

**MINUTES
PUBLIC SERVICE BOARD
CITY OF EL PASO
July 11, 2018**

The regular meeting of the Public Service Board was held Wednesday, July 11, 2018, at the El Paso Water Utilities Public Service Board Meeting Room located at 1154 Hawkins Boulevard, El Paso, Texas.

PSB MEMBERS PRESENT

Christopher Antcliff, Chair
Henry Gallardo, Member
Dr. Ivonne Santiago, Member
Dr. Kristina Mena, Member
Mayor Dee Margo, Ex-Officio Member

PSB MEMBERS ABSENT

Terri Garcia, Vice-Chair
Bradley Roe, Member

PSB EMPLOYEES PRESENT

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

EPWU EMPLOYEES PRESENT

Juan S. Gonzalez, Assistant General Counsel
Alan Shubert, Vice President
Art Duran, Chief Financial Officer
Gilbert Trejo, Chief Technical Officer
Lisa Rosendorf, Chief Government Affairs and Communications Officer
Gretchen Byram, Computer Media Specialist
Jillian Shipp, Executive Assistant
Rosemary Guevara, Senior Purchasing Agent
Levi Chacon, Purchasing Agent
Robert Davidson, Temp
Joshua Moniz, Lead Public Information Coordinator
Israel Chavez, Senior Network Administrator
Cynthia Osborn, Real Estate Manager/Counsel
Armando Renteria, Chief Information Officer
Robert Riley, Utility Construction Engineering Division Manager
Severo Borrego, Instrumentation Control Manager
Jeff Tepsick, Fiscal Operations Manager
Lidia Carranco, Utility Treasury & Property Control Manager
Ivan Ibarra, Fleet Maintenance Chief
Melissa Bell, Lead Public Affairs Coordinator
Arturo Duran, Utility Chief Financial Officer

GUESTS

Phil Rothstein, Bath Engineering
Edward Saab, SSC
Jose Pinon, SSC
Trinidad Cruz, Prime Controls
Gerardo Rodriguez, Clowe & Cowan
Miguel Zuniga, Clowe & Cowan
Jess Villegas, Clowe & Cowan
John Karlsruher, CSA

MEDIA

None

The Public Service Board meeting was called to order by Mr. Antcliff at 8:04 a.m. A quorum of its members was present. After a moment of silence, those in attendance joined Mr. Trejo, in reciting the Pledge of Allegiance.

CONSENT AGENDA

On a motion made by Dr. Santiago, seconded by Dr. Mena and unanimously carried, the Board took action on the following agenda items:

1. CONSIDERED AND APPROVED THE MINUTES OF THE REGULARLY SCHEDULED MEETINGS HELD ON June 13, 2018.

The Board approved the minutes of the regularly scheduled meetings held on June 13, 2018.

CONSIDERED AND APPROVED THE PURCHASE OF A PUMP MOTOR FOR THE ROBERTO R. BUSTAMANTE WASTEWATER TREATMENT PLANT HEADWORKS PUMP STATION FROM EL PASO PHOENIX PUMPS, INC. THROUGH BUY BOARD ESC REGION 19 ALLIED STATES COOPERATIVE, CONTRACT NUMBER 15-7188, IN THE AMOUNT OF \$85,895.

The Board approved the purchase of a pump motor for the Roberto R. Bustamante Wastewater Treatment Plant Headworks Pump Station from El Paso Phoenix Pumps, Inc. through buy board ESC Region 19 Allied States Cooperative, Contract Number 15-7188, in the amount of \$85,895.

CONSIDERED AND APPROVED A CONTRACT FOR THE REPLACEMENT AND UPGRADE OF THE CCTV SYSTEM AT JOHN T. HICKERSON WASTEWATER TREATMENT FACILITY THROUGH THE ESC REGION 19 ALLIED STATES COOPERATIVE, CONTRACT NUMBER 17-7221 FROM PYROCOM SYSTEMS, INC., IN THE AMOUNT OF \$57,069.50.

The Board approved a contract for the Replacement and Upgrade of the CCTV System at John T. Hickerson Wastewater Treatment Facility through the ESC Region 19 Allied States Cooperative, Contract Number 17-7221 from PyroCom Systems, Inc., in the amount of \$57,069.50.

