

prison  
entrepreneurship  
program

**Business Plan Competition  
September 19, 2025**

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A&A Septic Solutions

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# ***A&A Septic Solutions***

Business Plan  
September 2025

*Johnny*  
Owner & Founder

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## EXECUTIVE SUMMARY

Opportunity	Purpose	Solution																																					
<ul style="list-style-type: none"><li>• People purchasing homes in areas without access to city sewer</li><li>• People purchasing homes in areas with strict environmental regulations or unsuitable soil conditions</li><li>• Homeowners with outdated systems and need upgrade</li></ul>	<ul style="list-style-type: none"><li>• To install quality and environmentally friendly systems and maintain and service them to the best standards</li></ul>	<ul style="list-style-type: none"><li>• Install systems that require less land to install</li><li>• Install environmentally friendly systems using aerobic technology</li><li>• Install aerobic septic's with drip and spray systems</li></ul>																																					
Customers	Differentiators	Extras																																					
<ul style="list-style-type: none"><li>• New home owners</li><li>• Unhappy owners of traditional septic systems</li><li>• Trailer and RV park owners</li></ul>	<ul style="list-style-type: none"><li>• We check more components during our inspections</li><li>• We offer custom lids that allow for your system to be hidden and not an eye sore</li><li>• We not only install we offer service contracts for inspections as required by law in most counties.</li></ul>	<ul style="list-style-type: none"><li>• Expanding sprinkler piping that doesn't bust or break like the PVC used by competitors</li><li>• My location is on the border of 3 rapidly growing countries</li></ul>																																					
Marketing	Start-up Costs	Financials & Extras																																					
<ul style="list-style-type: none"><li>• Word of mouth</li><li>• Fliers</li><li>• Social media platforms</li><li>• Email marketing</li><li>• Establish relationships with home builders</li></ul>	<table><tr><td>Owner investment - cash</td><td>\$ 25,000</td></tr><tr><td>Owner investment - equipment</td><td>-</td></tr><tr><td>Vehicle and/or equipment loan</td><td>52,000</td></tr><tr><td>Start up financing</td><td>-</td></tr><tr><td><b>Total startup costs:</b></td><td><b><u>\$ 77,000</u></b></td></tr></table>	Owner investment - cash	\$ 25,000	Owner investment - equipment	-	Vehicle and/or equipment loan	52,000	Start up financing	-	<b>Total startup costs:</b>	<b><u>\$ 77,000</u></b>	<table><tr><td colspan="3">Year one summary income statement:</td></tr><tr><td>Sales</td><td>\$ 655,000</td><td>100%</td></tr><tr><td>COGS</td><td>330,000</td><td>50%</td></tr><tr><td>Gross profit</td><td>325,000</td><td>50%</td></tr><tr><td>Overhead</td><td>90,400</td><td>14%</td></tr><tr><td>Pretax income</td><td>234,500</td><td>36%</td></tr><tr><td>Tax expense</td><td>58,600</td><td>9%</td></tr><tr><td>Owner withdrawals</td><td>66,000</td><td>10%</td></tr><tr><td>Net income</td><td><u>\$ 109,900</u></td><td><u>17%</u></td></tr></table>	Year one summary income statement:			Sales	\$ 655,000	100%	COGS	330,000	50%	Gross profit	325,000	50%	Overhead	90,400	14%	Pretax income	234,500	36%	Tax expense	58,600	9%	Owner withdrawals	66,000	10%	Net income	<u>\$ 109,900</u>	<u>17%</u>
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## **TEAM LEADERSHIP STATEMENT**

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### **CEO/CFO: Johnny Castaneda**

Johnny brings an unrivaled passion and determination to succeed! He has several years of experience with residential aerobic systems and 15 years of construction experience that include leadership positions. He is motivated to be a tremendous leader and overcome any obstacle he faces. He has tunnel vision on success and will not settle for anything less.

### **COO: Kevin Aguillard**

Kevin brings a unique work ethic with the ability to comprehend finance. He offers great team work and comes up with creative ideas. Kevin has a trade as a certified production technician. He can plan and execute goals.

### **CMO: Alexis Hurtado**

Alexis brings a positive attitude and motivation to the team. He is a strong-minded person with strong work ethic and strong leadership qualities. He has more than 6 years of experience in the construction industry and is determined to help his team achieve success!

## **PRODUCT/SERVICE OFFERING**

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A&A Septic Solutions supplies aerobic septic systems services for any new or existing residential and commercial properties that have or is in need for an aerobic septic system or aerobic septic system services. We offer aerobic septic system installation, which we expect to generate brings in 50% of our annual revenue, annual inspection contracts expected to that account generate 15%, maintenance will generate 20%, and rounding out our revenue expectations is 5% for on call emergency services. We will be open for business the summer of 2027.

