3,478,000	2,585,776	74.3%	3,157,000	1,566,237	49.6%	4,094,000	937,000	29.68%
440 Water Distribution	9,843,000	10,232,410	104.0%	9,710,000	5,109,873	52.6%	10,725,000	1,015,000	10.45%
450 Jonathan Rogers Water Treatment Plant	4,923,000	2,843,905	57.8%	3,074,000	2,014,086	65.5%	6,228,000	3,154,000	102.60%
470 Upper Valley Water Treatment Plant	1,649,000	1,684,958	102.2%	1,648,000	889,727	54.0%	1,814,000	166,000	10.07%
480 Desalination Plant	3,339,000	3,191,391	95.6%	3,089,000	1,135,132	36.7%	2,813,000	(276,000)	-8.93%
TOTAL DIVISION	39,027,000	38,743,666	99.3%	36,977,000	18,682,702	50.5%	42,228,000	5,251,000	14.2%
OPERATIONS (OPERATIONS SUPPORT)									
510 Operations Management	453,000	447,052	98.7%	517,000	232,187	44.9%	593,000	76,000	14.70%
520 Environ. Compliance & Industrial Pretreatment	743,000	714,874	96.2%	717,000	319,238	44.5%	726,000	9,000	1.26%
525 Laboratory Services	2,829,000	2,804,025	99.1%	2,887,000	1,387,190	48.0%	2,920,000	33,000	1.14%
540 Reclaimed Water System	615,000	400,365	65.1%	598,000	225,918	37.8%	515,000	(83,000)	-13.88%
560 Biosolids Management	1,987,000	1,805,009	90.8%	2,098,000	714,251	34.0%	1,938,000	(160,000)	-7.63%
TOTAL DIVISION	6,627,000	6,371,325	96.1%	6,817,000	2,578,784	37.8%	6,992,000	(125,000)	-1.8%
OPERATIONS (WASTEWATER DIVISION)									
610 Wastewater Division Office	583,000	548,539	94.1%	610,000	284,260	46.6%	627,000	17,000	2.79%
620 Wastewater Lift Stations	2,565,000	2,245,048	87.5%	2,606,000	1,119,112	42.9%	2,653,000	47,000	1.80%
630 Collection System Maintenance	1,899,000	2,171,212	114.3%	1,954,000	1,001,999	51.3%	2,001,000	47,000	2.41%
640 John T. Hickerson Water Reclamation Facility	2,732,000	2,527,714	92.5%	2,669,000	1,204,777	45.1%	2,701,000	32,000	1.20%
650 Haskell Street Wastewater Treatment Plant	4,013,000	3,892,486	97.0%	3,956,000	1,722,884	43.6%	3,844,000	(112,000)	-2.83%
670 Roberto Bustamante WW Treatment Plant	4,550,000	4,157,929	91.4%	4,428,000	1,998,336	45.1%	4,484,000	56,000	1.26%
680 Fred Hervey Water Reclamation Plant	3,456,000	3,292,309	95.3%	3,495,000	1,543,698	44.2%	3,449,000	(46,000)	-1.32%
690 Wastewater System Repair & Construction	1,792,000	1,801,658	100.5%	1,787,000	851,037	47.6%	1,772,000	(15,000)	-0.84%
TOTAL DIVISION	21,580,000	20,592,695	95.4%	21,307,000	9,525,007	44.7%	22,231,000	924,000	4.3%
FINANCIAL & SUPPORT SERVICES									
710 Finance	546,000	529,421	97.0%	604,000	398,196	65.9%	641,000	37,000	6.13%
715 Asset Management	848,000	825,525	97.3%	855,000	377,999	44.2%	913,000	58,000	6.78%
720 Customer Service	5,899,000	5,928,330	100.5%	6,098,000	2,880,977	47.2%	6,484,000	386,000	6.33%
740 Accounting	742,000	693,104	93.4%	722,000	323,755	44.8%	724,000	2,000	0.28%
750 Purchasing	623,000	598,186	96.0%	631,000	251,854	39.9%	642,000	11,000	1.74%
TOTAL DIVISION	8,558,000	8,374,566	97.3%	9,010,000	4,352,781	48.3%	9,406,000	396,000	4.3%
INFORMATION SERVICES									
810 Information Services	3,746,000	3,764,752	100.5%	4,136,000	2,207,482	53.4%	4,097,000	(39,000)	-0.94%
825 Instrumentation and Control	2,147,000	1,951,751	90.9%	2,679,000	947,578	35.4%	2,296,000	(383,000)	-14.30%
TOTAL DIVISION	5,893,000	5,716,503	97.0%	6,815,000	3,155,060	46.3%	6,393,000	(422,000)	-6.2%
GROSS O & M BUDGET									
Less: Capital Salaries	(3,779,000)	(4,526,590)	119.8%	(3,965,000)	(2,400,679)	60.5%	(3,781,000)	184,000	-4.64%
Less: Capital Credits	(4,021,000)	(4,786,560)	119.0%	(4,173,000)	(2,447,951)	58.7%	(4,119,000)	54,000	-1.29%
Less: Stormwater Indirect Cost Allocation	(1,305,000)	(1,305,000)	100.0%	(1,193,000)	(596,500)	50.0%	(1,300,000)	(107,000)	8.97%
NET OPERATING BUDGET EPWU	64,249,000	70,821,276	110.2%	62,546,000	37,678,463	60.2%	68,436,000	5,890,000	9.4%
CLEARING ACCOUNTS									
912 Meter Repair & Testing	507,000	434,840	85.8%	498,000	211,455	42.5%	447,000	(51,000)	-10.24%
914 Warehouse	392,000	391,099	99.8%	391,000	146,299	37.4%	398,000	7,000	1.79%
915 Fleet Maintenance	2,623,000	2,608,737	99.5%	2,766,000	1,238,902	44.8%	2,756,000	(10,000)	-0.36%
916 Heavy Equipment Operations	2,446,000	2,286,681	93.5%	2,509,000	1,251,002	49.9%	2,515,000	6,000	0.24%
917 Facilities Maintenance	1,219,000	1,254,437	102.9%	1,269,000	646,878	51.0%	1,069,000	(200,000)	-15.76%
TOTAL DIVISION	7,987,000	7,075,807	88.5%	8,423,000	3,994,536	47.4%	8,235,000	(188,000)	-2.3%
STORMWATER UTILITY									
210 Stormwater Management	5,398,000	5,183,251	96.0%	4,154,000	2,271,436	54.7%	4,702,100	548,100	13.19%
220 Stormwater Engineering	585,000	495,820	84.8%	706,000	257,938	36.5%	758,500	52,500	7.44%
230 Stormwater Code Compliance	0	0	0.0%	411,000	180,083	0.0%	420,400	9,400	0.00%
TOTAL DIVISION	5,983,000	5,679,071	94.9%	5,271,000	2,709,457	51.4%	5,881,000	608,000	11.5%
Plus: Indirect Cost Allocation	1,305,000	1,305,000	100.0%	1,193,000	596,500	50.0%	1,300,000	107,000	8.97%
TOTAL BUDGET	83,582,000	87,802,353	103.9%	79,376,000	44,374,456	55.9%	85,046,000	5,670,000	6.6%