CONSIDERED AND APPROVED THE PURCHASE OF A ROVING PORTABLE CAMERA SYSTEM FROM GREEN EQUIPMENT COMPANY THROUGH SOURCEWELL COOPERATIVE (FORMERLY NATIONAL JOINT POWERS ALLIANCE) BUY BOARD CONTRACT NUMBER 022014-EVS IN THE AMOUNT OF \$104,802.88.

The Board approved the purchase of a roving portable camera system from Green Equipment Company through Sourcewell Cooperative (Formerly National Joint Powers Alliance) buy board Contract Number 022014-EVS in the amount of \$104,802.88.

CONSIDERED AND APPROVED THE PURCHASE OF AN 8-TON SIDE BOOM TRUCK AND A DUMP TRUCK FROM FREIGHTLINER OF AUSTIN THROUGH TEXAS BUY BOARD TASB CONTRACT NUMBER 521-16 IN THE AMOUNT OF \$400,495.

The Board approved the purchase of an 8-Ton Side Boom Truck and a Dump Truck from Freightliner of Austin through Texas buy board TASB Contract Number 521-16 in the amount of \$400,495.

CONSIDERED AND AWARDED BID NUMBER 74-18, MONTWOOD LIFT STATION DEMOLITION, TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER, MFH ENVIRONMENTAL CORP. IN THE AMOUNT OF \$79,820, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

The Board awarded Bid Number 74-18, Montwood Lift Station Demolition, to the lowest responsive, responsible bidder, MFH Environmental Corp. in the amount of \$79,820, and authorize the use of commercial paper.

REGULAR AGENDA

CONSIDERED AND ACCEPTED THE EL PASO WATER UTILITIES/PUBLIC SERVICE BOARD COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING FEBRUARY 28, 2018.

Mr. Art Duran, Utility Chief Financial Officer made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). City of El Paso Bond Ordinance 752, as amended, requires that an annual audit of El Paso Water Utilities/Public Service Board be performed by independent certified public accountants. Gibson, Ruddock, Patterson LLC performed the independent audit for the Public Service Board. The firm, led by partner Craig Gibson, has done an excellent job in assisting staff in ensuring compliance with all Federal, State, and other accounting reporting requirements. Mr. Duran introduced the auditors; Marlene Strickler, Joanna Gil and Craig Gibson. Mr. Gibson provided a few details regarding the finding during the audit. El Paso Water was issued an unqualified opinion, also known as a clean opinion on the financial statements. Mr. Duran showed a slide showing the comparison regarding the Water and Wastewater of Capital Assets, paid from 2009 thru 2018, noting that our current net assets are \$1.5 billion, and net equity is almost at \$1 billion. Mr. Duran showed a similar slide regarding Stormwater, EPWater began issuing bonds in 2015. Mr. Duran also showed a graph regarding the Water and Sewer Fund Debt Service Coverage, Board Target vs. Target per Bond Ordinance.

On a motion made by Mr. Gallardo, second by Dr. Mena and unanimously carried, the Board considered and accepted the El Paso Water Utilities/Public Service Board Comprehensive Annual Financial Report for Fiscal Year Ending February 28, 2018.

CONSIDERED AND APPROVED A RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO SIGN AND SUBMIT AN APPLICATION TO THE USBR UNDER "WATERSMART: WATER RECLAMATION AND REUSE PROJECTS UNDER THE WIIN ACT" IN THE AMOUNT OF \$2,000,000 FOR THE DESIGN OF THE ADVANCED WATER PURIFICATION FACILITY.

Mr. John Balliew, President and CEO presented the Board with information regarding this item. EPWater is planning to submit a grant application – due July 27, 2018 -- to pursue funding for design costs of the Advanced Water Purification Facility (AWPF). The Funding Opportunity under the WaterSMART: Water Infrastructure for the Nation (WIIN) Act is available to water reclamation and reuse projects that have an associated Feasibility

Study approved by the USBR. The AWPFF Feasibility Study was approved, and this project is eligible. USBR requires a PSB resolution authorizing the President/CEO to sign and submit the WaterSMART funding application. Mr. Balliew requested that item number nine be read into record as well.

