

MINUTES
PUBLIC SERVICE BOARD
CITY OF EL PASO
January 9, 2019

The regular meeting of the Public Service Board was held Wednesday, January 9, 2019, at the El Paso Water Utilities Public Service Board Meeting Room, 1154 Hawkins Blvd., El Paso, Texas.

PSB MEMBERS PRESENT

Christopher A. Antcliff, Chair
Henry Gallardo, Member
Dr. Ivonne Santiago, Member
Dr. Kristina D. Mena, Member
Terri Garcia, Vice-Chair
Bryan Morris, Member

PSB MEMBERS ABSENT

Dee Margo, Ex-Officio Member

PSB EMPLOYEES PRESENT

John E. Balliew, P.E., President and Chief Executive Officer
Lee Ann Koehler, General Counsel

EPWATER EMPLOYEES PRESENT

Alan Shubert, Vice President – Operations and Technical Services
Marcela Navarrete, Vice President – Strategic, Financial and Management Services
Juan S. Gonzalez, Assistant General Counsel
Art Duran, Chief Financial Officer
Irazema Rojas, Capital Improvement Program Manager
Stephanie Santiago, Engineering Program Administrator
Gretchen Byram, Computer Media Specialist
Lisa Rosendorf, Chief Communications and Government Affairs Officer
Hector Gonzalez, Government Affairs Manager
Zulema Jamis, Secretary
Rosemary Guevara, Senior Purchasing Agent
Levi Chacon, Purchasing Agent
Robert Davidson, Contract Construction Administrator
Israel Chavez, Senior Network Administrator
Melissa Bell, Lead Public Affairs Coordinator
Adriana Castillo, Engineering Division Manager
Gilbert Trejo, Chief Technical Officer
Christina Montoya, Marketing and Communications Manager
James Wolff, Senior Land and Contract Administrator
Jeff Tepsick, Fiscal Operations Manager
Lidia Carranco, Treasury and Property Control Manager

GUESTS

Rick Giardina, Raftelis

MEDIA

None

The Public Service Board meeting was called to order by Mr. Antcliff at 8:05 a.m. A quorum of its members was present. After a moment of silence, those in attendance joined Mr. Bryan Morris, in reciting the Pledge of Allegiance.

REGULAR AGENDA

1. ADMINISTERED THE OATH OF OFFICE TO NEW PSB MEMBER

Ms. Laura Prine, City Clerk, administered the oath of office to newly appointed Public Service Board Member, Mr. Bryan Morris. Mr. Morris was appointed to the Board by City Council on December 11, 2018. The term of appointment shall commence on January 1, 2019, for a four-year term.

CONSENT AGENDA

On a motion made by Mr. Gallardo, seconded by Ms. Garcia and unanimously carried, the Board took action on the following agenda items:

2. CONSIDERED AND APPROVED THE RENEWAL OF A CONTRACT WITH SUNGARD AVAILABILITY SERVICES LP FOR DISASTER RECOVERY AND BUSINESS CONTINUITY SERVICES WITH BUY BOARD PRICING THROUGH STATE OF TEXAS DIR CONTRACT NUMBER DIR-TSO-2736 FOR AN AGREEMENT TERM OF 12 MONTHS FROM FEBRUARY 15, 2019, THROUGH FEBRUARY 14, 2020, IN THE ESTIMATED AMOUNT OF \$143,736.48, WITH THE OPTION TO RENEW THE CONTRACT FOR AN ADDITIONAL 12 MONTHS.

The Board approved the renewal of a contract with Sungard Availability Services LP for disaster recovery and business continuity services with Buy Board pricing through State of Texas DIR Contract Number DIR-TSO-2736 for an agreement term of 12 months from February 15, 2019, through February 14, 2020, in the estimated amount of \$143,736.48, with the option to renew the contract for an additional 12 months.

3. CONSIDERED AND APPROVED A CONTRACT FOR THE PURCHASE OF FORD PARTS FROM SOUTHWEST TRUCK SALES, MHC KENWORTH/FORD THROUGH ESC REGION 19 ALLIED STATES COOPERATIVE CONTRACT NUMBER 15-7166 IN THE ESTIMATED ANNUAL AMOUNT OF \$100,000 WITH THE OPTION FOR TWO, ONE-YEAR EXTENSIONS.

The Board approved a Contract for the purchase of Ford parts from Southwest Truck Sales, MHC Kenworth/Ford through ESC Region 19 Allied States Cooperative Contract Number 15-7166 in the estimated annual amount of \$100,000 with the option for two, one-year extensions.

4. CONSIDERED AND APPROVED AN INCREASE OF \$75,000 TO AN EXISTING CONTRACT FOR CELLPHONE AND MOBILE BROADBAND SERVICES THROUGH STATE OF TEXAS DIR CONTRACT NUMBER DIR-SDD-1779 AWARDED TO CELLCO PARTNERSHIP DBA VERIZON WIRELESS, FOR A REVISED ESTIMATED ANNUAL AMOUNT OF \$275,000.