EL PASO WATER UTILITIES/PUBLIC SERVICE BOARD							
SUMMARY, FY 2016-2016							
STAFFING BY DIVISION AND SECTION							
	Division/Section	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Administration	Executive Services	14	15	15	15	6	5
	Legal Services	4	4	4	4	4	4
	Communications	2	2	2	2	8	8
	Human Resources	8	8	8	11	11	11
	Water Resources Management	5	4	4	4	4	4
	Land Management	7	7	7	8	8	9
	Tech20 Learning Center	10	10	10	10	10	10
	Total Division	50	50	50	54	51	51
Technical Services	Technical Services	3	4	4	5	6	5
	Water/Wastewater Engineering	14	14	14	15	15	15
	Planning and Development	33	32	32	32	33	31
	Project Administration	8	8	8	8	8	13
	Stormwater Engineering	6	6	6	0	0	0
	Asset Management	0	0	0	0	0	0
Total Division	64	64	64	60	62	64	
Financial & Support Services	Finance	3	3	3	3	4	4
	Property and Treasury Management	13	13	14	14	15	15
	Customer Service	96	98	101	102	102	103
	Accounting	14	14	13	13	13	13
	Purchasing	9	9	10	10	10	10
	Meter Repair Shop	11	11	11	11	11	11
	Warehouse	9	9	9	9	8	8
	Total Division	155	157	161	162	163	164
Information Services	Information Services	24	24	26	27	30	31
	Instrumentation and Control	13	14	25	26	29	29
	Total Division	37	38	51	53	59	60
Operations (Water System)	Water Division Office	3	3	3	3	3	3
	Well Production	43	43	44	43	43	44
	Canal Street WTP	20	20	20	20	20	20
	Water Distribution	96	96	96	98	98	102
	Jonathan Rogers WTP	18	18	18	18	18	18
	Upper Valley WTP	15	15	15	15	15	15
	Desalination Plant	14	14	14	14	14	14
	Total Division	209	209	210	211	211	216
Operations (Wastewater System)	Wastewater Division Office	5	5	5	5	5	5
	Wastewater Lift Stations	20	20	18	18	18	18
	Wastewater Collection System Maintenance	33	33	33	33	33	33
	Northwest WWTP	17	17	15	15	15	15
	Haskell Street WWTP	32	32	30	30	30	30
	Roberto Bustamante WWTP	31	31	29	29	29	30
	Fred Hervey WRP	30	30	28	28	28	28
	Wastewater System Repair & Construction	20	20	20	20	20	20
	Total Division	188	188	178	178	178	179
Operations (Operations Support)	Operations Management	3	3	3	3	4	4
	Environmental Compliance/Industrial Pretreatment	11	10	10	10	10	10
	Laboratory Services	29	29	30	30	30	30
	Reclaimed Water System	1.5	1.5	1.5	1.5	1.5	1.5
	Biosolids Management	0.5	0.5	0.5	0.5	0.5	0.5
	Total Division	45	44	45	45	46	46
Operations (Equipment & Facilities Maintenance)	Fleet Maintenance	21.3	21.3	21.3	22.3	22.3	23.3
	Heavy Equipment Operations	42.3	42.3	42.3	42.3	42.3	42.3
	Facilities Maintenance	17.3	17.3	18.3	18.3	18.3	18.3
	Total Division	81	81	82	83	83	84
TOTAL BUDGETED POSITIONS		829	831	841	846	853	864
TOTAL ACTUAL POSITIONS		769	752	782	785	775	

FIVE YEAR FINANCIAL PLAN

A five-year financial plan is also prepared which 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.

Incremental Operating and Capital Improvement Expenses

This five year plan includes additional Operations and Maintenance (O&M) expenses for new infrastructure being placed into service. There was an adjustment made to the O&M budget due to the anticipated and continuing river drought this year. Due to the drought, the Utility expects to receive in 2015 only 35,000 acre feet of surface water, therefore the costs such as chemicals, electricity and maintenance were increased to reflect the increase production from the water surface plants and decrease use of well water during the summer months. Overall, this plan attempts to capture and reflect future incremental increases in operating and capital costs due to new facilities being placed into service and compliance with new federal, state and local regulations.

Alternative Revenue Sources

The five-year plan includes several assumptions regarding additional revenue sources. The plan includes issuing \$50 million in bonds thru the Texas Water Development Board (TWDB) for water rights land acquisition to be used for future water importation. An additional \$20 million in bonds will be issued in the open market to fund four reservoir tank projects. In addition, all proceeds from land sales will be deposited in a restricted reserve fund for future water supply projects including the Jonathan Rogers water plant expansion, direct portable 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 in years to come. For fiscal year 2015-2016 \$3 million in land sales revenues is budgeted, with \$14 million projected over the following four years. The City of El Paso adopted water and wastewater impact fees in May 2009, therefore a new source of funding for impact fees was reflected in the FY 2010-11 plan. We anticipate collecting \$850,000 in impact fees in FY 2015-2016 and an additional \$5.8 million in the following four years. The Build America Bond (BAB) 35% tax credit was also a new revenue source in FY 2010-11. For

fiscal year 2015-2016, \$219,000 in BAB tax credit is budgeted and reflects the decrease as a result of cuts made in the Budget Act of 2013.

Five Year Financial Plan* (in \$1,000's)