On a motion made by Dr. Santiago, seconded by Mr. Gallardo and unanimously carried, the Board considered and approved a Resolution authorizing the President and CEO to sign and submit an application to the USBR under "WaterSMART: Water Reclamation and Reuse Projects under the WIIN Act" in the amount of \$2,000,000 for the design of the Advanced Water Purification Facility.

CONSIDERED AND APPROVED A RESOLUTION AUTHORIZING THE PRESIDENT AND CEO TO SIGN AND SUBMIT AN APPLICATION TO THE USBR UNDER "WATERSMART: DESALINATION CONSTRUCTION PROJECTS UNDER THE WIIN ACT" IN THE AMOUNT OF \$2,050,000, FOR THE DESIGN AND CONSTRUCTION OF A PIPELINE IN PHASE ONE OF THE DESALINATION EXPANSION PROJECT.

Mr. Balliew presented the Board with information regarding this item. EPWater is planning to submit a grant application – due July 27, 2018 -- to pursue funding for design and construction of a pipeline to provide the Kay Bailey Hutchison Desalination Plant with additional source water from existing wells. This project is a part of Phase 1 of the Desalination Expansion project. The overall expansion involves multi-phase design and construction projects planned for the next 5-10 years and will increase capacity by 5 MGD. This work is described in the Feasibility Report approved by the USBR. USBR requires a PSB resolution authorizing the President/CEO to sign and submit the WaterSMART funding application. Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board considered and approved a Resolution authorizing the President and CEO to sign and submit an application to the USBR under "WaterSMART: Desalination Construction Projects Under the WIIN Act" in the amount of \$2,050,000, for the design and construction of a pipeline in Phase One of the Desalination Expansion project.

DISCUSSED AND TOOK ACTION ON AUTHORIZING EPWATER STAFF TO WORK WITH THE COUNTY OF EL PASO TO EXPLORE THE COUNTY'S REQUEST TO CONSIDER TRANSFERRING OWNERSHIP OF THE COUNTY'S WATER AND WASTEWATER SYSTEMS TO EPWATER.

Mr. Balliew presented the Board with information regarding this item. The county water systems currently include: Schuman Estates, Mayfair/Nuway, Colonias Revolucion, Square Dance (Desert Acceptance), and the area known as East Montana. El Paso County is currently constructing a sewer system to serve Desert Acceptance. By letter dated May 3, 2018, the County Administrator for the County of El Paso has indicated that the County is interested in having EPWater assume the ownership of these systems and becoming responsible for all operation and maintenance of the these systems. These systems provide service to approximately 2, 413 water customers. EPWater will evaluate this request to include an engineering or technical assessment of the existing condition of the County of El Paso Water Systems; an analysis of additional infrastructure that may be needed for future development and expansion; and an analysis of the financial implications associated with this request of the County of El Paso.

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board discussed and took action on authorizing EPWater staff to work with the County of El Paso to explore the County's request to consider transferring ownership of the County's Water and Wastewater Systems to EPWater.

CONSIDERED AND AWARDED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR THE ARROYO 1 DAM-DETENTION IMPROVEMENTS TO PARKHILL, SMITH & COOPER FOR DESIGN AND BID PHASE SERVICES IN THE AMOUNT OF \$75,420; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT FOR ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES IN AN ESTIMATED AMOUNT OF \$600,000, PROVIDED FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). A storm event on July 10, 2015 resulted in damage to the Ridge View/Bear Ridge Channel. Parkhill, Smith & Cooper was hired to provide an analysis of the channel and recommendations for a temporary repair and permanent solution. As a result of the analysis upstream of the channel at Arroyo 1, the construction of a basin to reduce debris and peak flow into the channel downstream is recommended. This project is identified in the Stormwater Master Plan (SWMP) as NW10. Parkhill, Smith & Cooper (PSC) designed the Ridge View/Bear Ridge Channel Improvements project; a part of the Arroyo 1 system. Based on their qualifications, the work completed on the hydraulic analysis, and design of the Ridge View Bear Ridge channel; staff recommends to continue working with Parkhill Smith and Cooper on the subsequent improvements for this system. Staff worked with the consultant to develop the scope of services required for the design and bid phases of the Arroyo 1 project. A fee proposal associated with the scope of services was submitted, reviewed, and negotiated with the consultant for the defined scope of work. The negotiated fee is in line with the level of effort required to complete the task and consistent with similar work completed recently. Mr. Alan Shubert made additional comments regarding this item. Mr. Trejo addressed questions from the Board.

