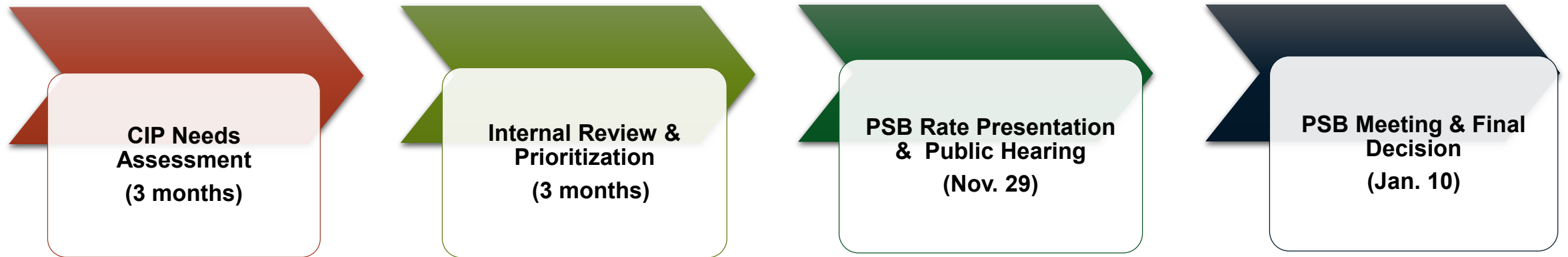




# City Council Briefing on Proposed Budget and Rates for FY2024-25

January 3, 2024

# Annual Budget and Rate Consideration Timeline



PSB will vote on proposal at January board meeting.  
New rates go into effect on March 1.

# EPWater at-a-glance 2023

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**\$ .005**

Average cost per gallon of water delivered

**110 Million**

Gallons of water delivered daily

**8**

Treatment plants (4 water, 4 wastewater)

**508**

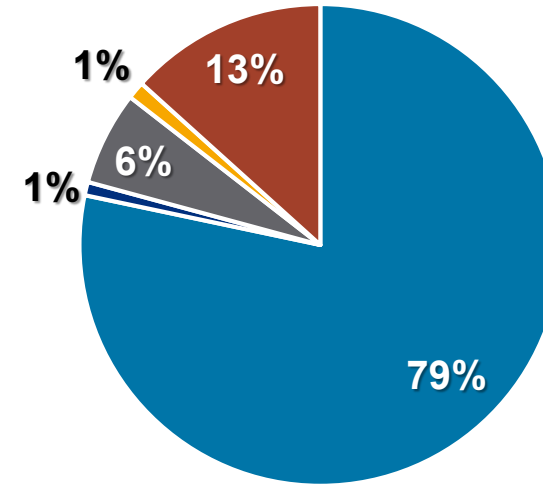
Stormwater ponds, dams and basins

**\$2.4 Billion**

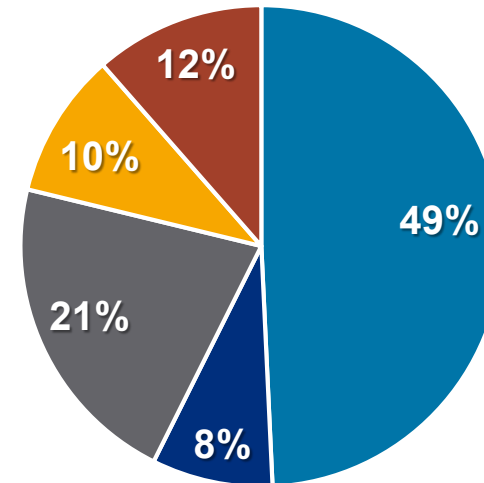
Total Capital Assets

# EPWater Customers

Customer Class	Connections	Water Consumed (in gallons)
<b>Residential</b> (single family+)	<b>199,925</b>	<b>16.4 billion</b>
<b>Residential</b> (multifamily)	<b>2,287</b>	<b>2.7 billion</b>
<b>Commercial &amp; Industrial</b>	<b>16,090</b>	<b>7.1 billion</b>
<b>Institutional</b> (schools, city, county, federal)	<b>3001</b>	<b>3.2 billion</b>
<b>Wholesale</b> (Lower Valley Water District, etc.)	<b>33,980</b>	<b>3.8 billion</b>



**Connections**



**Consumption**

- Residential
- Multifamily
- Commercial/Industry
- Institutional
- Wholesale





Main budget driver continues to be the need to invest in infrastructure to provide customers with a sustainable water supply and the highest quality in water services.

# Proposed rates are below financial plan projections

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**Financial Plan for FY2023-24  
projected rate increases for FY24-25:**

**Water 12%**

**Wastewater 17%**

**Stormwater fee 15%**

**Current Proposal for FY2024-25:**

**Water 4%**

**Wastewater 4%**

**Stormwater fee 13%**



# Inflation and other cost impacts

# Price Variance of Goods Over the Last Two Fiscal Years

Natural Gas	Decrease
Cost/CCF	(30%)

Fuel	Decrease
Diesel	(15%)
Unleaded	(11%)

Chemicals	Increase
Liquid Peroxide	11%
Liquid Ferrous Chloride	28%
<b>Liquefied Chlorine Gas</b>	<b>141%</b>

Electricity	Increase
Average Cost/kWh	8%

Materials	Increase
<b>Gate Valves 4"</b>	<b>77%</b>
Gate Valves 6"	13%
Gate Valves 8"	41%
<b>PVC Pipe 4"</b>	<b>92%</b>
PVC Pipe 6" - 8"	0%

\*Comparing end of February FY 21-22 vs. FY 22-23

➡ Cost increases for certain goods far exceed rate of inflation.



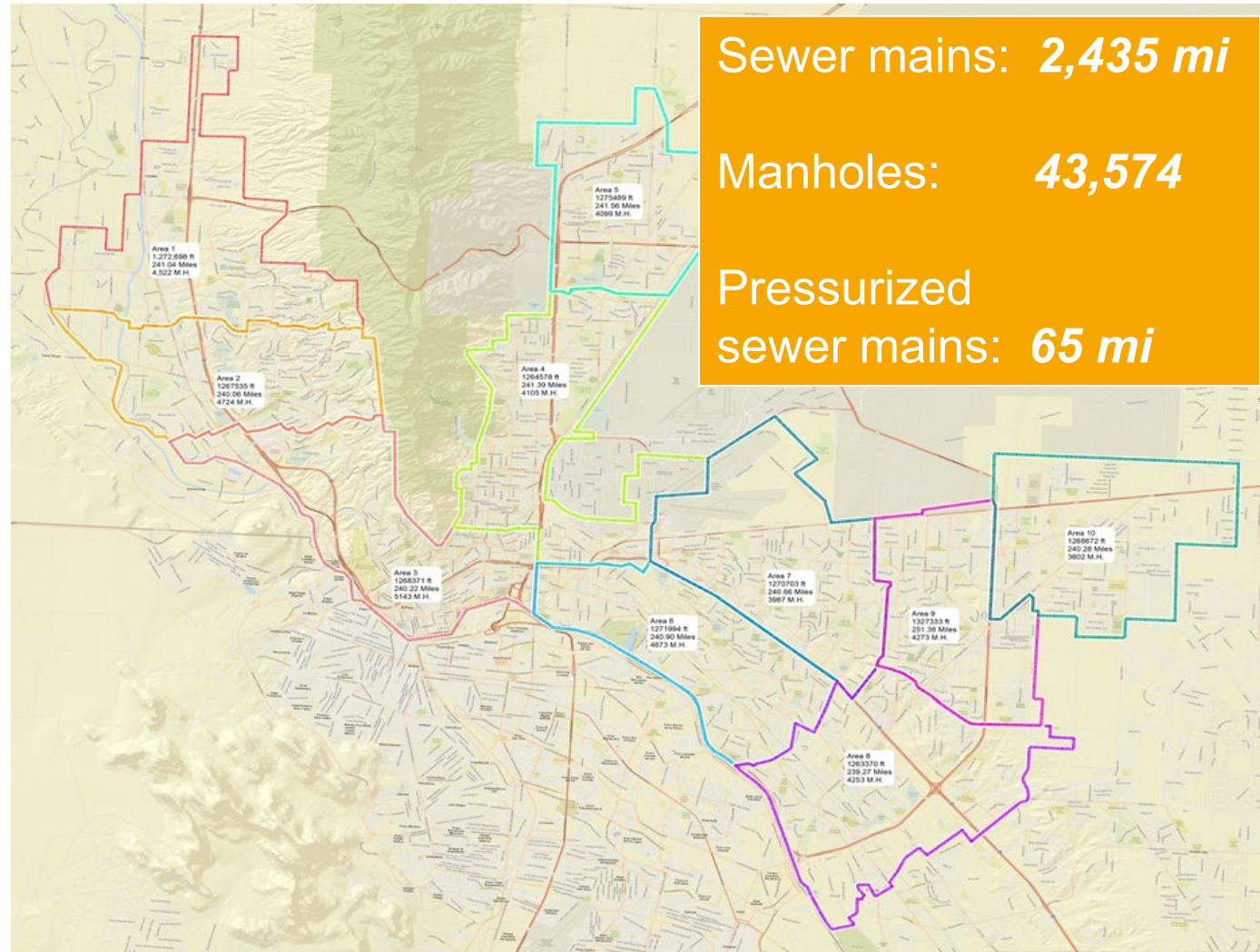
# Water and Wastewater Capital Improvements

# EPWater's Pipeline Distribution System



- 5,400 miles maintained
- Average age of installed pipes:
  - 43 years old for wastewater
  - 46 years old for water