WATER & WASTEWATER FUND	Adopted Budget FY 2014-15	Projected Budget FY 2014-15	Approved FY 2016-16	Projected FY 2016-17	Projected FY 2017-18	Projected FY 2018-19	Projected FY 2019-20
Total Operating and Capital Budget	\$266,761	\$245,999	\$332,010	\$351,771	\$366,101	\$420,982	\$302,376
OPERATING REVENUES							
Water Service	89,781	89,423	98,224	110,446	121,951	133,419	140,560
Water Supply Replacement	19,976	19,929	21,803	24,516	27,070	29,616	31,201
Reclaimed Water Sales	2,682	2,789	3,051	3,431	3,788	4,145	4,366
Fire Protection	581	646	652	659	666	672	679
TOTAL WATER REVENUES	113,021	112,787	123,731	139,062	153,475	167,852	176,806
RATE INCREASE - Water	0.0%	0.0%	8.0%	11.0%	9.0%	8.0%	4.0%
RATE INCREASE - Reuse	0.0%	0.0%	8.0%	11.0%	9.0%	8.0%	4.0%
Wastewater Service	58,096	58,599	61,922	69,626	76,879	84,109	88,611
Pretreatment Surcharges	501	493	539	606	670	733	772
TOTAL WASTEWATER REVENUES	58,597	57,092	62,461	70,233	77,549	84,842	89,383
RATE INCREASE - Wastewater	0.0%	0.0%	8.0%	11.0%	9.0%	8.0%	4.0%
Service Charges, Misc. Fees	6,157	6,356	6,342	6,335	6,398	6,462	6,527
City Franchise Fee, Misc. Revenues	0	1,980	3,550	3,550	3,550	3,550	3,550
Interest Revenue on Operating Funds	55	90	90	91	92	93	94
TOTAL OPERATING REVENUES	177,830	178,305	196,174	219,261	241,064	262,799	276,359
LESS OPERATING EXPENSES							
Operations & Maintenance	82,545	81,307	88,435	89,557	90,754	91,661	92,578
City Franchise Fee, Expenses	0	1,980	3,550	3,550	3,550	3,550	3,550
TOTAL OPERATING EXPENSES	82,545	83,287	91,985	93,107	94,304	95,211	96,128
OPERATING REVENUES AVAILABLE	95,286	95,019	104,189	126,154	146,761	167,588	180,232
Sale of Assets	70	70	70	70	70	70	70
Interest Revenue on Restricted Funds	254	228	228	228	228	228	228
Build America Bonds (BAB) 35% Tax Credit	219	214	219	210	201	191	181
REV. AVAILABLE FOR DEBT SERVICE	95,829	95,531	104,706	126,662	147,260	168,077	180,710
Existing Debt Service - P & I - Bonds	45,916	48,099	46,317	47,427	47,712	47,585	46,384
Commercial Paper Annual Interest	373	350	332	321	321	321	321
New Debt Service - P & I - Bonds	2,188	(0)	5,958	15,994	25,946	36,210	42,796
Annual Contributions to Reserve Fund	908	1,236	1,622	2,952	3,491	3,749	2,377
Payment to City - Water Only	11,301	10,705	12,153	13,746	15,002	16,554	17,276
REV. AVAIL. FOR CAPITAL IMPROVEMENTS	35,143	35,142	38,324	46,222	54,788	63,678	71,566
PLUS MISC. NON-OPERATING REVENUES							
Impact Fees	850	805	850	850	1,850	1,850	1,850
Land Sales	6,500	900	3,000	5,000	2,000	5,000	2,000
Annexation Fees	1,000	2,100	2,000	2,000	2,000	2,000	2,000
Contribution of New Customers	4,668	2,790	2,500	1,750	1,768	1,786	1,803
TOTAL NON-OPERATING REVENUES	13,018	6,595	8,350	9,600	7,418	10,436	7,463
TOT. REV. AVAIL. FOR CAPITAL REHAB/IMPR.	48,161	41,737	46,674	55,823	62,206	74,113	79,009
CAPITAL EXPENSES							
Capital Projects - Water	74,892	60,634	129,786	133,643	148,524	150,705	74,513
Capital Projects - Wastewater	39,066	34,558	37,100	40,998	26,107	59,465	21,221
Capital Projects - Reuse	6,222	5,611	2,677	3,050	4,139	10,624	759
Capital Equipment	1,287	3,500	1,867	1,849	1,849	1,849	1,849
TOTAL CAPITAL EXPENSES	121,467	104,303	171,430	179,540	180,619	222,643	98,342
Contingencies	2,064	0	2,212	2,234	2,257	2,279	2,302
(DEFICIENCY) TO BE FUNDED BY DEBT, GRANTS OR CONSTRUCTION FUNDS	(75,369)	(62,666)	(126,969)	(126,952)	(120,669)	(160,809)	(21,634)
Less Restricted Construction Funds	0	62,566	0	0	0	0	0
Less New Bond Issues & Commercial Paper	25,000	35,000	98,000	131,000	123,000	156,000	23,000
Less Grants	3,200	1,000	156	0	0	0	0
Transfer to / from Reuse Fund to Water Fund	0	0	0	0	0	0	0
Transfers from / (to) Water Supply Reserve	(6,500)	(900)	(3,000)	(5,000)	(2,000)	(5,000)	(2,000)
Increase / Decrease In Fund Balance	(\$53,669)	\$35,100	(\$31,813)	\$48	\$331	\$191	(\$634)
DSC Senior Lien Debt - 1.50x	1.99	1.99	2.00	2.00	2.00	2.01	2.03
Cash Reserve Balance - % of O&M	77%	103%	59%	58%	58%	57%	56%
Debt Service Coverage All Debt - 1.50x	1.99	1.99	2.00	2.00	2.00	2.01	2.03
Average Residential Water Bill (w/ WSRC)	\$24.43	\$24.43	\$26.38	\$29.29	\$31.92	\$34.48	\$36.86
Average Residential Wastewater Bill	\$15.19	\$15.19	\$16.41	\$18.21	\$19.85	\$21.44	\$22.29
Total Residential Bill	\$39.62	\$39.62	\$42.79	\$47.50	\$51.77	\$55.91	\$59.15
Percent Increase	0.0%	0.0%	8.0%	11.0%	9.0%	8.0%	4.0%
Cumulative (Bill) Increase - %	0.0%	0.0%	8.0%	19.9%	30.7%	41.1%	46.8%

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

CAPITAL

CAPITAL IMPROVEMENTS BUDGET POLICY

For capital budgeting purposes, the Utility staff uses a strategic weighting scale to determine priorities for each of the scheduled projects. Criteria used to prioritize capital projects include regulatory requirements; aging and condition; overloaded infrastructure; environmental impacts; reliability; drought, customer service; other agency driven projects (street and highway construction); growth and new development; new water supplies, financial impacts; and operational efficiency. The Utility defines a capital expenditure as an asset with an individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Due to state procurement laws and the nature of capital improvement expenditures, it generally takes more than one fiscal year to completely spend one year's appropriations. By law, EPWU cannot award a project unless it is fully funded. However, many large projects have multiple year and/or multiple phase construction periods. El Paso Water Utilities uses several benchmarks of efficiency to ensure capital budget integrity. These include timely completion clauses, aggressive efforts to minimize change orders, and tracking the progress of the overall **capital improvement plan (CIP)**. On an annual basis, staff members from Engineering, Operations, and Finance update the CIP. The final CIP document stretches from a mid-year update out to a ten year planning horizon. It incorporates all known or likely to occur variables based on growth, maintenance of the current system, and addresses issues including new and/or probable regulatory requirements or political directives.