The Board approved an increase of \$75,000 to an existing Contract for cellphone and mobile broadband services through State of Texas DIR Contract Number DIR-SDD-1779 awarded to Cellco Partnership dba Verizon Wireless, for a revised estimated annual amount of \$275,000.

REGULAR AGENDA

5. CONSIDERED AND TOOK ACTION ON THE STORMWATER BUDGET TO INCLUDE BUT NOT LIMITED TO, THE FOLLOWING ACTIONS:

- a. Adoption of the Annual Stormwater Budget in the amount of \$48.367 million for Fiscal Year 2019-

2020.

- b. Adoption of a Resolution amending Public Service Board Rules and Regulations No. 2 Stormwater Service, to amend the language concerning certain abbreviations and definitions.
- c. Adoption of a Resolution amending Public Service Board Rules and Regulations No. 3 Rates for Stormwater Service to amend the language concerning certain abbreviations, definitions, exemptions and credits.

Mr. John Balliew, President/CEO provided a presentation to the Board regarding this item (copy on file in Central Files). Mr. Balliew began his presentation with the Stormwater Fiscal Year 2019-2020 Budget Summary. The total stormwater budget is \$48.4 million, the operating and maintenance budget was increased by \$264,000 and the Capital budget is \$31 million, with a new funding request of \$19.3 million. Mr. Balliew then showed a comparison of last year's budget to this year's budget. For fiscal year 2018-'19, the operating costs came in at \$6.8 million, capital budget was \$34.1 million, and finally debt service was \$10.2 million, total amounts coming in at \$51.1million. For fiscal year 2019-'20, the operating budget is \$7.1 million, capital amount is \$31million and debt service comes in at \$10.3 million for a total amount of \$48.4 million. Next, the operating budget was discussed. For FY 2018-'19, the indirect cost allocation was \$1.4 million, personnel services was \$1.1 million, maintenance was \$3.2 million and miscellaneous was \$900,000 for a total of \$6.7 million. The budget amount for FY 2019-'20 is \$1.5 million for indirect cost allocation, \$1.1 million for personnel services, \$3.3 million for maintenance and \$800,000 for miscellaneous, for a total amount of \$6.9 million. Mr. Balliew went on to mention the changes to the two rules: No. 2 Stormwater Service and No. 3 Rate of Stormwater Service, which were discussed in detail in the December 3, 2018 budget workshop meeting. The FY 2019-2020 proposed fee increase is 0%. Current rates will remain the same. A chart showing the top 12 Texas cities and their current fees, El Paso is the forth cheapest, falling right below the state average of \$4.28. Mr. Balliew distributed a chart to all Board members, which is part of a presentation that Portland, Oregon, does similar to ours, but it only includes Wastewater and Stormwater. Currently, their fee is almost \$120, and this is primarily a wetland area. Next, Mr. Balliew went over projects scheduled for completion in 2019: Thomas Manor Park Pond and Pump Station Improvements \$5.7 million, Kentucky Dam Improvement \$4 million, Copia Pond and Discharge Conduit \$2.5 million, Grand Teton Drive Ponding Area Improvements \$1.5 million, and Silver Springs Arroyo Dam \$3.4 million. In addition to those projects, there are bids for upcoming projects of 2019: Sam Snead Drainage System with an estimated cost of \$6 million, Monsoonal Emerging with an estimated cost of \$1 million, and others with a total estimated cost of \$3 million. Finally, Mr. Balliew went over the recommendation, which is no fee increase next year despite last year's projection for a 6 percent fee increase. Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Mr. Gallardo, seconded by Dr. Santiago and unanimously carried, the Board considered and took action on the Stormwater Budget to included but not limited to, the following actions:

- a. **ADOPTION OF THE ANNUAL STORMWATER BUDGET IN THE AMOUNT OF \$48.367 MILLION FOR FISCAL YEAR 2019-2020.**

On a motion made by Mr. Gallardo, seconded by Dr. Santiago and unanimously carried, the Board Adopted the annual Stormwater budget in the amount of \$48.367 million for fiscal year 2019-2020.

- b. **ADOPTION OF A RESOLUTION AMENDING PUBLIC SERVICE BOARD RULES AND REGULATIONS NO. 2 STORMWATER SERVICE, TO AMEND THE LANGUAGE CONCERNING CERTAIN ABBREVIATIONS AND DEFINITIONS.**

On a motion made by Mr. Gallardo, seconded by Dr. Santiago and unanimously carried, the Board adopted a resolution amending Public Service Board Rules and Regulations No. 2 Stormwater service, to amend the language concerning certain abbreviations and definitions.

c. **ADOPTION OF A RESOLUTION AMENDING PUBLIC SERVICE BOARD RULES AND REGULATIONS NO. 3 RATES FOR STORMWATER SERVICE TO AMEND THE LANGUAGE CONCERNING CERTAIN ABBREVIATIONS, DEFINITIONS, EXEMPTIONS AND CREDITS.**

On a motion made by Mr. Gallardo, seconded by Dr. Santiago and unanimously carried, the Board adopted a resolution amending Public Service Board Rules and Regulations No. 3 rates for Stormwater service to amend the language concerning certain abbreviations, definitions, exemptions and credits.