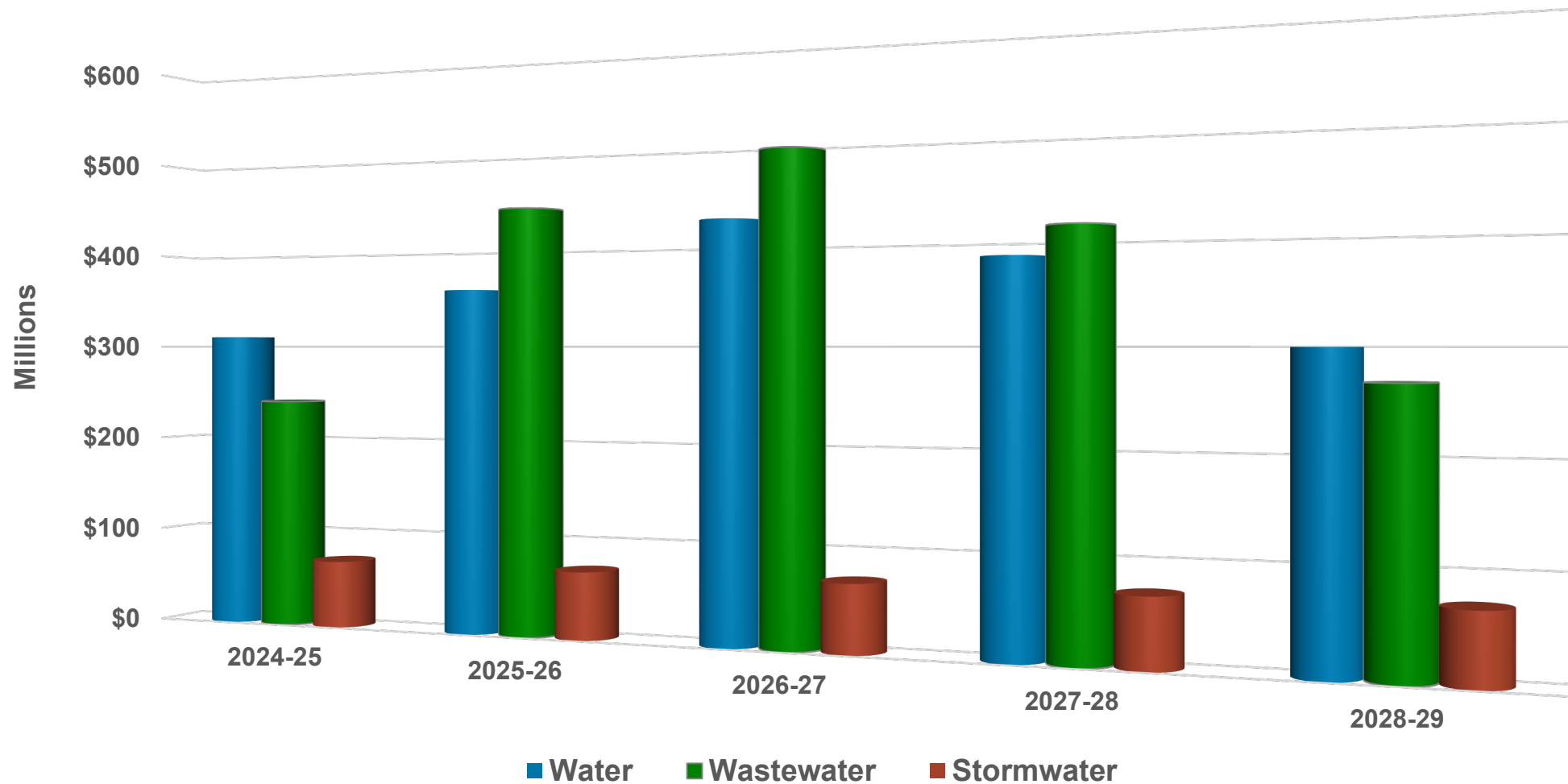
# Wastewater System – Key Budget Drivers



- Many lines in **older parts of the city** have reached the end of their useful life
- Treatment plants are **nearing capacity limits**
- **Rapid population growth drives the need** for plant rehabilitation and expansion
  - Fast-growing areas of East El Paso and Northeast El Paso require investment.