On a motion made by Dr. Santiago, seconded by Mr. Gallardo and unanimously carried, the Board considered and awarded a Professional Engineering Services Contract for the Arroyo 1 Dam-Detention Improvements to Parkhill, Smith & Cooper for design and bid phase services in the amount of \$75,420; authorized future task orders or amendments to be issued under this contract for additional design and construction phase services in an estimated amount of \$600,000, provided funding is available in the approved budget for the task orders or amendments.

CONSIDERED AND AWARDED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR THE EL PASO COUNTY-MONTANA SECTOR STORMWATER MASTER PLAN TO AECOM FOR PRE-DESIGN SERVICES IN THE AMOUNT OF \$282,200, TO BE REIMBURSED BY THE COUNTY OF EL PASO.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). In 2009, EPWater contracted with URS Corporation (now AECOM) to develop the El Paso County Stormwater Master Plan. AECOM developed extensive stormwater hydrology and hydraulics models throughout El Paso County that were used to plan several projects throughout the county. The County of El Paso would like to enter an agreement that would allow AECOM to amend the El Paso County Stormwater Master Plan area to include the Montana Sector located north of Montana Avenue near Hueco Tanks. AECOM has previously contracted with EPWater to develop the El Paso County Storm Water Masterplan, and AECOM is the most qualified firm to update this plan. Staff is working to amend an Interlocal Agreement with the County of El Paso prior to executing any agreement with AECOM. Staff has worked with AECOM and the County of El Paso to develop the scope of services required for the master plan. A fee proposal associated with the scope of services was submitted, reviewed and negotiated with the consultant for the defined scope of work. The negotiated fee is in line with the level of effort required to complete the task and consistent with similar work completed recently. 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 considered and awarded a Professional Engineering Services Contract for the El Paso County-Montana Sector Stormwater Master Plan to AECOM for pre-design services in the amount of \$282,200, to be reimbursed by the County of El Paso.

CONSIDERED AND APPROVED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR THE FRED HERVEY WATER RECLAMATION PLANT CLARIFIER REHABILITATION TO PARKHILL, SMITH AND COOPER, INC. FOR DESIGN AND BID PHASE SERVICES IN THE AMOUNT OF \$296,726; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT FOR ADDITIONAL DESIGN AND CONSTRUCTION MANAGEMENT SERVICES IN THE ESTIMATED AMOUNT OF \$600,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). The Fred Hervey Water Reclamation Plant treats wastewater collected from the Northeast El Paso service area to produce reclaimed water meeting state potable water standards for injection to the groundwater aquifer. The plant was put in operation in 1985 with two treatment trains, and expanded with a third treatment train in 2009. The clarifiers for Trains 1 and 2 have rake mechanisms that are extensively corroded and have reached their useful lives. The Architectural/Engineering Selection Advisory Committee met on June 13, 2018, to review and recommend the selection of an engineering firm for the above-described project. The committee consisted of Bradley Roe, Ivonne Santiago, Kristina Mena, Marcela Navarrete and Gilbert Trejo. One submittal was received to this Request for Proposals from Parkhill, Smith and Cooper. The Architectural/Engineering Selection Advisory Committee discussed the submittal and determined that Parkhill, Smith and Cooper meets the needs of the Utility for these important services and demonstrated excellent abilities. Mr. Trejo 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 approved a Professional Engineering Services Contract for the Fred Hervey Water Reclamation Plant Clarifier Rehabilitation to Parkhill, Smith and Cooper, Inc. for design and bid phase services in the amount of \$296,726; authorized future task orders or amendments to be issued under this contract for additional design and construction management services in the estimated amount of \$600,000, provided that funding is available in the approved budget for the task orders or amendments, and authorized the use of commercial paper.