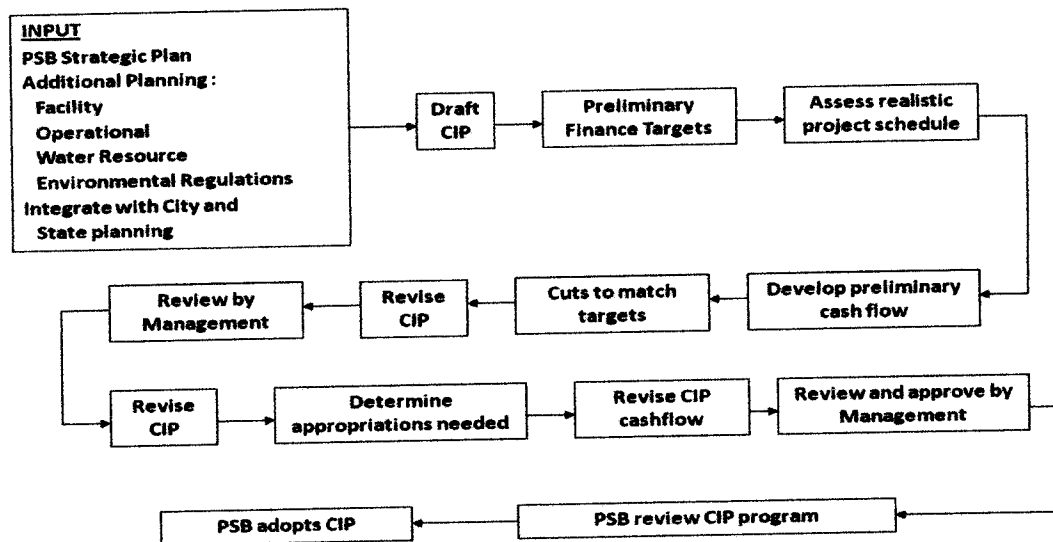
The following is a typical schedule for the development of a CIP budget:

- ☐ March 1 – fiscal year begins
- ☐ April to May – strategic planning updates to the 10 year capital plan
- ☐ August – Project managers gather information for 1st draft CIP budget
- ☐ September – draft CIP budget reviewed by Management and Finance
- ☐ October – revisions made to draft and presented to President/CEO
- ☐ November – Management approves capital budget and Finance assigns necessary funding

- November to December – budget workshops to review the operating and capital budget requests with the Public Service Board and the public can comment
- December – PSB approves and adopts the final combined operating and capital budget for the fiscal year beginning next March 1

This simplified flowchart graphically represents the entire capital budgeting process. In addition, operating costs related to new infrastructure is incorporated in the financial plan. There are numerous opportunities for staff updates, public input, and revisions, so this chart is a representative snapshot of a truly dynamic process.

Annual Capital Improvement Program



BUDGET TRENDS IN FY 2014 – 2015

While the bulk of capital improvement efforts are geared towards serving the growth of the city, including water resource development, the Utility still pays diligent attention to replacement and rehabilitation of the total system. Phased improvements to reservoirs, pump stations, lift stations, treatment plants, and distribution and collection lines are a critical part of the capital improvement program. This allows the Utility to boast over a 99.99% reliability rating and shows why the TCEQ again rated the Utility a "Superior Water System." Of the estimated \$101.0 million to be invested in plant and system improvements and additions in FY 2014-2015, the Utility estimates spending \$12.9 million in well drilling and equipping of high capacity water wells including the emergency

drought wells project, \$7.2 million for new distribution water lines and pumping equipment, and \$18.5 million in rehabilitation of existing water infrastructure including \$4.7 million for the 48" Paisano Valley line replacement. In addition, \$3.7 million is projected to be spent for emergency back-up power generators. On the wastewater side, the Utility estimates spending \$15.6 million in new collection systems and pumping facilities, \$14.5 million in rehabilitation of existing wastewater infrastructure and \$5.6 million in reclaimed water facilities improvements. Finally, the Utility's geographic information system continues to expand and allow staff to take advantage of cutting edge tools in addressing Utility issues and priorities.

FY 2015 – 2016: MEETING FUTURE DEMANDS

Some capital projects were delayed in FY 2014-2015, therefore in FY 2015-2016 \$33.2 million of capital projects are already funded through prior years' appropriations. Out of the \$169.6 million capital budget, \$133.4 million is from new appropriations. The capital budget continues to address water supply issues, continued population growth and water demand, 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 2015-2016 capital budget. One of these is the construction of five reservoirs in the northeast, central and eastside of El Paso. These tanks will be built over two years at an estimated cost of \$26.3 million of which \$14.2 million will be spent during FY 2015-2016.
- To meet future water demand the Utility budgeted \$55.3 million for the acquisition of land for "near" and "far" water importation projects.
- A new strategic plan initiative is the implementation of a drought proof source of water. An advance purified water plant will be pilot tested to produce drinking water. The initial pilot plant will have a 2 MGD capacity and the Utility budgeted in FY 2015-2016 \$2.1 million for the design and permit requirements with the goal of treating 10 MGD in the near future for an estimated construction cost of \$89 million.
- Another initiative the Utility budgeted this year is for the first phase of a multiyear project to expand the Jonathan Rogers Water Treatment Plant from 60 MGD to

80 MGD. The total cost of this project is estimated at \$43.0 million, of which \$2.1 million will be spent in FY 2015-2016.

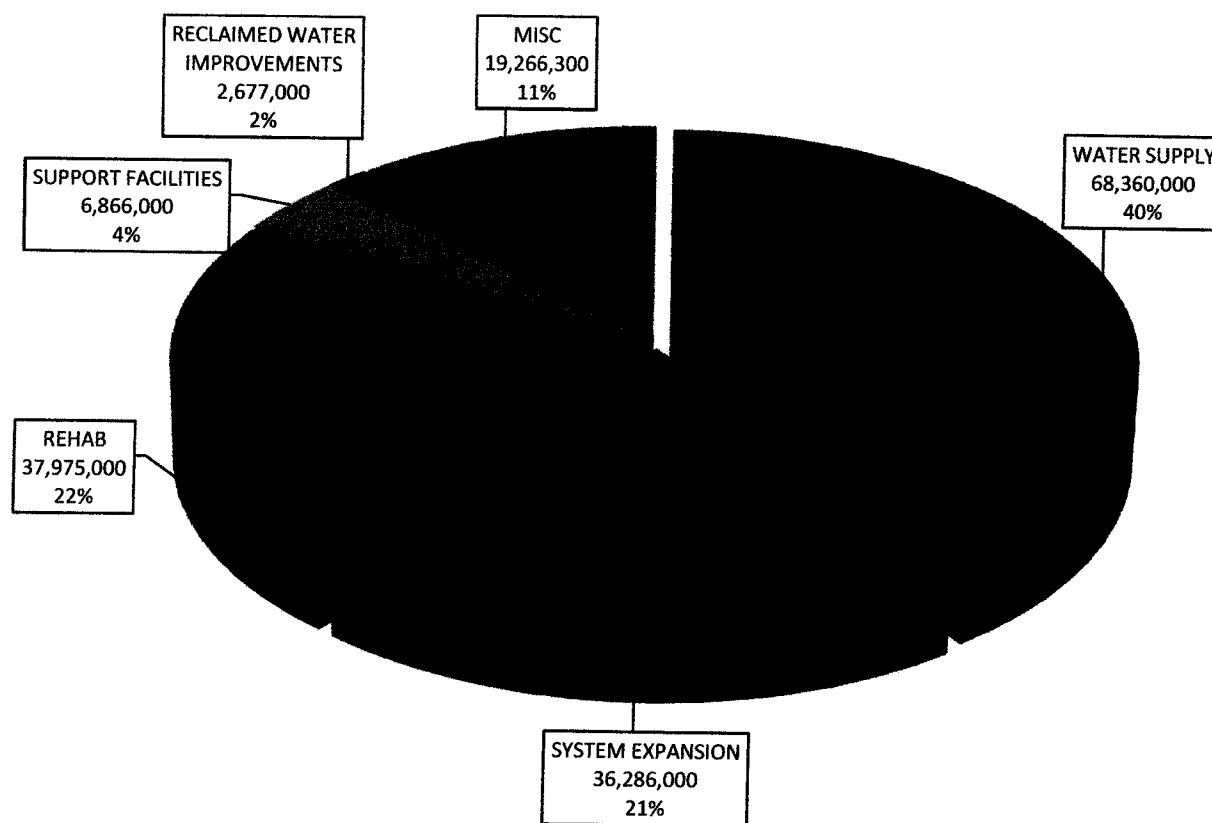
- The Utility will be constructing and equipping six water supply wells in the east and northeast areas of the city at an estimated cost of \$6.1 million.
- The Utility included \$14.1 million to provide emergency back-up power to major water facilities. This will be the fourth year of this multi-year \$30 million project.
- The capital budget also includes \$20.0 million for sewer rehabilitation projects which includes \$5.7 million for City of El Paso bond paving projects and TXDOT relocation of lines projects. In addition, the budget includes \$3 million for field operations yard relocation. This project was accelerated with the request from the City to relocate the Rescue Mission to our fleet maintenance location.
- 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 service to areas outside the city limits by obtaining grants to provide this much needed service. The Utility continues to work in close conjunction with the City of El Paso and the Texas Department of Transportation in 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.