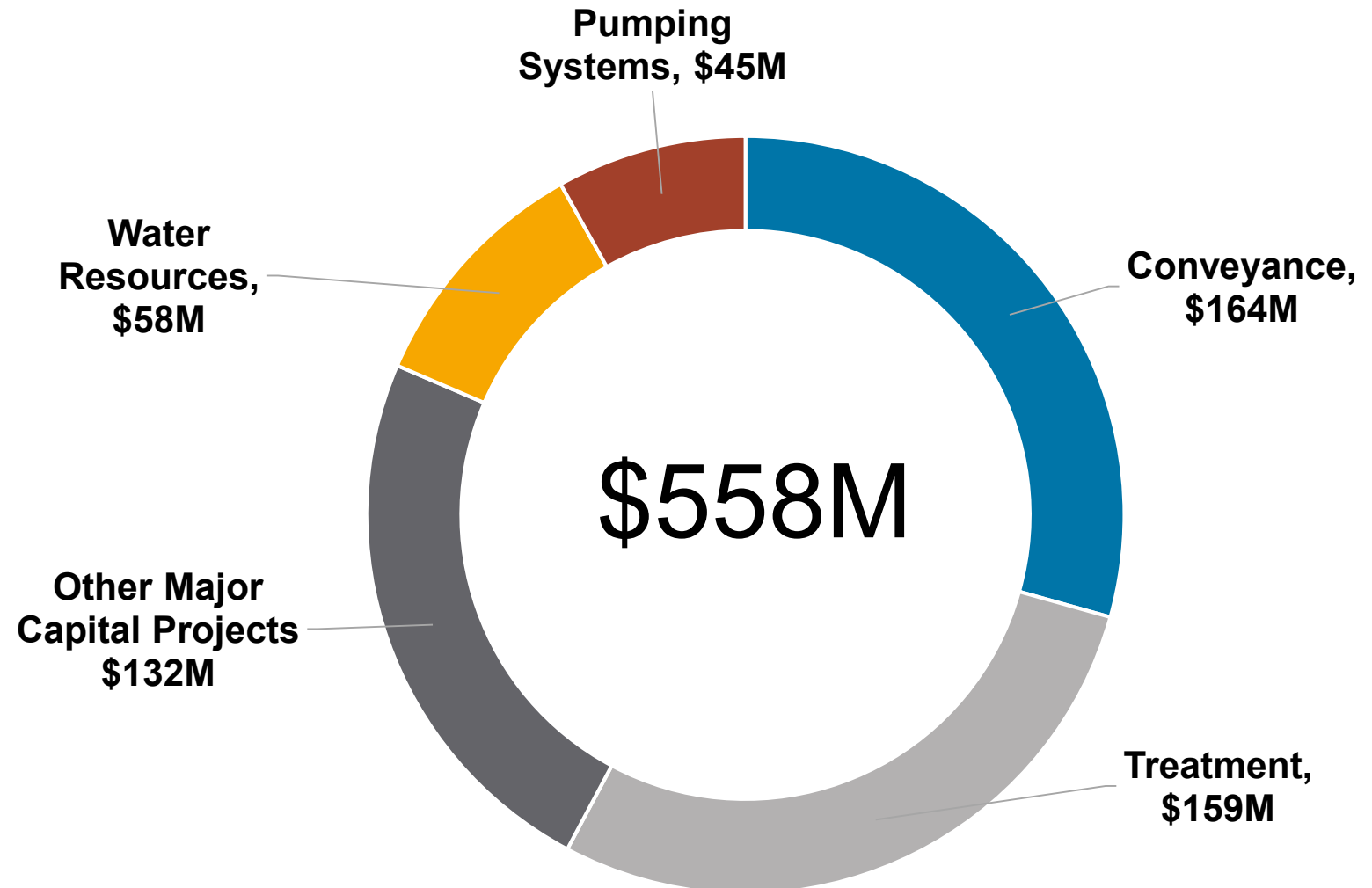


# Five-Year Combined Projected CIP Budget

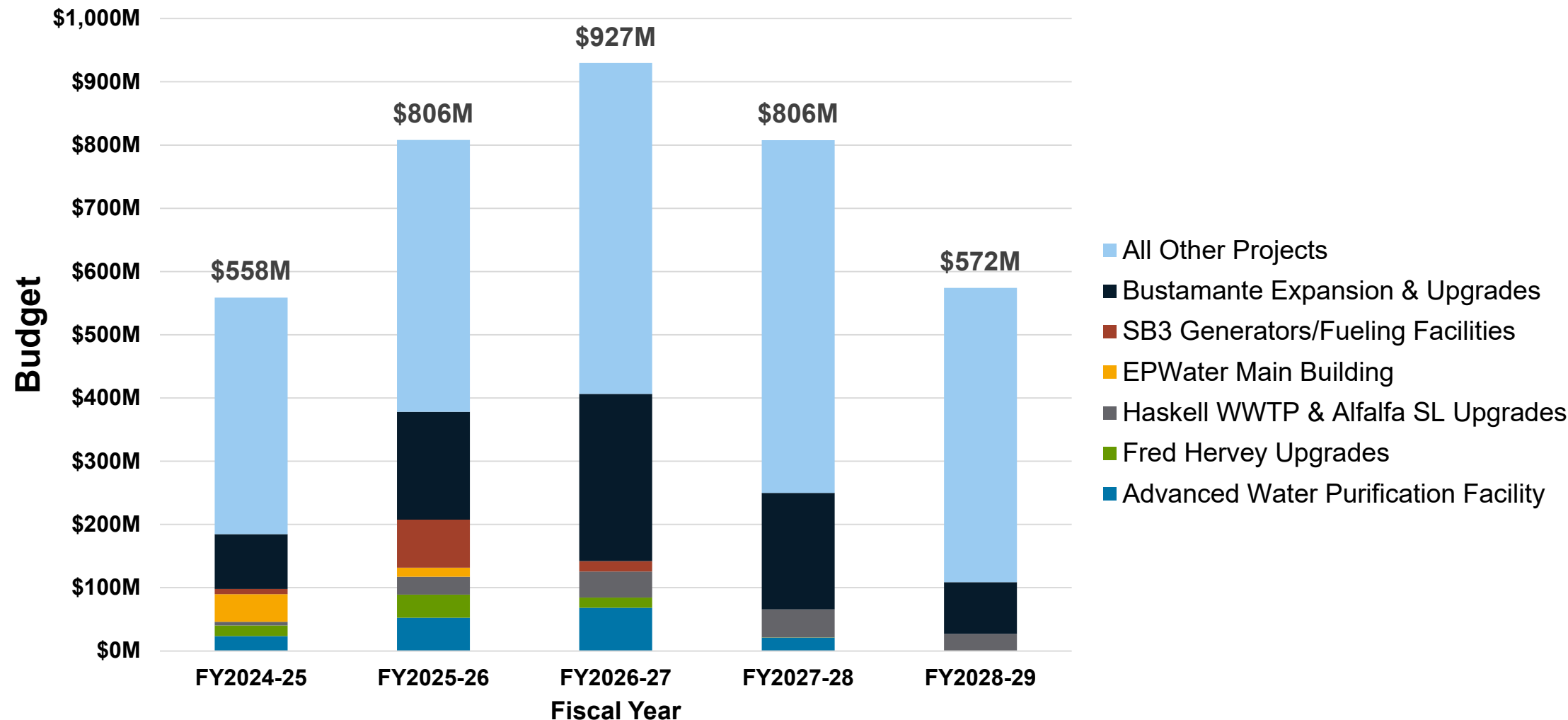




# Water and Wastewater Capital Improvement Program FY2024-25



# Five-Year Projected CIP



# FY2024-25 CIP Priorities

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**Infrastructure Reliability \$363M**



Headworks at the Bustamante Wastewater Treatment Plant



# Additional CIP Priorities



**Future Water Supply \$52M**



**Growth \$99M**



**Transportation, Technology, Other \$44M**



# Largest CIP Project: Bustamante Wastewater Plant

- Expansion is needed for this 32-year-old plant due to increased service area demand
- Capacity increase currently is triggered by TCEQ rules
- Extensive rehabilitation is required
- Estimated costs over the next five years are \$776 million



39 MGD  51 MGD

## EXPANSION

Generators  
Anaerobic digester  
Disinfection  
Headworks pumps/screening/electrical  
Clarifiers

## UPGRADES

Anaerobic digesters  
Clarifiers  
Grit settling  
Aeration



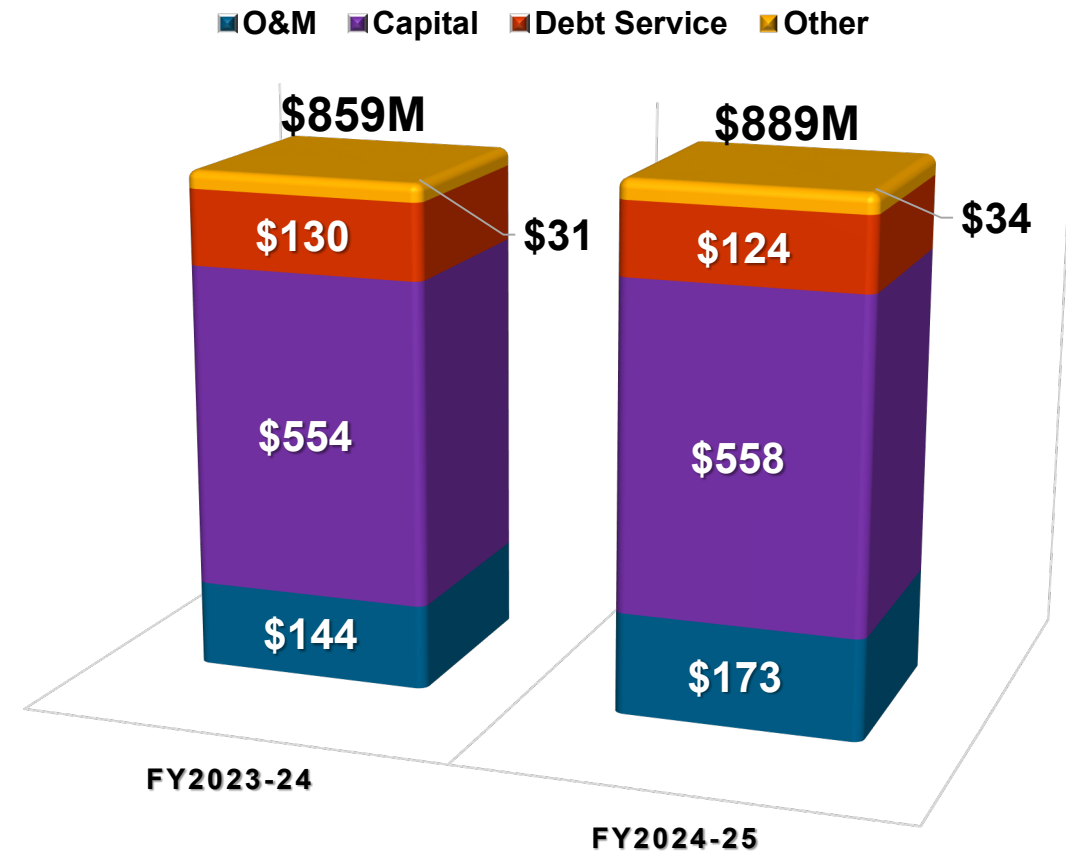
# Water, Wastewater, and Reclaimed Water Capital and Operating Budget

# Water and Wastewater Budget Summary

Total budget: \$889 million

- Operation and maintenance budget - \$29 million increase
- Debt service - \$6 million decrease
- Capital budget is \$558 million

## FY2023-24 VS. FY2024-25



# Water and Wastewater Operating Budget

Changes that affect the budget:

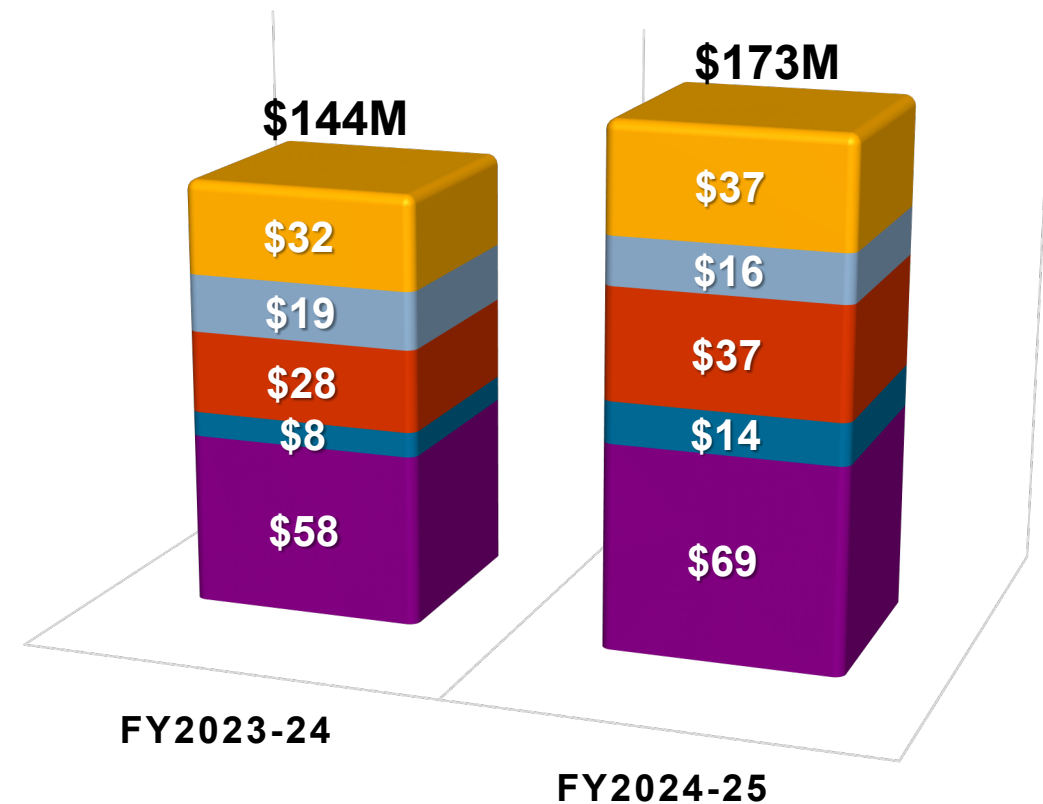
- 35% increase in maintenance
- 20% increase in salaries due to retention and new positions

As a regulated industry, employee retention and recruitment efforts are critical due to:

- Licensing requirements
- Hard-to-fill positions
- Demanding work environment
- Competition with oil and gas companies