6. CONSIDERED AND TOOK ACTION ON THE WATER, WASTEWATER AND RECLAIMED WATER BUDGET TO INCLUDE BUT NOT LIMITED TO THE FOLLOWING ACTIONS:

- a. Adoption of the Annual Water, Wastewater and Reclaimed Water Budget in the amount of \$387.675 million for Fiscal Year 2019-2020.
- b. Adoption of a Resolution amending Public Service Board Rules and Regulations No.1 Furnishing and Control of Water and /Or Sewer Service, to amend the language concerning inactive service connections.
- c. Adoption of a Resolution amending Public Service Board Rules and Regulations No. 5 Rates for Water Service, to amend the Rates and Tampering Fee.
- d. Adoption of a Resolution amending Public Service Board Rules and Regulations No. 6, Rates for Sewer service to amend the rates.
- e. Adoption of a Resolution amending Public Service Board Rules and Regulations No. 7, Various Deposits and Charges, to amend the charges for remote frequency meters, and fire hydrant meter water loss.

Mr. Balliew provided a presentation to the Board regarding this item (copy on file in Central Files). Mr. Balliew began his presentation with total water, wastewater and reclaimed water budget of \$387.7 million. Capital budget is \$185.5 million with new funding request of \$143.1 million. Debt service expense increased by \$1.5 million over previous year. The \$102.4 million operating budget decreased by \$2.9 million over previous year. Operational cost drivers were personnel went up 4 percent, maintenance went up 19 percent, river water went down 76 percent due to less of it, and chemicals went down 24 percent. Next, Mr. Balliew went over Water and Wastewater Budget summary. The total amount for FY2018-'19 for \$490.3 million, with operating budget coming in at \$105.4 million, capital budget coming in at \$279.1 million, debt service coming in at \$74.4 million, and other coming in at \$31.5 million. The total amount for FY2019-'20 is \$387.7 million, with operating budget coming in at \$102.4 million, capital budget coming in at \$185.5 million, debit service coming in at \$75.8 million, and other coming in at \$23.9 million. EPWater is recommending a 4 percent rate increase for water and an 8 percent increase for wastewater. Typical monthly water bill increase for the average residential customer will be \$3.00. After the increase, the average monthly bill is 1.52 percent of the local median household income, well below Fitch's affordability threshold of 2 percent. Mr. Balliew went on to explain the reason for the increase. In the past, we have gone to the Board with items regarding emergency corrective work to resolve these issues. In addition, an expansion is needed at the Roberto Bustamante Wastewater Treatment Plant. Mr. Balliew showed a slide for the FY2019-2020 proposed rate changes: current versus proposed and what the difference would be. He also showed a slide of the volume rate, Dollars per CCF and residential & commercial. Mr. Balliew went on to discuss the FY 2019-2020 Proposed Changes Rules and Regulations for No. 1, Water and/or Sewer Service, No. 5, Water Service Rate, No. 6, Sewer Service Rates and No. 7, Deposits and Charges. Mr.

Balliew shared a slide showing the average residential water/wastewater bill, this was from a regional city survey from 2018. The list included nine cities, with El Paso coming in the top four at the proposed rate, total amount of the average bill to be \$56.70. This comes in under Fabens at \$69.82, Paseo Del Este MUD at \$82.75 and the top city of Ruidoso at \$116.55. Mr. Balliew went on to compare average residential water/wastewater bill for the 10 largest Texas cities, using a survey from 2018. El Paso comes in second to the lowest, with the proposed rate. Mr. Balliew shared an article that came out in April 2018 in Forbes magazine; 13 Cities Where You Can Live Comfortably on Less Than \$60,000 a Year, with El Paso ranking No. 1. El Paso Water took the 13 cities listed in the article and calculated their water bill, with El Paso coming out as the cheapest. Mr. Balliew and Mr. Shubert addressed questions from the Board regarding this item. Ms. Koehler made additional comments.

Mr. Antcliff opened the floor for comments from the public. No comments were made. On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board considered and took action on the Water, Wastewater and Reclaimed Water Budget to include but not limited to the following actions:

a. **ADOPTION OF THE ANNUAL WATER, WASTEWATER AND RECLAIMED WATER BUDGET IN THE AMOUNT OF \$387.675 MILLION FOR FISCAL YEAR 2019-2020.**

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board considered adoption of the Annual Water, Wastewater and Reclaimed Water Budget in the amount of \$387.675 million for Fiscal Year 2019-2020.

b. **ADOPTION OF A RESOLUTION AMENDING PUBLIC SERVICE BOARD RULES AND REGULATIONS NO.1 FURNISHING AND CONTROL OF WATER AND /OR SEWER SERVICE, TO AMEND THE LANGUAGE CONCERNING INACTIVE SERVICE CONNECTIONS.**

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board considered Adoption of a Resolution amending Public Service Board Rules and Regulations No.1 Furnishing and Control of Water and /Or Sewer Service, to amend the language concerning inactive service connections.