FY 2015-2016

CAPITAL BUDGET SUMMARY

Combined Water + Wastewater + *Miscellaneous
Projected Expenditures



Total Capital Budget

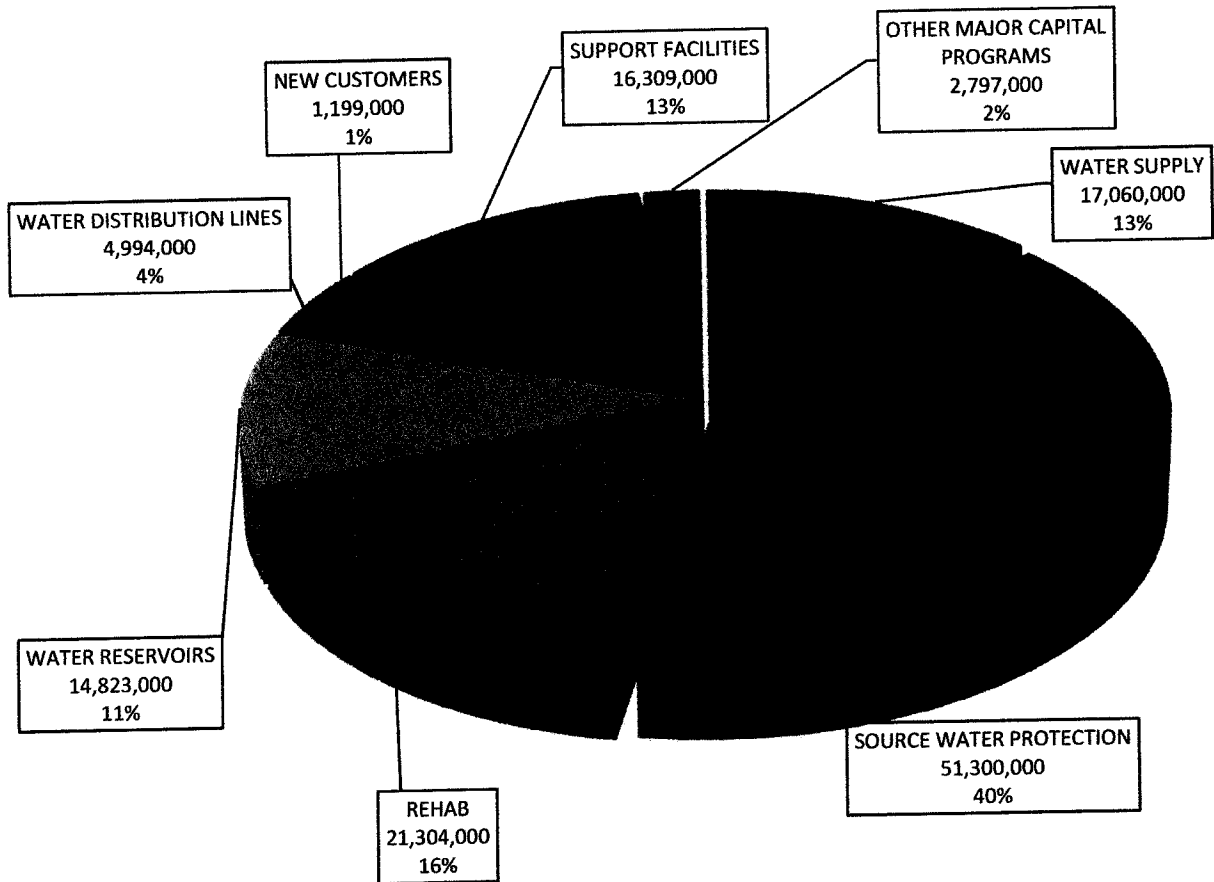
\$171,430,300

*Miscellaneous includes amount for vehicle & construction equipment

FY 2015-2016

CAPITAL BUDGET SUMMARY

Projected Water Expenditures



Total Water Capital Budget
\$129,786,000

**El Paso Water Utilities
Public Service Board
Capital Improvement Program
Funding for Fiscal Year 2015-2016**

WATER SYSTEM IMPROVEMENT

Item #	Project	FY 2015-2016 Funding Request	FY 2015-2016 Projected Expenditures	PROPOSED FUNDING SOURCES FOR NEW MONEY PROJECTS					
				IMP	WSRC IMP	CP	GRANT	BONDS	CIA
		60,327,000	60,327,000						
1102	Well Construction, Plugging and Test Holes								
1109	IDF Injection Test Wells	3,250,000	6,120,000		3,250,000				
1113	Advanced Water Purification	279,000	430,000		279,000				
1114	Near Importation		2,130,000						
1201	Jonathan Rogers WTP Expansion	5,251,000	5,251,000		5,251,000				
1401	Water Rights Including Land Acquisitions	490,000	2,072,000		490,000				
1402	Water Resource Plans (Hueco Modeling)	50,000,000	51,300,000					50,000,000	
1409	Lower Valley RO Concentrate	357,000	357,000	357,000					
		700,000	700,000		574,000		126,000		
2018A	North 2 Tank #2A 3MG Elevated Tank	26,754,000	14,255,000						
2022	Franklin East #1A 2.5MG Elevated Tank I.F.	6,300,000	4,823,000	6,300,000					
2025	Ventanas Elevated Storage tank		198,000						
2034	Northeast Well Supply Tank	4,500,000	2,649,000					4,500,000	
2039	Airport Ground Tank	5,600,000	1,564,000					5,600,000	
2040	Memphis Reservoir, (2.5MG)	4,800,000	3,635,000					4,800,000	
2042	Heath Deleon Reservoir	5,100,000	1,500,000					5,100,000	
2043	Jackson Reservoir (2.5MG)	204,000	204,000	204,000					
		250,000	250,000	250,000					
4050A	Eastside Planned Service Area (24") I.F.	3,722,000	1,945,000						
4076	Loop 375-Vista del Sol to Montwood	-	709,000						
4082	Partello (30")	2,355,000	2,355,000			2,355,000			
4087	JRWTP Exp. Transmission Pipeline- 30-inch (20MGD expansion)	457,000	1,020,000			457,000			
		910,000	910,000	910,000					
5101	Meter Replacement	15,870,000	21,305,000						
5102	Primary Metering Wells/Pump Station Improvement	250,000	450,000	250,000					
5202	City of El Paso Community Development Bond Paving Projects City		50,000						
5203	TXDOT Water Improvement Projects	1,700,000	2,500,000	1,700,000					
5206	IBWC Service Line		615,000						
5212	Planned Pipeline Replacement	870,000	870,000			870,000			
5279	City Wide Large Diameter Replacement (60"-24")	3,195,000	4,000,000	3,195,000					
5282	Pipeline Protection	1,200,000	1,200,000			1,200,000			
5283	NE Main Lines		50,000						
5294	Dead End Mains		50,000						
5295	Dallas Clearing of Utilities Ph 2	102,000	102,000	102,000					
5301	Well Rehabilitation	685,000	685,000			685,000			
5406	Reservoir Rehabilitation	1,765,000	1,765,000	1,765,000					
5510	Plant Small Upgrades		459,000						
5511	Plant Emergency	1,973,000	2,065,000	1,973,000					
5512	Disinfection Byproduct Rule/Surface Water Rule Compliance	114,000	114,000	114,000					
5513	GAC Replacement	324,000	324,000	324,000					
5517	Canal Plant Discharge Lines		1,039,000						
5519	Iron Media Replacement	2,942,000	3,832,000			2,942,000			
5636	Various Valve & Pump Station Replacements	750,000	750,000			750,000			
			254,000						

Funding for Fiscal Year 2015-2016									
		1,440,000	1,100,000	549,000	275,000				
6100	Meters	549,000		549,000					274,000
6200	Fire Hydrants	500,000		500,000					500,000
6400	Supplement for Individual Payments			50,000					