Our installations consist of placing a three-tank aerobic system on your property, as well as a quality sprinkler system, throughout the yard. Our TCEQ licensed technicians will come out avertedly to conduct a full and thorough inspection that includes filter cleaning, chlorine tablet replenishment, and the inspection of all vital parts to ensure your system is running properly. These maintenance services are not only required by law but also assure that your system is not dispersing harmful waste into the environment. Something no other company in the area does. We also check the sludge levels in each tank to recommend on time pumping. We plan to expand our company as the market for our systems continue to grow. Demand will be consistent and continue to grow due to the consistent increase in population in the rural greater Houston and surrounding areas. The popularity of rural living, the complexity of installing aerobic systems in our soil conditions, and strict environment regulations further validate the expected demand. If you need a quality septic for your home or business or an upgrade of your current system, we are the company for you.

## **MARKET/INDUSTRY**

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### **Market:**

A&A Septic Solutions operates in the growing aerobic septic system industries, benefitting from expanding housing developments and environmental regulations favoring these systems. The aerobic system industry is rapidly expanding with an annual revenue of \$6.9 billion nationally and a five-year growth rate averaging 8.3%. Growth is driven by unsuitable soil conditions for traditional systems strict environment regulations. The greater Houston area added more than over 200,000 homes last year. The continued growth of the nation's fourth largest city and its surrounding counties further support it's this industry. Generally, most installations fluctuate with the housing market, for installations or new homes. Service agreements and maintenance services provide a year-round revenue stream. Peaking more in the summer due to dry soil cracking and again in winter as a result of breaking pipes.

## **COMPETITION**

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### **Market:**

Within a ten-mile radius, there are only six competitors, within a 5 miles radius. A&A Septic Solutions is centrally located among many new housing developments, expecting 50% of its customers from these new developments and the remainder from referrals and competitor customers. Our location and proximity to a large customer base provides a faster response advantage. We intend to secure a competitive advantage by providing a high level of service and offering unique septic covers.

## **DIFFERENTIATION**

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Since the septic system industry is such a standard practice our differentiation will be adding on service that no one else offers, we will check the sewage amounts in each tank and recommend when it's the time to pump each tank. Which could save the customer lots of money by preventing damage to vital components

## **MARKETING STRATEGY**

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### **PRICE:**

A&A Septic Solutions' pricing strategy will be on a per customer basis. Pricing varies by system type and complexity, ranging from \$8,000 to \$25,000, with mandatory annual service contracts between \$200 and \$500. These prices can be influenced by several factors, including the size and type of the system needed, local regulations, soil conditions, and the complexity of the installation.

### **PLACE:**

A&A Septic Solutions will operate from a home office strategy located near major counties experiencing housing booms

### **PROMOTION:**

A&A Septic Solutions will use a multi-faceted marketing approach that combines digital and traditional strategies to reach our target audience and highlight the unique benefits of aerobic technology. First and foremost, word of mouth will be our first approach. Customer referrals are a business's greatest endorsement. We will use social media, targeted ads, and email campaigns focused on education customers and maintaining relationships. We will send service reminders that include maintenance tips intended to help customers prolong the life of their system, advance planning tips for higher than usual usages, and updates to local laws that may impact them.

## **VISION AND OBJECTIVES**

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### **Two Months Before Starting**

- File DBA
- Create LLC
- Purchase equipment
- Purchase necessary insurance
- Hire train two employees

### **First Two Months After Starting**

- Gain at least 20 annual inspection contracts
- Beginner installations
- Hire a first full time employee

### **First Year**

- Operating at a profit
- Buy another service truck
- Hit 100 annual contracts
- Have financing options for installations

### **Second Year**

- Get up to 5 employees
- Purchase land & build a warehouse
- Purchase more equipment
- Invest in scheduling and CRM software for efficiency

### **Fifth Year**

- Start a second installation team
- Extend our customer service

### **Tenth Year**

- Develop a harvest plan
- Sell the company

### **Philanthropy**

Give 5% of profits to PEP to help my fellow brothers in their recovery as well as another 5% to the charity for the blind because I have a family member at home who is blind so that hits home

### **Community Impact**

I will constantly look for more efficient ways to service these systems to insure they are properly serviced and maintained to prevent hazardous waste from being released into our environment. Our focus is on the safety of homeowners and their community's.