c. **ADOPTION OF A RESOLUTION AMENDING PUBLIC SERVICE BOARD RULES AND REGULATIONS NO. 5 RATES FOR WATER SERVICE, TO AMEND THE RATES AND TAMPERING FEE.**

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board considered Adoption of a Resolution amending Public Service Board Rules and Regulations No. 5 Rates for Water Service, to amend the Rates and Tampering Fees.

d. **ADOPTION OF A RESOLUTION AMENDING PUBLIC SERVICE BOARD RULES AND REGULATIONS NO. 6, RATES FOR SEWER SERVICE TO AMEND THE RATES.**

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board considered Adoption of a Resolution amending Public Service Board Rules and Regulations No. 6, Rates for Sewer Service, to amend the Rates.

e. **ADOPTION OF A RESOLUTION AMENDING PUBLIC SERVICE BOARD RULES AND REGULATIONS NO. 7, VARIOUS DEPOSITS AND CHARGES, TO AMEND THE CHARGES FOR REMOTE FREQUENCY METERS, AND FIRE HYDRANT METER WATER LOSS**

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board Considered Adoption of a Resolution amending Public Service Board Rules and Regulations No. 7, Various Deposits and Charges, to amend the charges for remote frequency meters and fire hydrant meter water loss.

7. AUTHORIZED THE PRESIDENT/CEO TO SIGN AN ADVANCED FUNDING AGREEMENT WITH THE CAMINO REAL REGIONAL MOBILITY AUTHORITY (CRRMA) FOR INSTALLATION OF WATER AND SANITARY SEWER INFRASTRUCTURE RELATED TO WINN ROAD FROM ZARAGOZA POE TO PAN AMERICAN DRIVE IMPROVEMENTS, IN THE ESTIMATED AMOUNT OF \$779,375.65.

Mr. Gallardo left the PSB meeting at 9 a.m. Mr. Alan Shubert, Vice President provided a presentation to the Board regarding this item (copy on file in Central Files). The Camino Real Regional Mobility Authority (CRRMA) will install roadway, storm drains, and relocate water and sewer lines on Winn Road. EPWater has prepared design drawings for the installation of 12-inch water mains as well as 12-inch sanitary sewer mains that were included in the CRRMA bid package. CRRMA bid the project October 3, 2018. EPWater and CRRMA concur it will be beneficial for all parties and the general public to include water and sanitary sewer facilities relocations in the CRRMA bid for concurrent construction with the new roadway improvements. This arrangement will eliminate delays and minimize inconvenience to the traveling public.

On a motion made by Ms. Garcia, seconded by Dr. Mena and unanimously carried, the Board authorized the President/CEO to sign an Advanced Funding Agreement with the Camino Real Regional Mobility Authority (CRRMA) for installation of Water and Sanitary Sewer Infrastructure related to Winn Road from Zaragoza POE to Pan American Drive Improvements, in the estimated amount of \$779,375.65.

8. CONSIDERED AND AWARDED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR THE WILL RUTH POND AND CONVEYANCE IMPROVEMENTS TO MORENO CARDENAS INC. IN THE AMOUNT OF \$178,800; FURTHER AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT TO PROVIDE ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES IN AN ESTIMATED AMOUNT OF \$800,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS.

Mr. Shubert provided a presentation to the Board regarding this item (copy on file in Central Files). On June 8, 2016, the Public Service Board awarded an Engineering Services Contract for the Northeast Sump Improvements to Moreno Cardenas Inc. (MCI) Under this contract, MCI was also tasked with seeking alternatives to complement improvements needed to mitigate flooding upstream. One of these alternatives was the Will Ruth Ponding Area Improvements. The pond is nearing 60 percent design, and additional capturing conveyance structures need to be designed to maximize the storage capacity of the pond. Future design and construction phase services will be required for the completion of the project. MCI was selected by the Architectural/Engineering Selection Advisory Committee on March 18, 2016, for the Northeast Sump Improvements project. The previous work completed by MCI makes them the most qualified firm to complete this job. Staff has worked with MCI to develop the scope of services. The negotiated fee is in line with the level

of effort required to complete the task and consistent with similar work completed recently. Construction phase services will be negotiated once the design services have been completed. Mr. Shubert addressed questions from the Board regarding this item.

On a motion made by Mr. Morris, seconded by Ms. Garcia and unanimously carried, the Board awarded a Professional Engineering Services Contract for the Will Ruth Pond and Conveyance Improvements to Moreno Cardenas Inc. in the amount of \$178,800; further authorized future task orders or amendments to be issued under this contract to provide additional design and construction phase services in an estimated amount of \$800,000, provided that funding is available in the approved budget for the task orders or amendments.