6500	Extension from Contribution Payments	50,000		50,000	50,000				
6600	Taps Paid from Contribution Payments	50,000		50,000	50,000				
		1,140,000		1,140,000					
7001	Central Lab			128,000					
7002	Process Automation/SCADA	618,000		618,000			618,000		
7003	Field Operation Yards	1,500,000		1,500,000			1,500,000		
7004	Emergency Back-up Power	-		14,063,000					
		538,000		538,000					
8011	Information Technology Systems			1,059,000					
8012	Rehabilitation of PSB Properties			289,000					
8018	Security Upgrades-Water Facilities			50,000					
8019	Repairs and New Exhibits at Tech H2O			98,000					
8023	Economic Dispatch System			162,000					
8025	Radio Equipment			20,000					
8027	Airport and Well Field Improvements	500,000		500,000			500,000		
8032	Central Control Building			181,000					
8033	Water Facility Beautification	438,000		438,000	438,000				
		1,107,000		1,107,000	1,107,000		1,107,000		776,000



El Paso Water Utilities/Fiscal Year 2015-2016 Annual Budget
APPROVED WATER PROJECTS

PROGRAM: Well Construction, Plugging & Test Holes

CIP #1102

PROGRAM CATEGORY Water Supply Facilities

PROJECT Well Construction, Plugging & Test Holes - Construct and develop six (6) water supply wells in the El Paso service area. Plug abandoned wells and drill test holes.

Total Funding Request \$3,250,000

Funding Sources WSCR IMP \$3,250,000

FY 2015-16 Projected Expenditures \$6,120,000 (Construction)

Total Project Cost This is an annual expense about \$5,000,000

Impact on Operating Budget \$35,000 per well Electrical costs

PROGRAM: JDF Injection Wells

CIP #1109

PROGRAM CATEGORY Water Supply Facilities

PROJECT Repair and maintain Injection Wells - this includes Mechanical Integrity Testing for the current wells and may include planning for a Lower Valley injection well

Total Funding Request \$279,000

Funding Sources WSCR IMP \$279,000

FY 2015-16 Projected Expenditures \$430,000

Total Project Cost \$6,140,000

Impact on Operating Budget < \$5,000 Negligible

PROGRAM: Near Importation

CIP #1114

PROGRAM CATEGORY Water Supply Facilities

PROJECT Land/Water Rights Acquisition - Acquisition of additional water rights to meet the increasing demands including land acquisition for water rights.

Total Funding Request \$5,251,000

Funding Sources WSCR IMP \$5,251,000

FY 2015-16 Projected Expenditures \$5,251,000 (Land/Water Rights acquisition)

Total Project Cost \$12,015,000

Impact on Operating Budget < \$5,000 Negligible



El Paso Water Utilities/Fiscal Year 2015-2016 Annual Budget
APPROVED WATER PROJECTS

PROGRAM: Jonathan Rogers WTP Expansion

CIP #1201

PROGRAM CATEGORY Water Supply Facilities

PROJECT Jonathan Rogers WTP Expansion - Expansion of the Jonathan Rogers WTP from 60 MGD to 80 MGD

Total Funding Request	\$490,000
Funding Sources	WSRC IMP \$490,000
FY 2015-16 Projected Expenditures	\$2,072,000
Total Project Cost	\$83,500,000
Impact on Operating Budget	\$2,000,000 when producing 80 MGD

PROGRAM: Water Rights Including Land Acquisitions

CIP #1401

PROGRAM CATEGORY Water Supply Facilities

PROJECT Water Rights Including Land Acquisitions - Purchase land to acquire and or protect water rights.

Total Funding Request	\$50,000,000
Funding Sources	Bonds \$50,000,000
FY 2015-16 Projected Expenditures	\$51,300,000
Total Project Cost	One-time cost of \$50 Million plus an annual cost of \$4 Million
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Water Resource Plans (Hueco Modeling)

CIP #1402

PROGRAM CATEGORY Water Supply Facilities

PROJECT Water Resource Plans (Hueco Modeling) - This will provide a model for the flow and solute transport within the Hueco Bolson.