## FY2023-24 VS FY2024-25

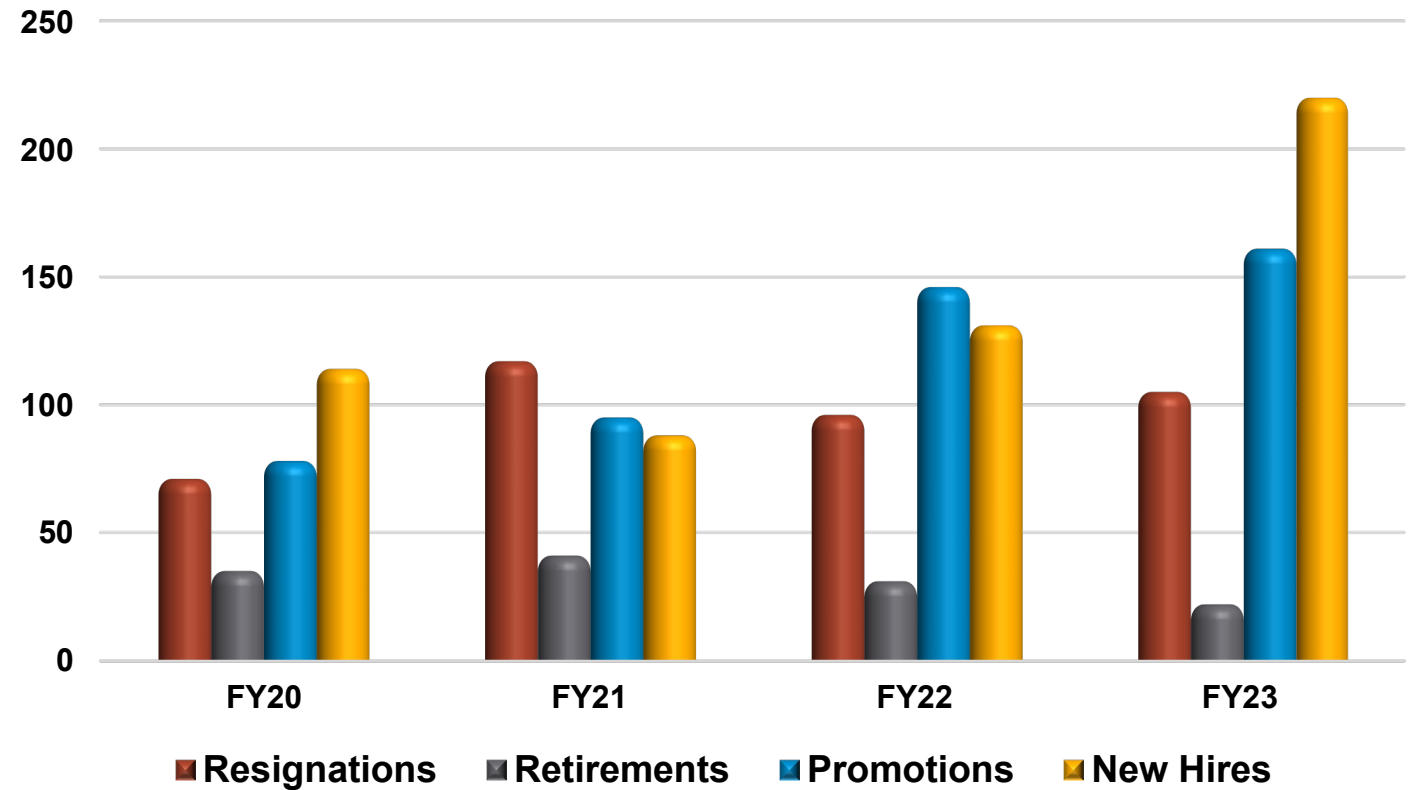
■ Personnel Services ■ Materials ■ Maintenance ■ Utilities ■ Miscellaneous



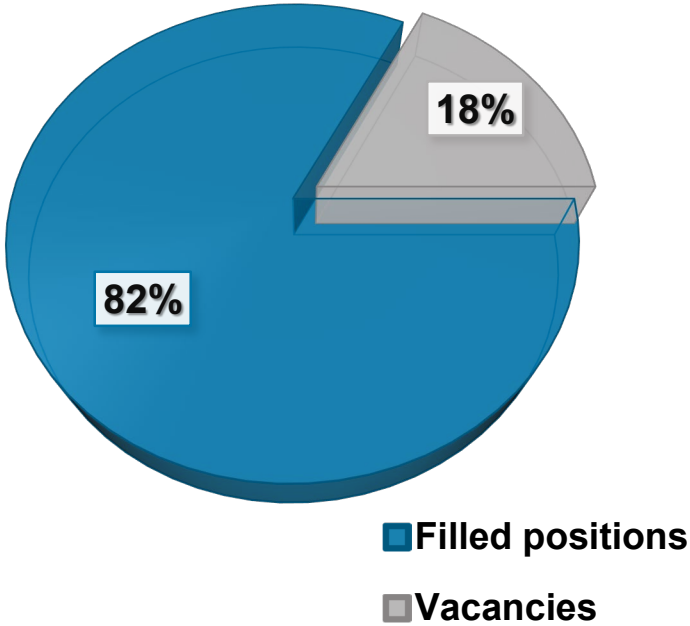


# Managing Staffing Challenges

Employment Trends



205 CURRENT VACANCIES



**309** employees are eligible for retirement over the next 5 years.



# Proposed FY 2024-25 Rates for PSB Consideration

# Proposed 4% Water Rate Increase

Charge	Current	Proposed	Change
<b>Minimum Water Charge</b>	\$9.48 5 CCFs included	\$9.86 5 CCFs included	\$0.38
<b>Water Supply Replacement Charge</b> (4 CCFs or more)	\$14.04	\$14.60	\$0.56

Residential Water Volume Charge			
Block	Current	Proposed	Change
1	\$3.07	\$3.19	\$0.12
2	\$7.25	\$7.54	\$0.29
3	\$10.37	\$10.78	\$0.41

# Proposed 4% Wastewater Rate Increase

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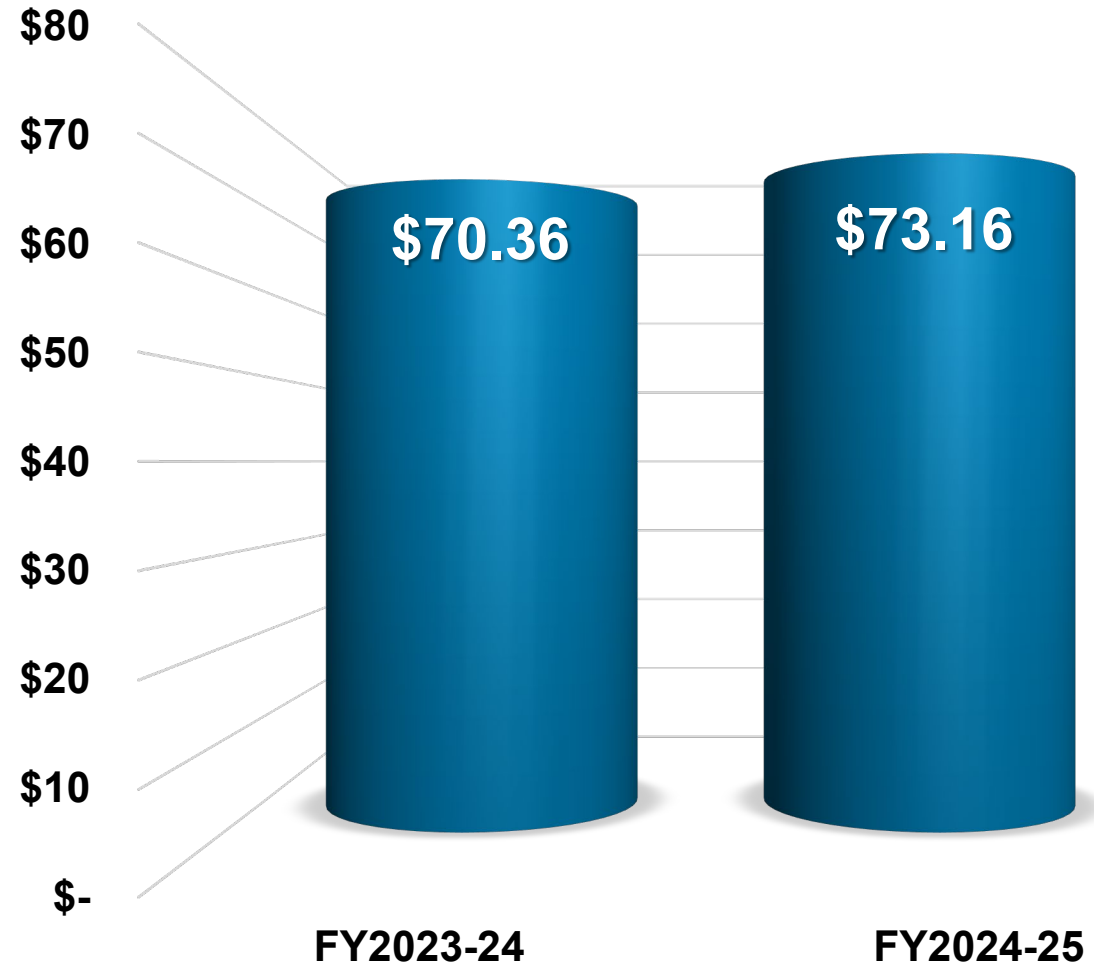
Charge	Current	Proposed	Difference
Minimum Wastewater Charge	\$27.71 <small>5 CCFs included</small>	\$28.82	\$1.11

Wastewater Volume Charge	Current	Proposed	Difference
(\$ per CCF)	\$3.78	\$3.93	\$0.15

# Typical Residential Water and Wastewater Bill

- Average monthly increase for the typical residential customer for water and wastewater charges is **\$2.80**
- Daily charge for services is **\$2.41**