9. CONSIDERED AND AWARDED A PROFESSIONAL SERVICES CONTRACT FOR ON-CALL SURVEYING SERVICES TO BROCK & BUSTILLOS INC., IN THE MAXIMUM AMOUNT OF \$150,000 OVER THE 18-MONTH CONTRACT TERM AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Gilbert Trejo, Chief Technical Officer, provided a presentation to the Board regarding this item (copy on file in Central Files). EPWater uses surveying firms for preparation of metes and bounds and boundary surveys, as well as checking quality control of contractors' surveyors. This contract will allow staff to respond quickly when surveys or other documentation is needed to acquire or sell property and easements. Brock & Bustillos (B&B) had previously been an On-Call Surveying firm and have performed favorably in the areas of technical competence, project approach, team organization and availability, and project management and quality control. B&B has performed and met the needs of the Utility for surveying services and demonstrated excellent abilities in all the service categories. The Utility has validated the need for continuing B&B's surveying services, particularly for long-term projects that B&B has been previously involved in. Therefore, staff recommends that B&B be issued a professional On-Call Surveying services contract, for a maximum amount of \$150,000 over an 18-month contract term.

On a motion made by Ms. Garcia, seconded by Dr. Mena and unanimously carried, the Board awarded a Professional Services Contract for On-Call Surveying Services to Brock & Bustillos Inc., in the maximum amount of \$150,000 over the 18-month contract term, and authorized the use of commercial paper.

10. CONSIDERED AND APPROVED TASK ORDER NUMBER 1 AMENDMENT 1 TO THE PROFESSIONAL ENGINEERING SERVICES CONTRACT AWARDED TO CDM SMITH INC., FOR ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES FOR THE GEORGE DIETER – MONTWOOD AND REX BAXTER 24-INCH WATER TRANSMISSION MAIN REPLACEMENT IN THE AMOUNT OF \$63,233; FURTHER AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT TO PROVIDE ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES IN AN ESTIMATED AMOUNT OF \$20,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS.

Mr. Trejo provided a presentation to the Board regarding this item (copy on file in Central Files). This task order amendment is for additional design and construction phase services associated with the George Dieter – Montwood and Rex Baxter 24-Inch SCCP Transmission Main Replacement. The replacement project consists of two milestones. Milestone 1 included replacing 330 feet of 24-inch SCCP water transmission main with 30-inch High Density Polyethylene (HDPE) pipe at Rex Baxter Drive and George Dieter Drive and was substantially completed on November 2, 2018. Milestone 2 included replacing 711 feet of 24-inch SCCP water transmission main with 30-inch HDPE pipe in Montwood Drive and 542 feet of 24-inch SCCP water transmission main in George Dieter Drive. Construction of Milestone 2 is scheduled to begin in early January

2019 and be completed by late June 2019. Milestone 2 is a much more complex construction project than Milestone 1, and it is anticipated that alternate construction methods may be needed to minimize heavy traffic congestion at the intersection. The fees in Amendment Number 1 will cover the additional design and construction services required for Milestone 2. CDM Smith was previously awarded a contract for Task Order Number 1 in the amount of \$99,827. The fees for Amendment Number 1 are in line with the level of effort required to complete the construction management of this project and is consistent with similar work done recently in Milestone 1. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Dr. Santiago, seconded by Dr. Mena and unanimously carried, the Board approved approve Task Order Number 1 Amendment 1 to the Professional Engineering Services Contract awarded to CDM Smith Inc., for additional design and construction phase services for the George Dieter – Montwood and Rex Baxter 24-Inch Water Transmission Main Replacement in the amount of \$63,233; further authorized future task orders or amendments to be issued under this contract to provide additional design and construction phase services in an estimated amount of \$20,000, provided that funding is available in the approved budget for the task orders or amendments.

11. CONSIDERED AND APPROVED CHANGE ORDER NUMBER 3 (FINAL) – PLANNED WATER LINE REPLACEMENT PROGRAM PHASE VIII TO KARLSRUHER INC. DBA CSA CONSTRUCTORS IN THE AMOUNT OF \$145,669.94.

Mr. Trejo provided a presentation to the Board regarding this item (copy on file in Central Files). This is Phase VIII of the multi-phased program to replace cast-iron water lines throughout the City that have deteriorated and have one or more breaks. Change Order Number 3 reflects the adjustment to final as-built quantities. Quantities are paid using the unit prices established in the original bid.

On a motion made by Ms. Garcia, seconded by Dr. Santiago and unanimously carried, the Board approved Change Order Number 3 (Final) – Planned Water Line Replacement Program Phase VIII to Karlsruhe Inc. dba CSA Constructors in the amount of \$145,669.94.