Total Funding Request	\$357,000
Funding Sources	IMP \$357,000
FY 2015-16 Projected Expenditures	\$357,000
Total Project Cost	\$1,040,000
Impact on Operating Budget	< \$5,000 Negligible



El Paso Water Utilities/Fiscal Year 2015-2016 Annual Budget
APPROVED WATER PROJECTS

PROGRAM: Lower Valley RO Concentrate

CIP #1409

PROGRAM CATEGORY Water Supply Facilities

PROJECT Lower Valley RO Concentrate - Install facility to concentrate reject water from 80 GPM to 10 GPM and produce 70 GPM of additional potable water

Total Funding Request \$700,000

Funding Sources WSRC IMP \$574,000, GRANT \$126,000

FY 2015-16 Projected Expenditures \$700,000

Total Project Cost \$1,300,000

Impact on Operating Budget \$5,000 per well

PROGRAM: North 2 Tank #2A 3MG Elevated Tank

CIP # 2018A

PROGRAM CATEGORY Reservoirs

PROJECT North 2 Tank #2A 3MG Elevated Tank - Erect a 3 MG elevated tank to provide service to Painted Dunes area

Total Funding Request \$6,300,000

Funding Sources IMP \$6,300,000

FY 2015-16 Projected Expenditures \$4,823,000

Total Project Cost \$6,900,000

Impact on Operating Budget < \$5,000 Negligible

PROGRAM: Ventanas Elevated Storage Tank

CIP # 2025

PROGRAM CATEGORY Reservoirs

PROJECT Ventanas Elevated Storage Tank - Erect a 2 MG elevated tank to provide service to area east of Zaragoza

Total Funding Request \$4,500,000

Funding Sources BONDS \$4,500,000

FY 2015-16 Projected Expenditures \$2,649,000

Total Project Cost \$5,500,000

Impact on Operating Budget < \$5,000 Negligible



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APPROVED WATER PROJECTS

PROGRAM: Northeast Well Supply Tank

CIP # 2034

PROGRAM CATEGORY Reservoirs

PROJECT Northeast Well Supply Tank – Erect 3 MG tank to provide additional storage for the East High Pressure Zone

Total Funding Request	\$5,600,000
Funding Sources	BONDS \$5,600,000
FY 2015-16 Projected Expenditures	\$1,564,000
Total Project Cost	\$6,300,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Airport Ground Tank

CIP #2039

PROGRAM CATEGORY Reservoirs

PROJECT Airport Ground Tank – Provide additional storage to the Valley Pressure Zone

Total Funding Request	\$4,800,000
Funding Sources	BONDS \$4,800,000
FY 2015-16 Projected Expenditures	\$3,635,000
Total Project Cost	\$5,200,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Memphis Reservoir (2.5MG)

CIP #2040

PROGRAM CATEGORY Reservoirs

PROJECT Memphis Reservoir (2.5 MG) Elevated Tank – This tank will provide additional storage for the Valley Pressure Zone and correct an in-line booster station problem.

Total Funding Request	\$5,100,000
Funding Sources	BONDS \$5,100,000
FY 2015-16 Projected Expenditures	\$1,500,000
Total Project Cost	\$6,000,000
Impact on Operating Budget	< \$5,000 Negligible



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APPROVED WATER PROJECTS

PROGRAM: Heath De Leon Reservoir

CIP #2042

PROGRAM CATEGORY Reservoirs

PROJECT Heath De Leon Reservoir – This project is a study to determine the feasibility of constructing a Reservoir at the Booster Station.

Total Funding Request	\$204,000
Funding Sources	IMP \$204,000
FY 2015-16 Projected Expenditures	\$204,000
Total Project Cost	\$204,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Jackson Reservoir (2.5MG)

CIP #2043

PROGRAM CATEGORY Reservoirs

PROJECT Jackson Reservoir (2.5 MG) – Design and replacement reservoir for a reservoir which is at the end of its service life.

Total Funding Request	\$250,000
Funding Sources	IMP \$250,000
FY 2015-16 Projected Expenditures	\$250,000
Total Project Cost	\$250,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Loop 375-Vista Del Sol P. S. to Montwood

CIP #4076

PROGRAM CATEGORY Distribution Lines

PROJECT Loop 375 – Vista Del Sol P.S. to Montwood – This transmission line will move water from the Vista Del Sol tank to Montwood, east of Joe Battle.

Total Funding Request	\$2,355,000
Funding Sources	CP \$2,355,000
FY 2015-16 Projected Expenditures	\$2,355,000
Total Project Cost	\$2,355,000
Impact on Operating Budget	< \$5,000 Negligible



El Paso Water Utilities/Fiscal Year 2015-2016 Annual Budget
APPROVED WATER PROJECTS

PROGRAM: Partello (30")

CIP #4082

PROGRAM CATEGORY Distribution Lines

PROJECT Partello (30") – This transmission line will improve the transfer of water from the East High to the Central Valley Pressure Zone.

Total Funding Request	\$457,000
Funding Sources	CP \$457,000
FY 2015-16 Projected Expenditures	\$1,020,000
Total Project Cost	\$1,100,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: JRWTP Exp. Transmission Pipeline – 30-inch (20MGD expansion)

CIP # 4087

PROGRAM CATEGORY Distribution Lines

PROJECT JRWTP Exp. Transmission Pipeline – 30-inch (20MGD expansion) – New 30-inch pipeline to distribute 20 MGD expansion

Total Funding Request	\$910,000
Funding Sources	IMP \$910,000
FY 2015-16 Projected Expenditures	\$910,000
Total Project Cost	\$19,728,000
Impact on Operating Budget	Included with CIP# 1201

PROGRAM: Meter Replacement

CIP # 5101

PROGRAM CATEGORY Rehabilitation

PROJECT Meter Replacement – Part of the maintenance program to repair, test, and replace obsolete meters in order to minimize loss of revenues due to inaccurate readings.

Total Funding Request	\$250,000
Funding Sources	IMP \$250,000
FY 2015-16 Projected Expenditures	\$450,000
Total Project Cost	Annual Maintenance Program, Varies
Impact on Operating Budget	< \$5,000 Negligible



El Paso Water Utilities/Fiscal Year 2015-2016 Annual Budget
APPROVED WATER PROJECTS

PROGRAM: City of El Paso Community Development Bond Paving Projects

CIP # 5202

PROGRAM CATEGORY Rehabilitation

PROJECT City of El Paso Community Development Bond Paving Projects – Water mains to be relocated due to City Street and Drainage Improvement Projects

Total Funding Request	\$1,700,000
Funding Sources	IMP \$1,700,000
FY 2015-16 Projected Expenditures	\$2,500,000
Total Project Cost	\$2,360,000 Annually
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: IBWC Service Line

CIP # 5206

PROGRAM CATEGORY Rehabilitation

PROJECT IBWC Service Line – New line to service properties west of Paisano Drive

Total Funding Request	\$870,000
Funding Sources	CP \$870,000
FY 2015-16 Projected Expenditures	\$870,000
Total Project Cost	\$870,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Planned Pipeline Replacement

CIP # 5212

PROGRAM CATEGORY Rehabilitation

PROJECT Planned Pipeline Replacement – A multi-year, multi-phased maintenance program to upgrade the water distribution pipeline infrastructure and prevent line breaks in the system city-wide. About 50% of this program is performed by EPWU construction forces, and the other 50% through bid construction work.

