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El Paso, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aaa’: Fitch expects El Paso’s general fund revenues will naturally grow at a pace that exceeds inflation due to the likelihood of further population, income and economic expansion. The city’s overall revenue-raising ability remains high relative to modest historical revenue volatility. Expenditure Framework: ‘a’: Spending should remain aligned with or marginally above that of revenue growth trends given the city’s expenditure profile. Fitch believes the city retains adequate expenditure flexibility based on management’s moderate control over public safety labor costs (its largest operating cost) and moderately high fixed carrying costs. Long-Term Liability Burden: ‘aa’: The city’s liability burden remains moderate at an estimated 16.6% of 2021 resident personal income. In conjunction with Fitch’s expectations of measured future debt plans by the city, solid gains in resident personal income should keep the overall liability burden in the moderate range. Operating Performance: ‘aaa’: Fitch believes the city will maintain the highest level of financial resilience given the budgetary tools at its disposal. Fitch views the city’s budget management as strong, marked by a trend of stable and strengthened financial position in recent years.

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