12. CONSIDERED AND AWARDED BID NUMBER 90-18, JONATHAN ROGERS WATER TREATMENT PLANT SURGE CONTROL IMPROVEMENTS, TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER, CUBIC WATER LLC, IN THE AMOUNT OF \$1,193,650, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Shubert provided a presentation to the Board regarding this item (copy on file in Central Files). A 48-inch transmission main delivers water from the Jonathan Rogers Water Treatment Plant (JRWTP) to the Americas reservoirs. Pressure surges occur in a water transmission pipeline during startup and shutdown of the pumping station feeding the pipeline. Surge tanks and air release valves are used on these systems to protect the pumping stations and pipelines from pressure surges. The JRWTP water transmission system was designed with surge tanks. However, two new surge tanks are needed to further protect the plant pumping systems from pressure surges. This project will install two additional surge tanks on the 48-inch transmission main. EPWater received five bids for this project on December 10, 2018. The bidders were Cubic Water, Smithco Construction, Kiewit Water Facilities South, Spiess Construction and R.M. Wright Construction. The bids ranged from \$1,193,650 to \$1,766,700 or 0.39 percent to 48.59 percent above the engineer's estimate of \$1,188,986. The consulting engineer, CDM Smith, evaluated the qualifications of the apparent low bidder and has determined that Cubic Water meets the minimum general requirements as well as the minimum project specific criteria as specified in the bid documents. Staff evaluated the engineer's evaluation matrix and recommends award of Bid Number 90-18, Jonathan Rogers Surge Control Improvements to Cubic Water as the lowest responsive, responsible bidder in the amount of \$1,193,650. Mr. Shubert addressed questions from the Board regarding this item.

On a motion made by Dr. Santiago, seconded by Ms. Garcia and unanimously carried, the Board awarded Bid Number 90-18, Jonathan Rogers Water Treatment Plant Surge Control Improvements, to the lowest responsive,

responsible bidder, Cubic Water LLC, in the amount of \$1,193,650, and authorized the use of commercial paper.

13. CONSIDERED AND AWARDED BID NUMBER 111-18, MAINTENANCE OF NATURAL GAS ENGINES, TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER, SOUTHWEST COMMERCIAL ENGINES INC., IN THE ESTIMATED ANNUAL AMOUNT OF \$924,000 WITH THE OPTION FOR TWO, ONE-YEAR EXTENSIONS.

Ms. Rosemary Guevara, Senior Purchasing Agent presented a presentation to the Board regarding this item (copy on file in Central Files). EPWater has 24 natural gas engines located at multiple wells and booster stations. The 24 natural gas engines require maintenance service, which is based on run-time hours and allows for top end and complete overhauls of the units. The previous bid was awarded January 13, 2016. Additional line items were added to the current bid. Therefore, there was an increase of 7.37 percent in the current bid. EPWater received three bids. The bidders were Southwest Commercial Engines, Wagner Equipment Co., and Intertech Power Systems LLC. Staff evaluated the apparent low bidder and determined that Southwest Commercial Engines meets the minimum qualifications as specified within the bid proposal. Staff therefore recommends award to the lowest responsive, responsible bidder, Southwest Commercial Engines. Ms. Guevara and Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, seconded by Dr. Mena and unanimously carried, the Board awarded Bid Number 111-18, Maintenance of Natural Gas Engines, to the lowest responsive, responsible bidder, Southwest Commercial Engines Inc., in the estimated annual amount of \$924,000 with the option for two, one-year extensions.

14. CONSIDERED AND AWARDED BID NUMBER 116-18, LIQUIFIED CHLORINE GAS, TO THE SOLE RESPONSIVE, RESPONSIBLE BIDDER, DPC INDUSTRIES INC., IN THE ESTIMATED ANNUAL AMOUNT OF \$926,190.90 WITH THE OPTION FOR TWO, ONE-YEAR EXTENSIONS.

Ms. Guevara provided information to the Board regarding this item. Liquified chlorine gas is used both in Water and Wastewater treatment as a disinfectant. The previous bid was awarded on January 13, 2016. An 8.17 percent increase occurred in the current bid. One bid was received from the current provider. Staff evaluated the bid and recommends award to DPC Industries Inc. Ms. Guevara addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, seconded by Dr. Mena and unanimously carried, the Board awarded Bid Number 116-18, Liquified Chlorine Gas, to the sole responsive, responsible bidder, DPC Industries Inc., in the estimated annual amount of \$926,190.90 with the option for two, one-year extensions.

15. Consider and award Bid Number 117-18, Cleaning of Common Irrigation Ditches, to the lowest responsive, responsible bidder, Bella Luna Engineering & Building Maintenance LLC, in the estimated annual amount of \$193,875 with the option for two, one-year extensions.

Ms. Guevara provided information to the Board regarding this item. A total of 128 common irrigation ditches throughout the city of El Paso require twice-a-month maintenance from February through October, with a total area of 5,643,760 square feet. Maintenance includes but is not limited to the removal of trees, vegetation and debris. The previous bid was awarded on January 10, 2018. The current bid decreased by 2.24 percent. Four bids were received from Bella Luna Engineering & Building Maintenance LLC, MG Evergreen LLC, Abescape Landscaping LLC and EGL Construction Inc. The bids ranged from \$193,875 to \$515,000. Staff evaluated the bids and recommends award to the lowest responsive, responsible bidder, Bella Luna Engineering & Building Maintenance LLC. Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Dr. Santiago, seconded by Dr. Mena and unanimously carried, the Board awarded Bid Number 117-18, Cleaning of Common Irrigation Ditches, to the lowest responsive, responsible bidder, Bella

Luna Engineering & Building Maintenance LLC, in the estimated annual amount of \$193,875 with the option for two, one-year extensions.