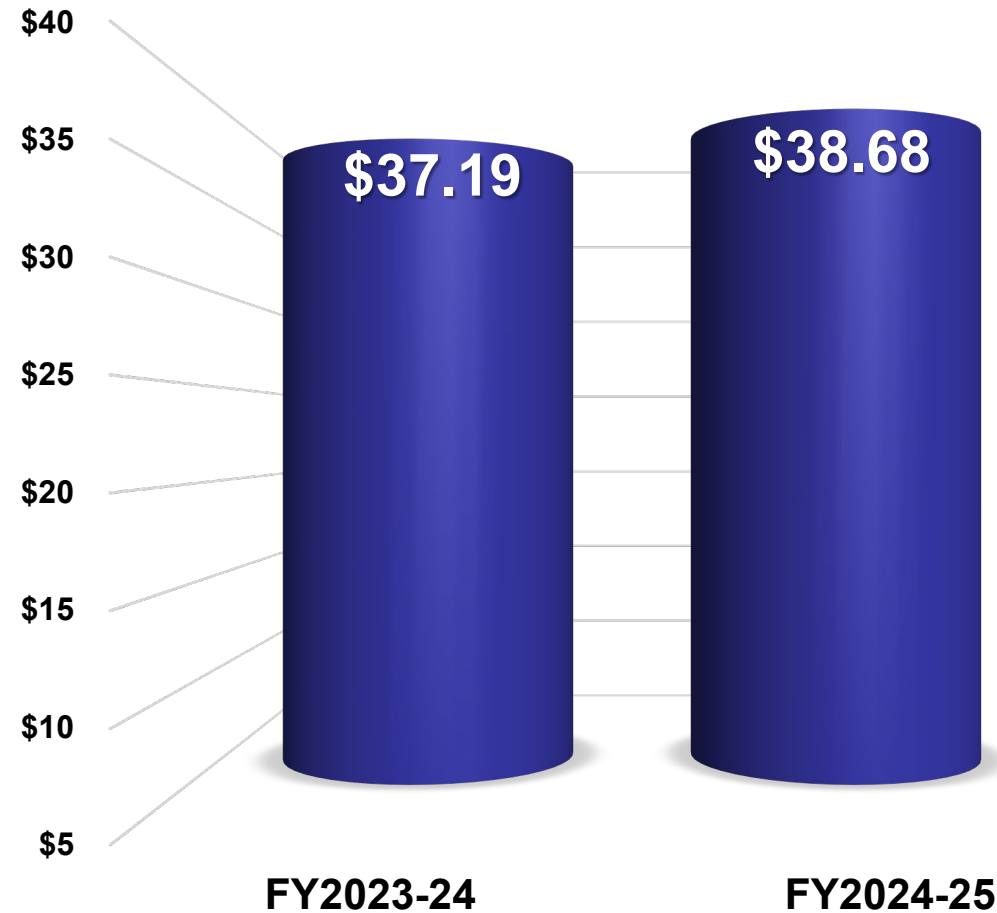
Based on 10 CCFs with AWC of 7 CCFs



# Low Residential Water User Total Bill for Less Than 4 CCFs

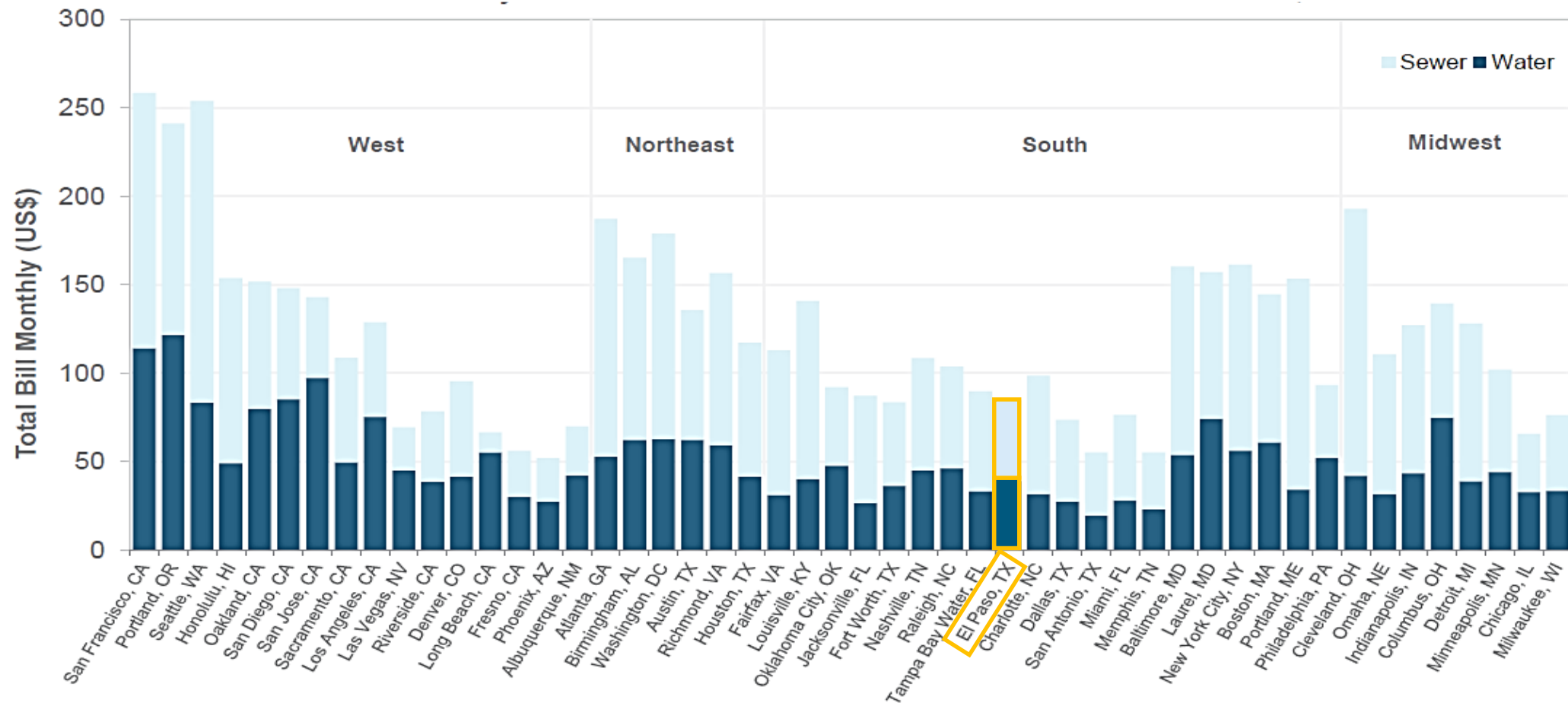
- Increase in monthly bill for water and wastewater charges is **\$1.49**
- Daily charge for services is **\$1.27**

Based on 3 CCFs with AWC of 4 CCFs



# Residential Utility Water and Wastewater Bills for 50 U.S. Cities, 2023

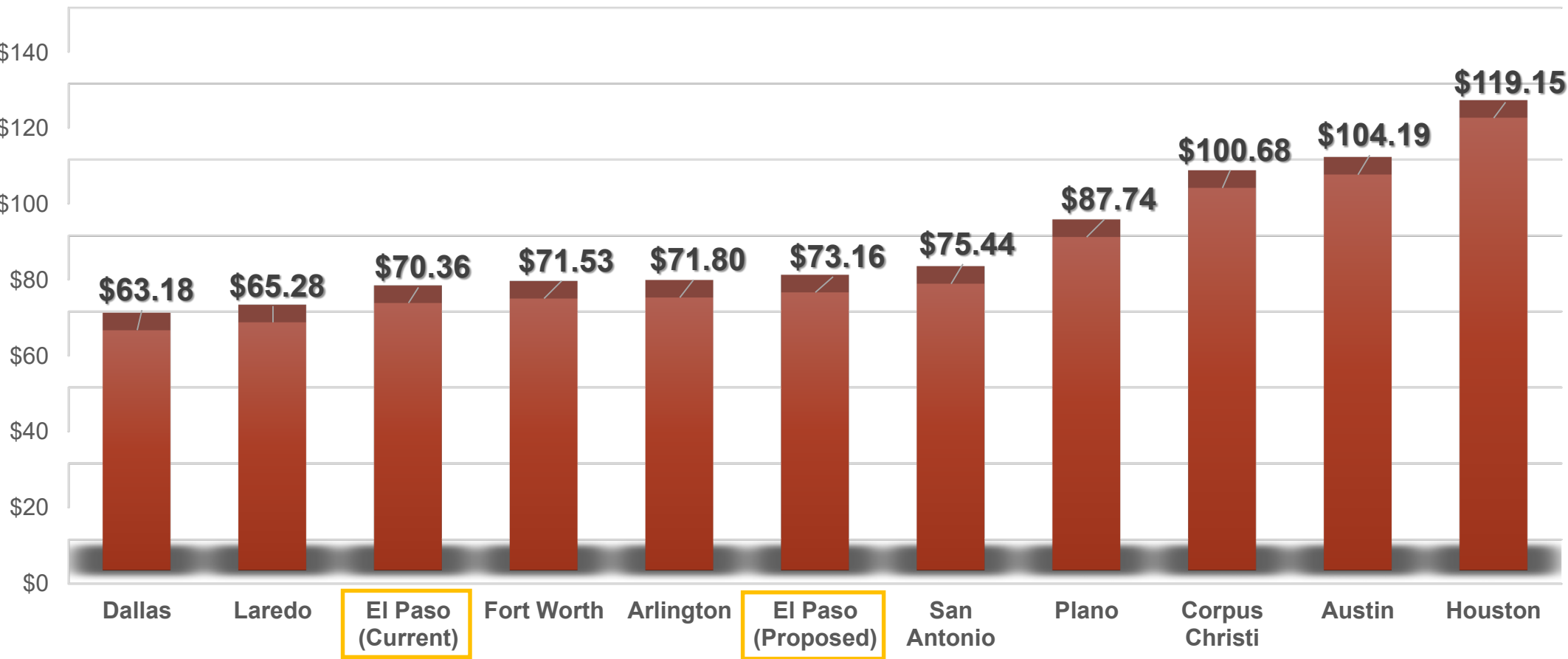
The average combined water and wastewater bill for a typical U.S. household across the 50 municipalities in US\$121.78 per month.