CONSIDERED AND AWARDED BID NUMBER SW37-18, MESA HILLS CONTROL BASIN RESTORATION, TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER, DEL MAR CONTRACTING, INC., IN THE AMOUNT OF \$818,962.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) The Mesa Hills Control Basin Restoration project is located in Northwest El Paso and consists of an existing detention basin that was developed to control the sediment and storm runoff from Arroyo 8. The basin is located near the southeast intersection of North Mesa Hills Drive and Double Tree Lane. In the 2006 storm, the dam overtopped and debris was carried over the spillway and blocked the channel outlet downstream. These proposed improvements include the restoration of the existing dam, basin and installation of a new drainage pipe along Buckley Drive to re-establish the function of the stormwater system and reduce stormwater runoff downstream. This project is identified in the Stormwater Master Plan as NW18. El Paso Water (EPWater) received four bids for this project on June 5, 2018. The bidders were Del Mar Contracting, Black Stallion Contractors, Hawk Construction and CMD Endeavors. The bids ranged from \$818,962 to \$1,723,324 above the engineer's estimate of \$811,709.63. The project consulting engineer evaluated the qualifications of the two apparent low bidders and determined that Del Mar Contracting meets the minimum general requirements as well as the minimum project specific criteria as specified in the bid documents. EPWater staff recommends award of Bid Number SW37-18, Mesa Hills Control Basin Restoration, to Del Mar Contracting, Inc. as the lowest responsive, responsible bidder in the amount of \$818,962. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Mr. Gallardo, seconded by Ms. Garcia and unanimously carried, the Board considered and awarded Bid Number SW37-18, Mesa Hills Control Basin Restoration, to the lowest responsive, responsible bidder, Del Mar Contracting, Inc., in the amount of \$818,962.

CONSIDERED AND AWARDED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR THE MESA HILLS CONTROL BASIN TO CSA DESIGN GROUP, INC. FOR CONSTRUCTION PHASE SERVICES IN THE AMOUNT OF \$120,000; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT FOR ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES IN AN AMOUNT NOT TO EXCEED \$44,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) The Mesa Hills Control Basin is an existing detention pond located in west El Paso that was developed to control the sediment and storm runoff from Arroyo 8. The basin is located near the southeast intersection of North Mesa Hills Drive and Double Tree Lane. In the 2006 storm, the dam overtopped and debris was carried over the spillway and blocked the channel outlet downstream. This project is identified in the Stormwater Master Plan as NW18. CSA Design Group was selected by the Public Service Board on February 23, 2016 to perform design and bid phase services of the Mesa Hills Control Basin. Task Order Number 1, with Amendments 1 through 3, consisted of engineering services to assess, design, and bid this project. Additional engineering services are necessary for the construction phase of this project. CSA Design Group is the most qualified firm to perform this work. Staff will work with CSA Design Group to develop the scope of services required for the construction management phase services of this project. The negotiated price will be within the authorized amount. Mr. Trejo 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 awarded a Professional Engineering Services Contract for the Mesa Hills Control Basin to CSA Design Group, Inc. for construction phase services in the amount of \$120,000; authorized future task orders or amendments to be issued under this contract for additional design and construction phase services in an amount not to exceed \$44,000, provided that funding is available in the approved budget for the task orders or amendments.

CONSIDERED AND AWARDED BID NUMBER 63-18, ZARAGOZA RESERVOIR REHABILITATION II-EXTERIOR REVETMENT REPLACEMENT, TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER, ALLEN CONCRETE, INC., IN THE AMOUNT OF \$1,188,928.50, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) The Zaragoza Water Reservoir is located in the east area of El Paso. The rectangular concrete reservoir was built in 1974 and has a capacity of 10 million gallons. The recent failure of the slopes' revetment necessitates the removal and replacement of the concrete revetment and drainage channel to stabilize the revetment and protect the reservoir. EPWater received five bids for this project on June 21, 2018. The bidders were Allen Concrete Inc., MFH Environmental, Hawk Construction, Karlsruher dba CSA Constructors, and Spartan Construction of TX. The bids ranged from \$1,188,928.50 to \$1,528,778.83 below the engineer's estimate of \$1,566,680.00. Freese and Nichols evaluated the qualifications of the apparent low bidder and has determined that Allen Concrete meets the minimum general requirements as well as the minimum project specific criteria as specified on the bid documents. Staff reviewed the engineer's evaluation and recommends award of Bid Number 63-18, Zaragoza Reservoir Rehabilitation Phase II – Exterior Revetment Replacement to Allen Concrete as the lowest responsive, responsible bidder in the amount of \$1,188,928.50. Mr. Trejo addressed questions from the Board regarding this item. Mr. Balliew made additional comments.