## START-UP COST

Owner's name	Johnny
Company name	A&A Septic Solutions
<b>NAICS Business Classification</b>	
Sector (general classification)	23 Construction
Sub-sector (more specific classification)	238: Specialty Trade Contractors

### Start-up Costs

Year 1

#### Assumption 4 - Total Uses

Non-Depreciable Costs	Paid or contributed in Month 1		
marketing, business cards, fliers	75		
cell phone purchase			
car/truck down payment, if leased			
permits			
supplies, office & misc.	150		
Clean up Supplies	100		
General Liability Insurance	200		
Truck Insurance	200		
Cash needed for start-up expenses	725		
Depreciable Costs	Paid or contributed in Month 1	Equipment Financing (Additional to amount paid)	Depreciable Assets
company car, truck or van	3,000	32,000	35,000
company trailer	3,000		
computer, printer, fax	1,000		1,000
Excavator	2,000	10,000	12,000
Skid Steer	2,000	10,000	12,000
			-
building/office deposit		N/A	N/A
beginning cash balance	13,275	N/A	N/A
Cash needed for start-up assets	24,275	52,000	60,000
			60 assumed life (months)
			1,000 monthly depreciation
<b>Total start up cost</b>	<b>77,000</b>		

#### Assumption 5 - Total Sources

Cash owner will contribute and the value of owner's assets contributed to company	25,000	32%
Vehicle loan and other equipment debt (see note 7 for financing)	52,000	68%
Startup financing, if applicable (for example Kiva loan)		0%
Outside equity investment, if applicable		0%
<b>Total start up cost, total sources</b>	<b>77,000</b>	<b>100%</b>

# FINANCIALS STATEMENT (PRO FORMA)

**Johnny dba A&A Septic Solutions**  
**EOU, Financing, and Payroll Assumptions**  
**Year 1**

## Assumption 6 - Revenue Model (Economics of One Unit)

	Product 1				Product 2				Product 3				
Product name	Aerobic Drip Sysytem				Aerobic Spray				Annual Contract				
Product description	Install drip septic system				Install aerobic spray system				Maintenance contract with qaterly inspections				
Price per unit	15,000.00		100%		12,500.00		100%		550.00		100%		
Cost of <u>one</u> unit	hours	rate			hours	rate			hours	rate			
Non-owner payroll exp.			-	0%			-	0%			-	0%	
Non-owner payroll tax	9.0%		-	0%			-	0%			-	0%	
cost 1 description	Tank Cost		3,000.00	20%	Tank cost		3,000.00	24%				0%	
cost 2 description				0%				0%				0%	
cost 3 description	Parts		2,500.00	17%	parts		2,000.00	16%				0%	
cost 4 description	Permits		2,500.00	17%	permits		2,000.00	16%				0%	
Total variable costs			8,000.00	53%			7,000.00	56%			-	0%	
Gross profit per unit - what you see on income statement			7,000.00	47%			5,500.00	44%			550.00	100%	
	Start-up Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
Aerobic Drip Sysytem sold		2	2	2	2	2	2	2	2	2	2	2	22
Aerobic Spray sold		2	2	2	2	2	2	2	2	2	2	2	22
Annual Contract sold		10	10	10	10	10	10	10	10	10	5	5	100
total revenue		\$ 60,500	\$ 60,500	\$60,500	\$ 60,500	\$ 60,500	\$ 60,500	\$60,500	\$ 60,500	\$ 60,500	\$ 57,750	\$ 57,750	\$ 660,000
total cost of sales		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 330,000
total income statement gross profit (excludes owner labor)		\$ 30,500	\$ 30,500	\$30,500	\$ 30,500	\$ 30,500	\$ 30,500	\$30,500	\$ 30,500	\$ 30,500	\$ 27,750	\$ 27,750	\$ 330,000

## Assumption 7 - Financing

		Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
Equipment financing, see Start-up Costs sheet		amortization schedule											
Amount borrowed	\$ 52,000	principal, beginning	52,000	51,356	50,710	50,061	49,411	48,759	48,104	47,448	46,789	46,129	45,466
Interest rate (example 8%)	3.8%	interest expense	165	163	161	159	156	154	152	150	148	146	144
Loan term (# of months)	72	principal payment	(644)	(646)	(648)	(650)	(652)	(654)	(656)	(659)	(661)	(663)	(665)
Monthly payment	809	principal, ending	51,356	50,710	50,061	49,411	48,759	48,104	47,448	46,789	46,129	45,466	44,801
Start-up financing, see Start-up Costs sheet													
Amount borrowed	\$ -	principal, beginning	-	-	-	-	-	-	-	-	-	-	-
Interest rate (example 8%)		interest expense	-	-	-	-	-	-	-	-	-	-	-
Payback period (# of months)		principal payment	-	-	-	-	-	-	-	-	-	-	-
Grace period (months pay delay)		principal, ending	-	-	-	-	-	-	-	-	-	-	-
Monthly payment	\$ -												