16. CONSIDERED AND ACCEPTED EL PASO WATER'S 3RD QUARTER FINANCIAL AND PERFORMANCE MEASURES REPORT FOR PERIOD ENDING NOVEMBER 30, 2018.

Mr. Jeff Tepsick, Fiscal Operations Manager provided a presentation to the Board regarding this item (copy on file in Central Files). Mr. Tepsick began his presentation with a chart comparison of water billed from FY 2018-'19 to FY 2018-'17. El Paso Water has billed over 28 billion gallons of water, and we have serviced 235,000 water customers, and 220,000 wastewater customers. The total budget for water and wastewater operating revenue for FY 2018-'19 was \$259.075 million. As of the end of the third quarter, we came in at \$205.099 million, compared to FY 2017-'18 for the same quarter we were at \$189.415 million. Water and Wastewater operating expenses as of FY 2018-'19 third quarter was \$82.668 million compared to \$76.621 million for the same time FY 2017-'18. Mr. Tepsick went over Water and Wastewater capital project expenditures, in which total budget was \$279.075 million, coming in at \$132.331 million third quarter FY 2018-'19 compared to \$81.485 million for FY 2017-'18. Next, Mr. Tepsick discussed the Water and Wastewater debt service coverage: 2.44 for FY 2018-'19 compared to 2.49 for FY 2017-'18, with the bond ordinance coming in at 1.50. Keeping in mind the budgeted amount for FY 2018-19 was 2.01. Mr. Tepsick went on to discuss the Stormwater operating revenues, total budget for FY 2018-19 was \$23.684 million, third quarter coming in at \$17.952 million for current fiscal year, and third quarter for FY 2017-'18 coming in close at \$17.3 million. Next, Mr. Tepsick discussed Stormwater operating expenses; the budgeted amount for FY2018-2019 was \$6.689 million, and currently ending the third quarter at \$4.547 million. The stormwater capital expenditures were budgeted at \$34.083 million for FY 2018-'19, currently coming in at \$14.484 million. Next, the stormwater debt service coverage was discussed, the budgeted at 1.81 for FY 2018-'19 and the bond ordinance at 1.25, however at the end of third quarter FY 2018-'19 we came in at 2.01. Mr. Tepsick added that both Water, Wastewater and Stormwater are operating very efficiently and within budget. Ms. Garcia and Mr. Antcliff congratulated Mr. Tepsick on the great work EPWater is doing. Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, seconded by Dr. Mena and unanimously carried, the Board accepted El Paso Water's third Quarter Financial and Performance Measures Report for period ending November 30, 2018.

17. CONSIDERED AND ACCEPTED THE AUDIT, FINANCE AND INVESTMENT COMMITTEE'S THIRD QUARTER INVESTMENT REPORT FOR THE PERIOD ENDING NOVEMBER 30, 2018.

Ms. Lidia Carranco, Treasury and Property Control Manager presented a presentation to the Board regarding this item (copy on file in Central Files). Ms. Carranco began her presentation with U.S. Fed Funds Rate; the approved rate has increased every year since March 2015, with two more rate increases projected for 2019. The portfolio value as of November 30, 2018, is \$266,875,462 with 47 percent going to securities at \$125 million, and Texpool Prime at \$83 million or 31 percent. Ms. Carranco went on to discuss the third quarter portfolio activity comparison from FY 2019 that was \$266,875,462 compared to FY 2018 which was \$298,690,132. The difference was purchases in 2019 came in at \$26.935 million, weighted average maturity date was 66 days and the weighted yield was 2.41 percent. In 2018, the purchases came in at \$92.220 million, maturity was 25 days and the weighted yield was 1.20 percent. Next, the benchmark analysis for third quarter: 3-month T-bill came in at 2.37 percent, 6-month T-bill came in at 2.25 percent, 1-year T-bill came in at 2.7 percent and EPWater was 2.41 percent. Lastly, Ms. Carranco finished her presentation with interest earned comparison. The FY2019 forecasted interest was \$5 million and the third quarter interest earned came in at just below \$4 million, which is more than the last three fiscal years combined. Ms. Carranco addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, seconded by Dr. Mena and unanimously carried, the Board accepted the Audit, Finance and Investment Committee's Third Quarter Investment Report for the period ending November 30, 2018.

18. CONSIDERED AND APPROVED THE 2019 UPDATED PROPOSED IMPACT FEES.

Mr. Balliew introduced Mr. Giardina, President of Raftelis, who provided an update on Impact Fees. On March 24, 2009, the City Council adopted Land Use Assumptions (LUA), a Capital Improvement Plan (CIP) and related Impact Fees pursuant to Texas Local Government Code, Chapter 395, Financing Capital Improvements Required for New Development. This statute requires the City to update its LUA and CIP, at least every five years. The last update of the LUA and CIP occurred in 2014. Over the past several months, EPWater and the City have been working on the 2019 five-year updates. The 2019 updated proposed impact fees for new development have been prepared by Raftelis Financial Consultants based on the 2019 updated LUA and CIP and are now ready for consideration and adoption by the PSB, the City Plan Commission (CPC), the Capital Improvements Advisory Committee (CIAC) and the City Council. The 2019 updated LUA and CIP were presented to the PSB at its November 14, 2018, and December 12, 2018, meetings. The 2019 LUA and CIP were presented to the CIAC on November 28, 2018, and the CPC on December 6, 2018. Ms. Navarrete and Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Mr. Morris, seconded by Ms. Garcia and unanimously carried, the Board approved the 2019 Updated Proposed Impact Fees.