Note: Based on individual consumption rates corresponding to each municipality  
Source: Bluefield Research

# Ten Largest Texas Cities (October 2023)

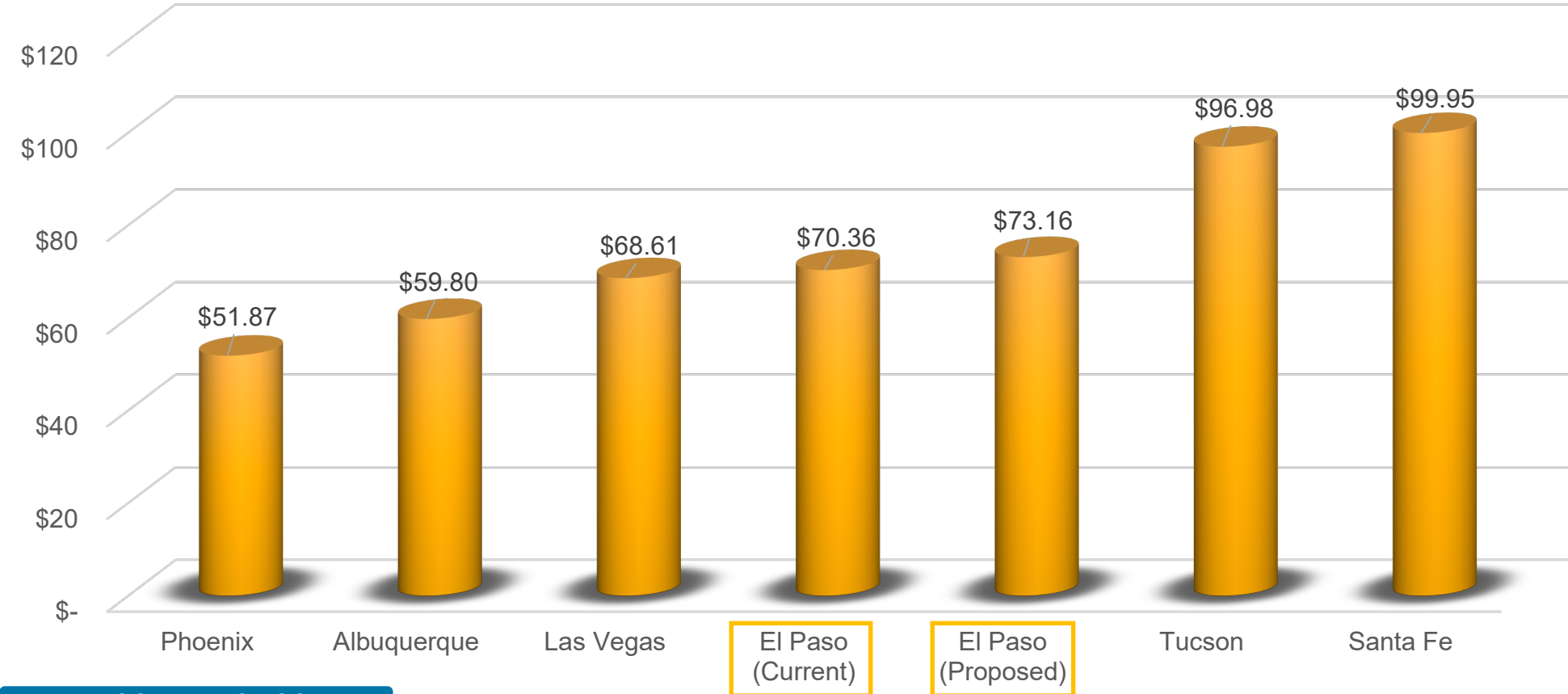
Average Residential Water and Wastewater Bill





# Arid Cities (October 2023)

## Average Residential Water and Wastewater Bill



Water 10CCFs, AWC 7CCFs

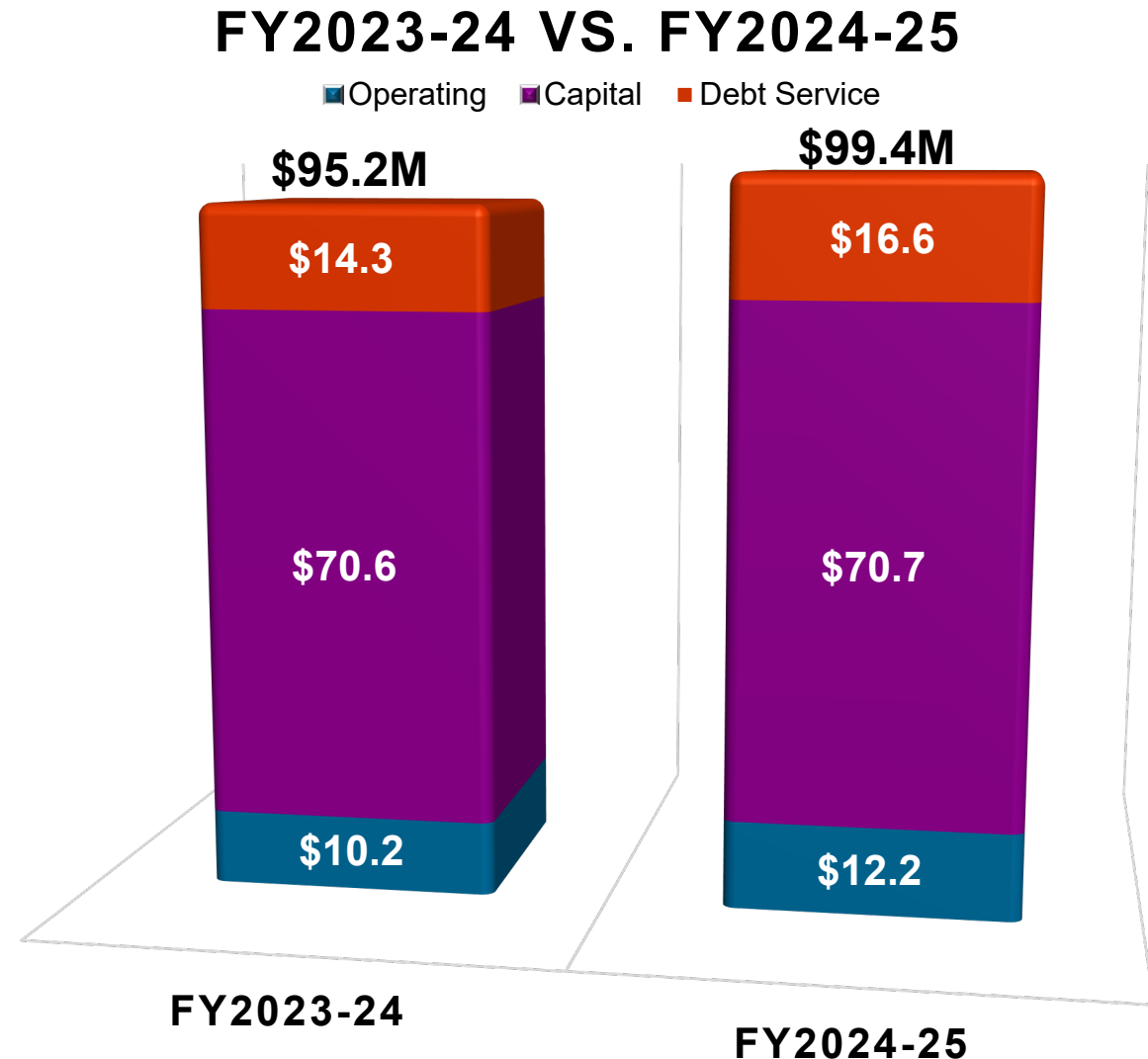


# Stormwater – Capital and Operating Budget

# Stormwater Budget Summary

Total budget is \$99.4 million

- Maintenance expense increased by \$1.5 million
- Debt service increased by \$2.3 million to fund CIP
- Capital budget is \$70.7 million