## Assumption 8 - Payroll, nondirect

	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year
# of employees	2	2	2	2	2	2	2	2	2	2	2	
avg hours each employee(s) worked per month, not in EOU above	160	160	160	160	160	160	160	160	160	160	160	
average per hour wage	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
salary expense, excluduig payroll taxes	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	56,320

## Assumption 9 - Equipment Purchases, after start-up

Description	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year

**Johnny dba A&A Septic Solutions**  
**Projected Income and Cash Flow Statements**  
**Year 1**

	Assump- tions	Start-up Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	First Year	% of Total Revenue
Revenue	2														
Aerobic Drip Sysytem	6	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	330,000	50%
Aerobic Spray	6	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	275,000	42%
Annual Contract	6	-	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	2,750	2,750	55,000	8%
<b>Total revenue</b>		-	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500	57,750	57,750	660,000	100%
Cost of Goods Sold	2														
Aerobic Drip Sysytem	6	-	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	176,000	27%
Aerobic Spray	6	-	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	154,000	23%
Annual Contract	6	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
<b>Total COGS</b>		-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	330,000	50%
<b>Gross profit</b>		-	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	27,750	27,750	330,000	50%
Expenses	2														
Auto or truck lease	-													-	0%
Depreciation	3	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	11,000	2%
Gasoline & fuels	-	-	800	800	800	800	800	800	800	800	800	800	800	8,800	1%
Insurance - bonding	-	-	200	200	200	200	200	200	200	200	200	200	200	2,200	0%
Insurance - vehicle	-	-	200	200	200	200	200	200	200	200	200	200	200	2,200	0%
Interest - equip & start up	7	-	165	163	161	159	156	154	152	150	148	146	144	1,698	0%
Marketing	75	-	100		25		25		25		25		25	300	0%
Office - rent	-	-												-	0%
Office - insurance	-	-												-	0%
Office - telephone	-	-												-	0%
Office - utilities	-	-												-	0%
Payroll - not owner and not in COGS	8	-	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	5,120	56,320	9%
Payroll taxes (9%)	6 & 8	-	461	461	461	461	461	461	461	461	461	461	461	5,069	1%
Permits	-	-												-	0%
Supplies	150	-	100	100	100	100	100	100	100	100	100	100	100	1,250	0%
Tax service	-	-												-	0%
Telephone - cellular	-	-	100	100	100	100	100	100	100	100	100	100	100	1,100	0%
Start-up expenses	500	-	-	-	-	-	-	-	-	-	-	-	-	500	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
	-	-												-	0%
<b>Total expenses</b>		725	8,245	8,143	8,166	8,139	8,162	8,135	8,158	8,131	8,154	8,127	8,150	90,437	14%
Taxable profit (loss)	1	(725)	22,255	22,357	22,334	22,361	22,338	22,365	22,342	22,369	22,346	19,623	19,600	239,563	36%
Tax (expense) benefit	1			(10,972)			(16,758)			(16,769)			(15,392)	(59,891)	-9%
Owner's withdrawals	1	-	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(66,000)	-10%
<b>Net profit (loss)</b>		(725)	16,255	5,385	16,334	16,361	(420)	16,365	16,342	(400)	16,346	13,623	(1,792)	113,672	17%
Depreciation	3	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	11,000	
Equipment purchases	3	(63,000)	-	-	-	-	-	-	-	-	-	-	-	(63,000)	
Principle, equipment loan	7	52,000	(644)	(646)	(648)	(650)	(652)	(654)	(656)	(659)	(661)	(663)	(665)	44,801	
Repay debt financing	7	-	-	-	-	-	-	-	-	-	-	-	-	-	
Owner contribution	3	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000	
Equity investor	3	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net cash flow</b>		13,275	16,610	5,739	16,685	16,710	(73)	16,710	16,685	(59)	16,685	13,960	(1,457)	131,473	
Cash, period start	-	-	13,275	29,885	35,624	52,310	69,020	68,947	85,658	102,343	102,285	118,970	132,930	-	
<b>Cash, period end</b>		13,275	29,885	35,624	52,310	69,020	68,947	85,658	102,343	102,285	118,970	132,930	131,473	131,473	

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