19. MANAGEMENT REPORT:

- 2018 Federal and State Funding - Mr. Gonzalez presented a presentation to the Board regarding this item (copy on file in Central Files). He began his presentation with the approved funded total at \$19 million, with additional applications and submittals under review totaling an additional \$38.6 million. The approved funding in 2018 covered several projects, starting with Strahan Water Line, with a funded amount of \$2 million by the U.S Army Corps of Engineers. Boone Siphon Wastewater Line was another project funded by the U.S Army Corps of Engineers, for an amount of \$4.5 million. In addition, the U.S Army Corps of Engineers funded two more projects, Northwest Flood Reduction Study at \$50,000, and Rio Bosque at \$40,000. Water and Wastewater lines in Northwest Industrial Park were funded by Economic Development Administration (Dept. of Commerce) at \$1 million, Agricultural Conservation Demonstration project was funded by Texas Water Development Board for \$130,000 and lastly Montana Vista Wastewater Project was funded by Texas Water Development Board-EDAP for an \$11.4 million grant, with a \$1.415 million loan. Next, Mr. Gonzalez went over several projects that are under review, two with U.S. Bureau of Reclamation: Advanced Water Purification Design for \$2 million and Kay Bailey Hutchison Expansion – Phase 1 Construction also for \$2 million. The next five projects are under review with FEMA: Will Ruth Ponding Area-Stormwater Detention Basin and Conveyance for \$9.5 million, Dallas Outfall Pump Station for \$7.4 million, Dallas Stormwater Basin for \$6.3 million, Arroyo 1A Stormwater Basin for \$4.5 million and lastly Flow Path 39A Dam for \$6.9 million. Mr. Gonzalez then showed a slide, with several stakeholders providing letters of support including Dr. Santiago, Dr. Mena and Mayor Dee Margo. The objectives for 2019 are to continue to build support at the Corps of Engineers for funding of needed infrastructure improvements to dams and other stormwater structures, seek funding from Department of Defense for support related to new water supply sources (expanded desalination and/or ASR) and advocate for state legislative support to increase bonding authority for EDAP (if approved by Legislature and signed by the governor, initiation will be placed on ballot for voter approval). Mr. Balliew and Mr. Gonzalez addressed questions from the Board regarding this item.
- Equipment Training Simulator and Video - Mr. Shubert provided information to the Board regarding the simulator and then showed the video.

20. PUBLIC COMMENT: THE PSB WILL PERMIT PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA. THE CHAIR MAY IMPOSE REASONABLE TIME LIMITS FOR EACH SPEAKER.

No comments were made.

EXECUTIVE SESSION

On a motion made by Ms. Garcia, seconded by Dr. Mena, and unanimously carried, the Board retired into Executive Session at 10:06 a.m., January 9, 2019, pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Chapter 551, Subchapter D to discuss the following:

Section 551.071	Consultation with Attorney
Section 551.072	Deliberation Regarding Real Property
Section 551.074	Personnel Matters

a. Section 551.072 Deliberation Regarding Real Property

The Board will deliberate regarding whether the following property can be declared inexpedient to the water system: A portion of John Barker Survey No. 10, Abstract No. 7, Tract 5, City of El Paso, El Paso County, Texas (approximately 5 acres).

Mr. Gallardo returned to the PSB meeting at 10:12 a.m. On a motion made by Ms. Garcia, seconded by Mr. Gallardo and unanimously carried, the Board reconvened in open session at 10:15 a.m., January 9, 2019.

DELIBERATED REGARDING WHETHER THE FOLLOWING PROPERTY CAN BE DECLARED INEXPEDIENT TO THE WATER SYSTEM: A PORTION OF JOHN BARKER SURVEY NO. 10, ABSTRACT NO. 7, TRACT 5, CITY OF EL PASO, EL PASO COUNTY, TEXAS (APPROXIMATELY 5 ACRES).

On a motion made by Dr. Mena, seconded by Ms. Garcia and carried, that the property generally described as a portion of John Barker Survey No. 10, Abstract No. 7, Tract 5, City of El Paso, El Paso County, Texas, totally approximately 5 acres, is hereby declared inexpedient to the water system, and that President/CEO obtain one appraisal and be authorized to recommend to the City of El Paso that the land be sold and sign any and all documents necessary to complete the sale.

ADJOURNMENT

On a motion made by Ms. Garcia, seconded by Dr. Santiago and unanimously carried, the meeting adjourned at 10:16 a.m., January 9, 2019.

ATTEST:



Secretary-Treasurer



Christopher Antcliff, Chair