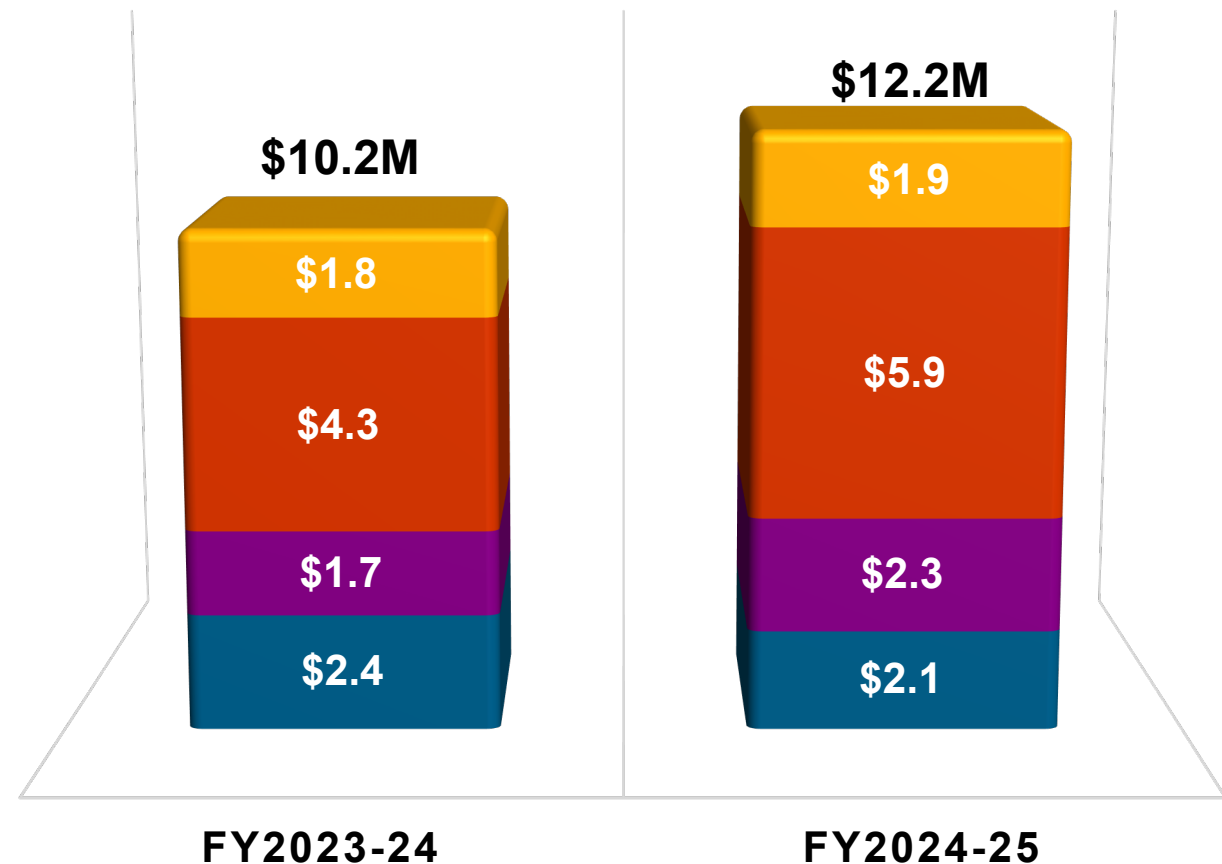
# Stormwater Operating Budget

## FY2023-24 VS FY2024-25

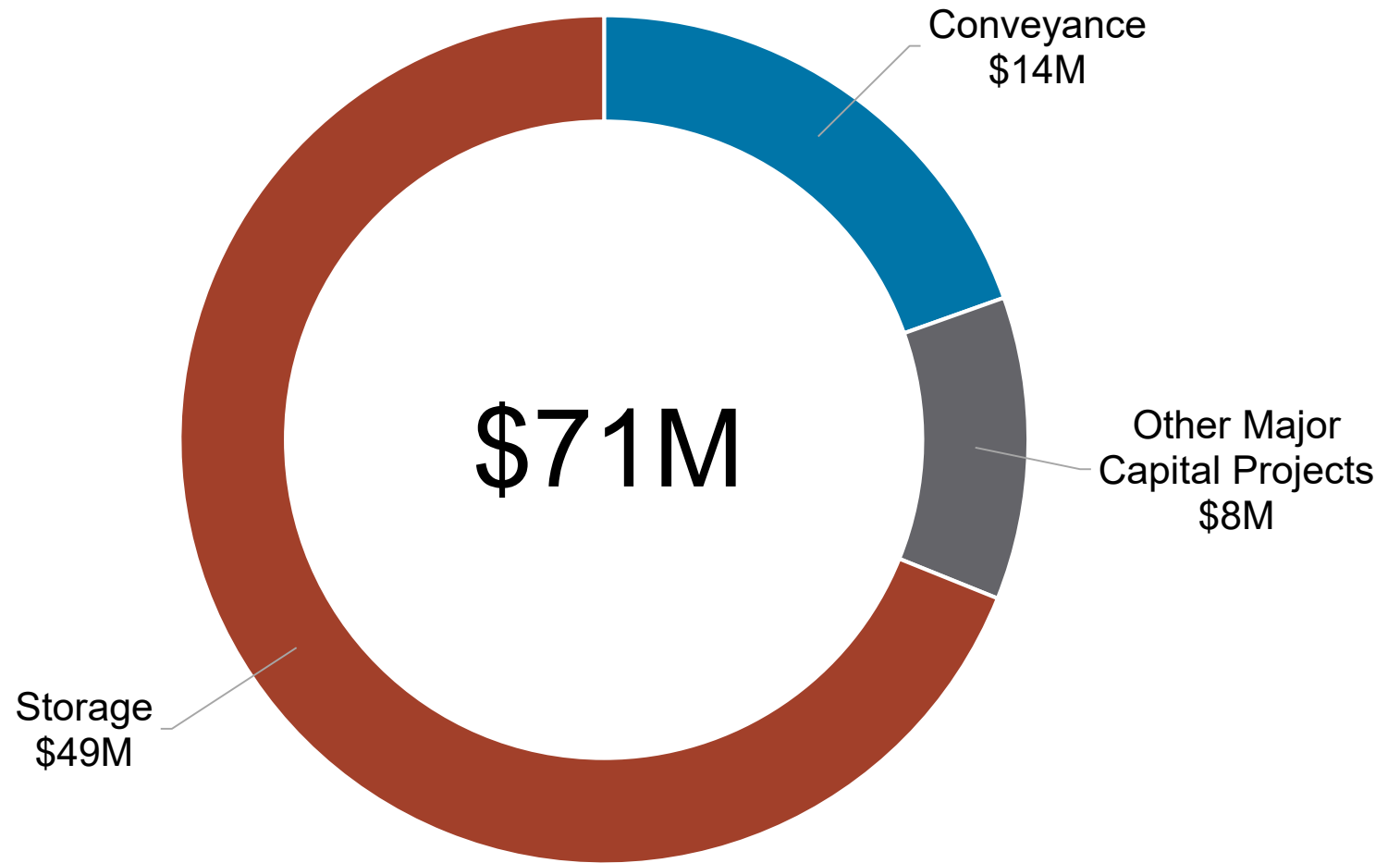
■ Indirect Cost Allocation ■ Personnel Services ■ Maintenance ■ Miscellaneous

Changes that affect the stormwater budget

- Maintenance increased by \$1.5 million
- Increase in salaries of \$1million



# Stormwater Capital Improvement Program FY24-25



# Major Stormwater Storage Improvements \$44M

## Central \$14M

Scenic Dam

Murchison Dam

Denver Dam

Cliff Dam

Palisades System

## Northwest \$11M

John T. Hickerson  
WWTP Stormwater  
Basin

Arroyo 1 Detention  
Basin

Flow path 39A  
Detention

Charl Ann Pond  
Improvements

## Northeast \$16M

Animal Services  
Ponding Area-  
Phase II

Will Ruth Pond

## Eastside \$3M

SAC 1 Detention  
Basin

# Proposed 13% Stormwater Fee Increase

Customer	Current	Proposed	Change	Annual Stormwater Bill
<b>Residential</b> Typical 1,201-3,000 sq. ft.	\$5.66	\$6.40	\$0.74	\$76.80
<b>Commercial</b> Fast Food Restaurant (11,123 sq. ft. approx. ¼ acre).	\$32.04	\$36.21	\$4.17	\$434.36
<b>Commercial</b> Car Dealership (176,068 sq. ft. approx. 4 acres)	\$507.21	\$573.14	\$65.93	\$6,877.74

# Stormwater Fees – Texas Cities

## Typical Residential Fee







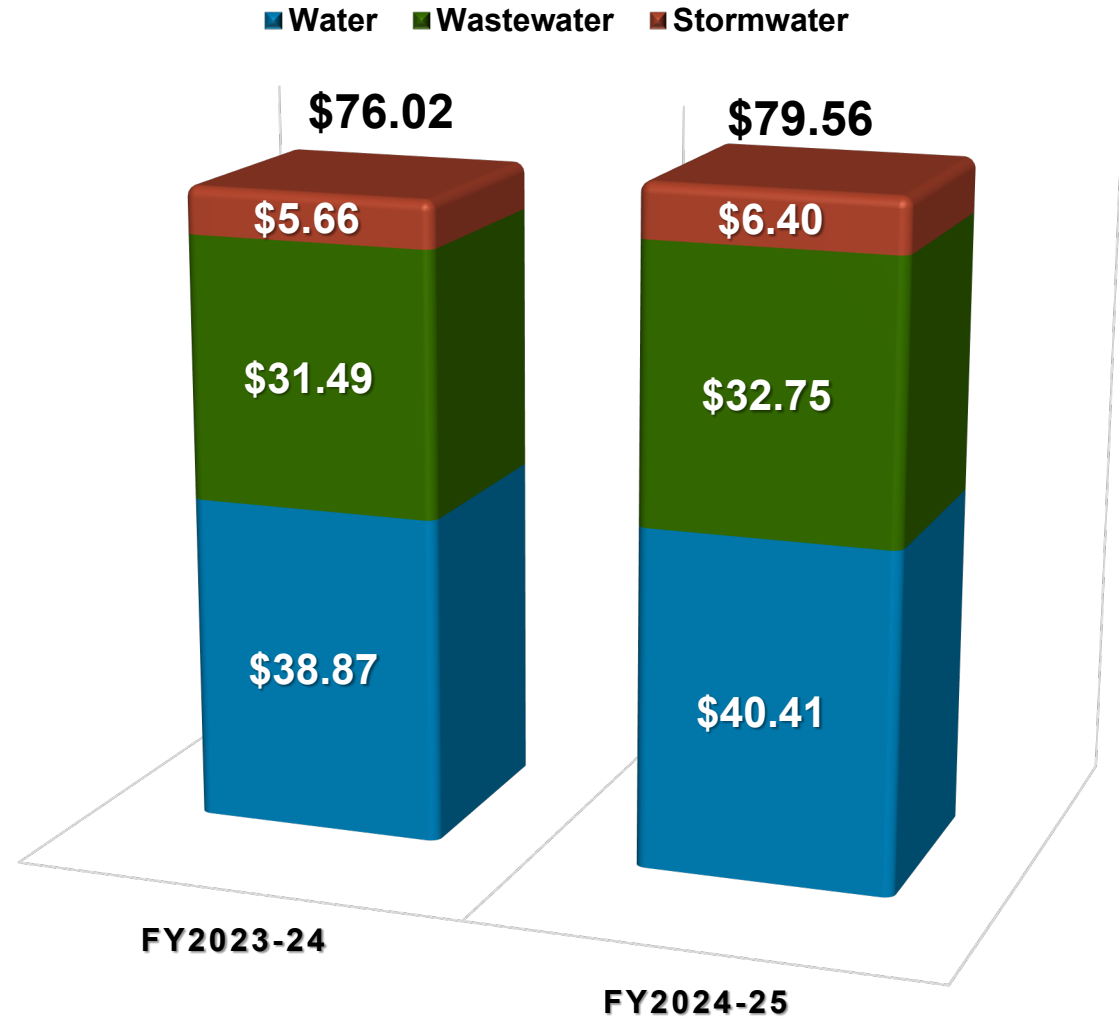
# Total Combined Proposed Bill

# Typical Residential Total Bill

- \$ 1.54 increase for water
- \$ 1.26 increase for wastewater
- \$ 0.74 increase for stormwater