On a motion made by Mr. Gallardo seconded by Dr. Mena and unanimously carried, the Board considered and awarded Bid Number 63-18, Zaragoza Reservoir Rehabilitation II-Exterior Revetment Replacement, to the

lowest responsive, responsible bidder, Allen Concrete, Inc., in the amount of \$1,188,928.50, and authorized the use of commercial paper.

CONSIDERED AND AWARDED BID NUMBER 47-18, HASKELL R. STREET WASTEWATER TREATMENT PLANT HEADWORKS EFFLUENT PIPING IMPROVEMENTS, TO THE SOLE RESPONSIVE, RESPONSIBLE BIDDER, SPIESS CONSTRUCTION COMPANY INC., IN THE AMOUNT OF \$4,930,415, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) This project is located inside the Haskell R. Street Wastewater Treatment Plant (WWTP). This project consists of the permanent bypass of raw wastewater from the headworks facility to the primary clarifier junction box to allow upcoming rehabilitation of various structures. Temporary bypassing will proceed in order to allow structural repairs and modifications to the existing system and equipment. EPWater received one bid for this project on June 13, 2018. The bidder was Spiess Construction Company. The bid was \$4,930,415, above the engineer's estimate of \$3,697,416. The project consulting engineer, Brown and Caldwell, evaluated the qualifications of the apparent sole bidder and has determined that Spiess Construction Company meets the minimum general requirements as well as the minimum project criteria as specified on the bid documents. Staff evaluated the engineer's evaluation matrix and recommends award of Bid Number 47-18, Haskell R. Street WWTP Headworks Effluent Piping Improvements, to Spiess Construction Company as the sole responsive, responsible bidder in the amount of \$4,930,415.

On a motion made by Dr. Mena, seconded by Dr. Santiago and unanimously carried, the Board considered and awarded Bid Number 47-18, Haskell R. Street Wastewater Treatment Plant Headworks Effluent Piping Improvements, to the sole responsive, responsible bidder, Spiess Construction Company Inc., in the amount of \$4,930,415, and authorized the use of commercial paper.

CONSIDERED AND AWARDED BID NUMBER 68-18, ROSEWAY 20-INCH WATER LINE FROM CARNES TO NEVAREZ ROAD. AND 20-INCH TIE-IN AT ZARAGOZA RD AND GATEWAY EAST, TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER, S&M CONSTRUCTION, IN THE AMOUNT OF \$1,186,304.73, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Staff requested to have this item removed from the agenda.

On a motion made by Mr. Gallardo, seconded by Dr. Mena item was removed from the agenda.

CONSIDERED BID NUMBER 65-18, VEHICLES AND EQUIPMENT, REJECT ALL BIDS FOR LINE ITEM NUMBER 11, AND AWARDED TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDERS: CASA NISSAN FOR LINE ITEMS 1-5 IN THE AMOUNT OF \$548,225; RUDOLPH CHEVROLET FOR LINE ITEM 6 IN THE AMOUNT OF \$57,056; SW TRUCK SALES FOR LINE ITEMS 7-10 IN THE AMOUNT OF \$431,864.90, AND RJ BORDER INTERNATIONAL LP FOR LINE ITEM 12 IN THE AMOUNT OF \$157,934.