Total Funding Request	\$3,195,000
Funding Sources	IMP \$3,195,000
FY 2015-16 Projected Expenditures	\$4,000,000
Total Project Cost	\$1,000,000 Annually
Impact on Operating Budget	< \$5,000 Negligible



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APPROVED WATER PROJECTS

Program: City Wide Large Diameter Replacement (60"-24")

CIP #5279

PROGRAM CATEGORY Rehabilitation

PROJECT City Wide Large Diameter Replacement (60" – 24") – Replacement of older large diameter water lines to prevent breaks and property damage

Total Funding Request	\$1,200,000
Funding Sources	CP \$1,200,000
FY 2015-16 Projected Expenditures	\$1,200,000
Total Project Cost	\$1,200,000 Annually
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Dead End Mains

CIP #5294

PROGRAM CATEGORY Rehabilitation

PROJECT Dead End Mains – This is a new project to eliminate or provide equipment to flush dead-end mains.

Total Funding Request	\$102,000
Funding Sources	IMP \$102,000
FY 2015-16 Projected Expenditures	\$102,000
Total Project Cost	\$102,000
Impact on Operating Budget	\$100,000 Annually

PROGRAM: Dallas Clearing of Utilities Phase 2

CIP #5295

PROGRAM CATEGORY Rehabilitation

PROJECT Dallas Clearing of Utilities Phase 2 – Remove and relocate water line in the Dallas Box Culvert

Total Funding Request	\$685,000
Funding Sources	CP \$685,000
FY 2015-16 Projected Expenditures	\$685,000
Total Project Cost	\$685,000
Impact on Operating Budget	< \$5,000 Negligible



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APPROVED WATER PROJECTS

PROGRAM: Well Rehabilitation

CIP #5301

PROGRAM CATEGORY Rehabilitation

PROJECT Well Rehabilitation – This job is to provide for various improvements to well sites including installation of blow-offs, replacement of obsolete switch gears and motor control centers, and access improvements.

Total Funding Request	\$1,765,000
Funding Sources	IMP \$1,765,000
FY 2015-16 Projected Expenditures	\$1,765,000
Total Project Cost	\$1,000,000 Annually
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Small Plant Upgrades

CIP #5510

PROGRAM CATEGORY Rehabilitation

PROJECT Small Plant Upgrades – Small in-house upgrades and repairs to the surface water treatment plants such as electric motors and chemical equipment

Total Funding Request	\$1,973,000
Funding Sources	IMP \$1,973,000
FY 2015-16 Projected Expenditures	\$2,065,000
Total Project Cost	\$750,000 Annually
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Plant Emergencies

CIP #5511

PROGRAM CATEGORY Rehabilitation

PROJECT Plant Emergencies – Unplanned or emergency repairs to any of the Water Plants

Total Funding Request	\$114,000
Funding Sources	IMP \$114,000
FY 2013-14 Projected Expenditures	\$114,000
Total Project Cost	
Impact on Operating Budget	



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APPROVED WATER PROJECTS

PROGRAM: Disinfection Byproduct Rule/Surface Water Rule Compliance

CIP #5512

PROGRAM CATEGORY Rehabilitation

PROJECT Disinfection Byproduct Rule/Surface Water Rule Compliance – Installation of scrubbers for THM control

Total Funding Request	\$324,000
Funding Sources	IMP \$324,000
FY 2015-16 Projected Expenditures	\$454,000
Total Project Cost	\$3,900,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Canal Plant Discharge Lines

CIP #5517

PROGRAM CATEGORY Rehabilitation

PROJECT Canal Plant Discharge Lines – Consolidate the 3 discharge lines at the Canal WTP into one 54" discharge line

Total Funding Request	\$2,942,000
Funding Sources	CP \$2,942,000
FY 2015-16 Projected Expenditures	\$3,832,000
Total Project Cost	\$3,900,000
Impact on Operating Budget	< \$5,000 Negligible

PROGRAM: Iron Media Replacement

CIP #5519

PROGRAM CATEGORY Rehabilitation

PROJECT Iron Media Replacement – Replacement of media for arsenic removal

Total Funding Request	\$750,000
Funding Sources	CP \$750,000
FY 2015-16 Projected Expenditures	\$750,000
Total Project Cost	\$750,000
Impact on Operating Budget	\$750,000 Every 3 years



APPROVED WATER PROJECTS

PROGRAM: Meters

CIP #6100

PROGRAM CATEGORY New Customers

PROJECT Meters – Meters for new customers

Total Funding Request \$549,000

Funding Sources IMP \$275,000, CIA \$274,000

FY 2015-16 Projected Expenditures \$549,000

Total Project Cost \$500,000 Annually

Impact on Operating Budget None

PROGRAM: Fire Hydrants

CIP #6200

PROGRAM CATEGORY New Customers

PROJECT Fire Hydrants – New fire hydrants for developing areas

Total Funding Request \$500,000

Funding Sources CIA \$500,000

FY 2015-16 Projected Expenditures \$500,000

Total Project Cost \$5,000,000

Impact on Operating Budget <\$5,000 Negligible

PROGRAM: Extension from Contribution Payments

CIP #6500

PROGRAM CATEGORY New Customers

PROJECT Extension from Contribution Payments – Customer-financed extension of lines

Total Funding Request \$50,000

Funding Sources IMP \$50,000

FY 2015-16 Projected Expenditures \$50,000

Total Project Cost \$50,000 Annually

Impact on Operating Budget None



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APPROVED WATER PROJECTS

PROGRAM: Taps from Contribution Payments

CIP #6600

PROGRAM CATEGORY New Customers

PROJECT Taps from Contribution Payments

Total Funding Request \$50,000

Funding Sources IMP \$50,000

FY 2015-16 Projected Expenditures \$50,000

Total Project Cost \$50,000 Annually

Impact on Operating Budget None

PROGRAM: Process Automation/SCADA – Water

CIP #7002

PROGRAM CATEGORY Support Facilities

PROJECT Process Automation / SCADA – Water – Upgrade SCADA Facilities at Booster Stations

Total Funding Request \$618,000

Funding Sources CP \$618,000

FY 2015-16 Projected Expenditures \$618,000

Total Project Cost \$300,000 Annually

Impact on Operating Budget < \$5,000 Negligible

PROGRAM: Field Operation Yards

CIP #7003

PROGRAM CATEGORY Support Facilities

PROJECT Field Operation Yards – Relocate the Field Operation Yards

Total Funding Request \$1,500,000

Funding Sources CP \$1,500,000

FY 2015-16 Projected Expenditures \$1,500,000

Total Project Cost \$3,500,000

Impact on Operating Budget \$50,000/year



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APPROVED WATER PROJECTS

PROGRAM: Airport and Well Field Improvements

CIP #8027

PROGRAM CATEGORY Support Facilities

PROJECT Airport and Well Field Improvements -

Total Funding Request \$500,000

Funding Sources CP \$500,000

FY 2015-16 Projected Expenditures \$500,000

Total Project Cost \$5,400,000

Impact on Operating Budget < \$5,000 Negligible

PROGRAM: Water Facility Beautification

CIP #8033

PROGRAM CATEGORY Support Facilities

PROJECT Water Facility Beautification – Improve appearance of Water Facilities

Total Funding Request \$438,000

Funding Sources IMP \$438,000

FY 2015-16 Projected Expenditures \$438,000

Total Project Cost \$937,000

Impact on Operating Budget \$10,000/year