**TOTAL = \$3.54**

- Typical residential customer bill with proposed rate increases will be 4.7% higher
- Daily service charges are \$2.62
- With reduced consumption of 830 gallons monthly the typical customer bill will be the same as last year



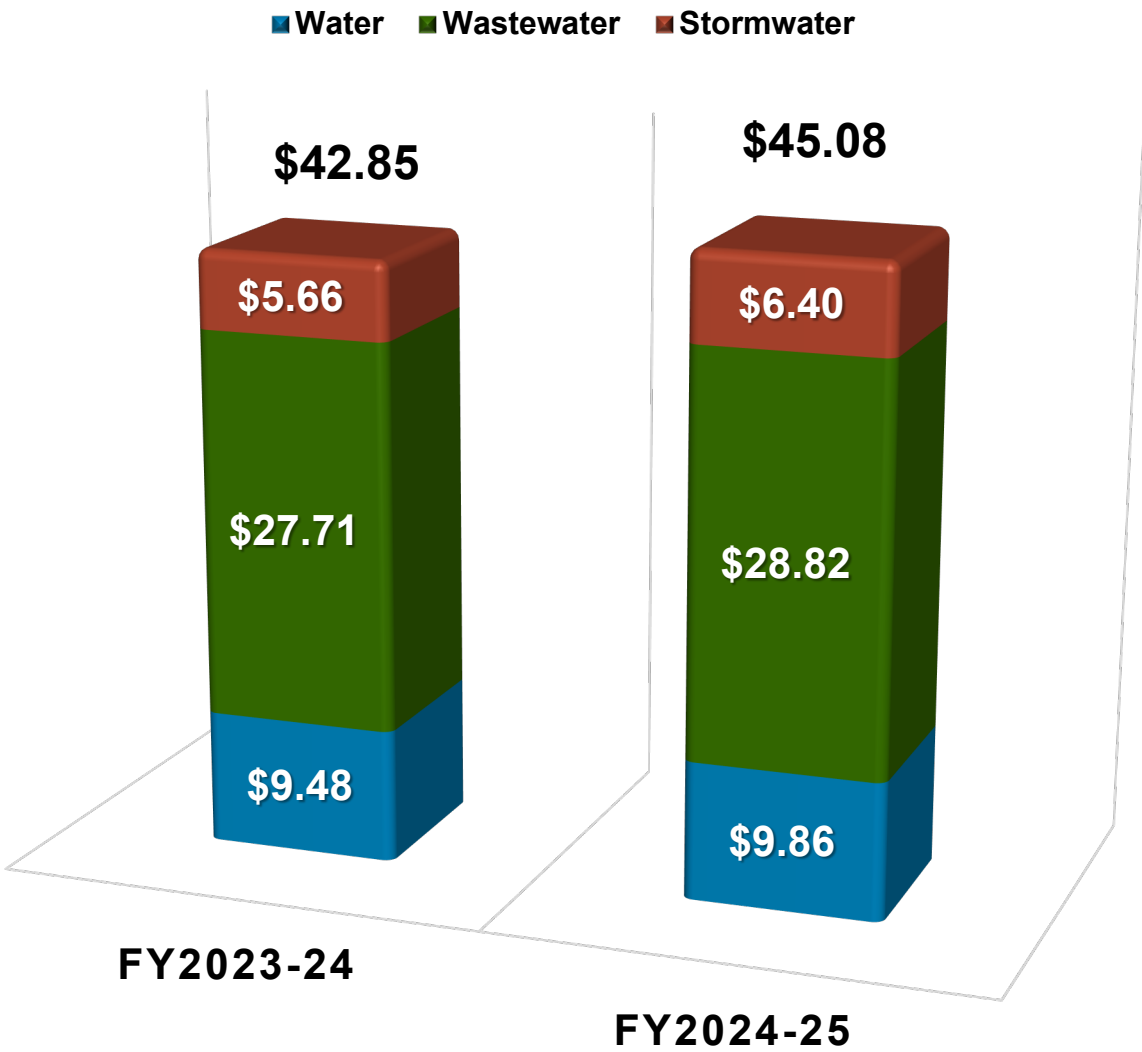
\* Based on 10 CCFs with AWC of 7 CCFs

# Residential Low Water User Total Bill (Less Than 4 CCFs)

- \$ 0.38 increase for water
- \$ 1.11 increase for wastewater
- \$ 0.74 increase for stormwater

**TOTAL = \$2.23**

- Daily service charge are \$1.48



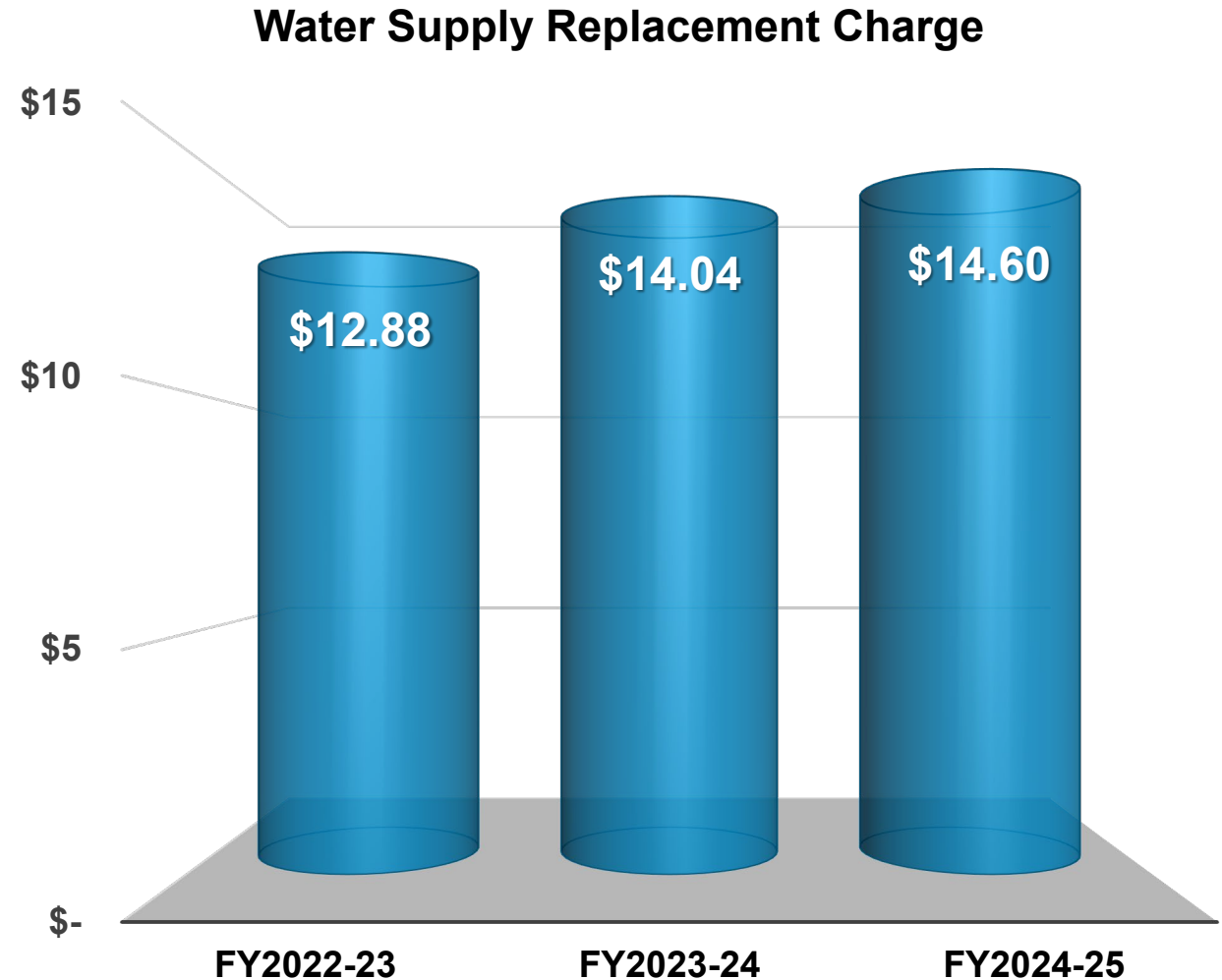
\* Based on 3 CCFs with AWC of 4 CCFs



# Opportunities for Customers to Save

# Affordability: Water Conservation Saves Money

- Water Supply Replacement Charge waived for customers who use less than 4 CCFs per month
- In FY 2022-23, an average of 50,000 bills per month received the waiver
- \$9.6 million annually saved by high-conserving customers



\* WSRC for typical  $\frac{3}{4}$  inch meters

# Business Rebate Program Can Help Reduce Water Bill



**Water**Wise** Business  
REBATE Program**

Are you a business looking to replace any of these?



Car Wash  
Equipment



Industrial Laundry  
Equipment



Restroom  
Fixtures



Smart Water  
Irrigation

**Up to \$15,000 rebate**

# Assistance Provided to Customers

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Calendar Year	Customers Assisted	Total Amounts
2020	2,566	\$ 682,356
2021	2,821	\$1,736,023
2022	5,688	\$1,608,469
2023 (Projected)	5,800	\$2,400,000



# Recap

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- Maintaining critical infrastructure and serving population growth are key budget drivers
- Proposed rates are below financial plan projections
- Customers have ways to save on their bill

The Public Service Board will vote on the proposed budget for FY 2024-25 at the **next meeting on January 10.**

The meeting will be held at 8 a.m. at 1154 Hawkins. It is open for the public to attend.



# High Quality Water at an Affordable Price

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Thank You