Mr. Balliew introduced Ivan Ibarra, Fleet Maintenance Chief who presented the Board with information regarding this item. Caustic Soda is used for pH adjustment in the odor control units at wastewater treatment plants. All light duty vehicles and dump trucks are either replacements of older units from the existing fleet or new units needed due to added personnel. Staff reviewed seven bids received on June 6, 2018 and recommends award to: Casa Nissan for line items 1-5 in the amount of \$548,225; Rudolph Chevrolet for line item 6 in the amount of \$57,056; SW Truck Sales for line items 7-10 in the amount of \$431,864.90; and Border International for line item 12 in the amount of \$157,934. Staff is recommending to reject all bids for line item number 11 and will investigate buy board options for this line item. Mr. Ibarra addressed questions from the Board.

On a motion made by Mr. Gallardo seconded by Dr. Mena and unanimously carried, the Board considered Bid Number 65-18, Vehicles and Equipment, reject all bids for line item number 11, and awarded to the lowest

responsive, responsible bidders: Casa Nissan for line items 1-5 in the amount of \$548,225; Rudolph Chevrolet for line item 6 in the amount of \$57,056; SW Truck Sales for line items 7-10 in the amount of \$431,864.90, and RJ Border International LP for line item 12 in the amount of \$157,934.

CONSIDERED AND APPROVED A SOLE SOURCE PURCHASE FROM PURE TECHNOLOGIES U.S. INC. TO CONDUCT AN ELECTROMAGNETIC CONDITION ASSESSMENT ON THE FRONTERA LIFT STATION FORCE MAIN SYSTEM CONSISTING OF 30-INCH, 36-INCH AND 42-INCH DIAMETER STEEL PIPE AND TOTALING APPROXIMATELY 3.5 MILES IN LENGTH, IN THE AMOUNT OF \$374,000.

Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) The Frontera Lift Station force mains are critical for the operation of the wastewater collection system as they convey flow from the entire westside, 3.5 miles, to the John T. Hickerson Water Reclamation Facility. The Frontera Lift Station pumps a total of 10 million gallons per day of wastewater through two force mains - each with pipe diameters ranging from 30, 36, and 42-inch. The dual force mains have operated without any major issues since their installation over 20 years ago, but are in need of a physical assessment to fully understand the condition of the valves and pipe. On October 12, 2016 the PSB awarded a professional services contract to CH2M Hill Engineers (CH2M) to conduct the Frontera Lift Station Force Mains Conditions Assessment. Tiers 1 and 2 of their 3-tier approach have been completed. This electromagnetic condition assessment will assist in completing their Tier 3 evaluation through a less invasive and thorough inspection of the pipeline's integrity. The findings in the Tier 2 condition assessment conducted by CH2M determined that segments of the Frontera Force Mains were experiencing wall loss due to corrosion and recommended that an electromagnetic (EM) condition assessment be conducted to better determine the pipeline's integrity and prioritize the critical segments needed to be replaced. CH2M researched firms capable of performing these types of assessments and recommended Pure Technologies U.S., Inc. (Pure Technologies) to perform the work. Staff worked with Pure Technologies to develop the scope of services required for this work. A proposal was subsequently submitted and has been reviewed and approved by staff. Additionally, Pure Technologies has performed similar EM condition assessments on other large diameter systems for El Paso Water. Pure Technologies is a sole-source vendor of this technology/service and is the most qualified to perform the work. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Mr. Gallardo seconded by Dr. Mena and unanimously carried, the Board considered and approved a sole source purchase from Pure Technologies U.S. Inc. to conduct an electromagnetic condition assessment on the Frontera Lift Station Force Main System consisting of 30-Inch, 36-Inch and 42-Inch Diameter steel pipe and totaling approximately 3.5 miles in length, in the amount of \$374,000.

CONSIDERED AND APPROVED THE FRED HERVEY WATER RECLAMATION PLANT PHASE II SCADA UPGRADE FROM PRIME CONTROLS THROUGH GSA SCHEDULE 70 CONTRACT NUMBER: GS-35F-0455W IN THE AMOUNT OF \$1,594,758, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Armando Renteria, Chief Information Officer presented the Board with information regarding this item. The Fred Hervey Water Reclamation Plant Phase I SCADA (Supervisory Control and Data Acquisition) system upgrade has been completed. The Phase II scope will replace and upgrade the OEM (Original Equipment Manufacturer) PLC's (Programmable Logic Controller) to allow the equipment to be monitored and controlled via Factory Talk. Control panels will also be upgraded as part of this project. Having successfully completed the Phase I SCADA upgrade, a proposal for the Fred Hervey Water Reclamation Plant Phase II project was requested from Prime Controls. Quotation number EPWU022217PhII was received with buy board pricing through U.S. General Administration Services (GSA) Schedule 70 Contract Number: GS-35F-0455W. The price offered through the GSA contract was reviewed and determined to be reasonable. Mr. Renteria addressed questions from the Board regarding this item. Mr. Balliew added that Mr. Renteria would be retiring after 43 years of service with El Paso Water. The Board thanked Mr. Renteria for his service and wished him well on his future endeavors.

On a motion made by Mr. Gallardo seconded by Dr. Mena and unanimously carried, the Board considered and approved the Fred Hervey Water Reclamation Plant Phase II SCADA Upgrade from Prime Controls through GSA Schedule 70 Contract Number: GS-35F-0455W in the amount of \$1,594,758, and authorized the use of commercial paper.

PRESENTED AND ACCEPTED OF ANNUAL HISTORICALLY UNDERUTILIZED BUSINESS (HUB) REPORT, INCLUDING REPORTING ON MEETING PSB GOALS FOR SMALL LOCALLY OWNED (SLBE), MINORITY (MBE), AND WOMEN OWNED BUSINESS (WBE), AND ADOPTION OF PROPOSED NEW HUB GOALS.

Ms. Rose Guevara, Senior Purchasing Agent made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) The PSB adopted a policy to increase HUB participation in 1992. Staff solicits increased participation of small locally owned, minority and women owned businesses by requiring staff to contact these local businesses in procuring goods and services. For construction bids, bidders must either meet the minimum goals of HUB participation or demonstrate that they have made a good faith effort to meet the goals. Goals have been set by the Board for small locally owned, minority and women owned business participation. Purchasing tracks payments to these vendors. Data is summarized and presented to management and the PSB annually. Ms. Guevara addressed questions from the Board regarding this item. Mr. Arturo Duran made additional comments.

On a motion made by Mr. Gallardo seconded by Dr. Mena and unanimously carried, the Board accepted the annual Historically Underutilized Business (HUB) Report, including reporting on meeting PSB goals for small locally owned (SLBE), minority (MBE), and women owned business (WBE), and adoption of proposed new HUB goals.

CONSIDERED AND APPROVED THE PUBLIC SERVICE BOARD'S SEMI-ANNUAL REPORT (JANUARY 2018 THROUGH JUNE 2018), ON THE ACTIVITIES OF THE LAND MANAGEMENT PROGRAM, AS REQUIRED BY THE CITY COUNCIL/PSB JOINT RESOLUTION OF MARCH 2010 AS AMENDED, AND AUTHORIZED PRESIDENT/CEO TO FORWARD THE REPORT TO THE EL PASO CITY COUNCIL.

Cynthia Osborn, Real Estate Manager/Counsel presented the Board with information regarding this item. The Joint Resolution between the El Paso City Council and the EPWater/Public Service Board adopted March 31, 2010, as amended, sets forth the policies, procedures and reimbursements related to transfers of land and land use policies. The Joint Resolution requires the Public Service Board to submit, in addition to an annual land inventory report on sales and land declared as inexpedient, a semi-annual report on the activities of the Land Management Program on land activities the subject of the Joint Resolution. This reporting period is for January 2018 through June 2018, using the same format as previous reports approved by the Board and includes a summary of the land sales, land transfers, land exchanges and planning applications associated with these land transactions that have been completed, disapproved or are currently being processed during this reporting period. Ms. Osborn addressed questions from the Board regarding this item.

On a motion made by Dr. Santiago seconded by Dr. Mena and unanimously carried, the Board considered and approved the Public Service Board's Semi-Annual Report (January 2018 through June 2018), on the activities of the Land Management Program, as required by the City Council/PSB Joint Resolution of March 2010 as amended, and authorized President/CEO to forward the report to the El Paso City Council.

CONSIDERED AND APPROVED THE EL PASO WATER'S FIRST QUARTER FINANCIAL AND PERFORMANCE MEASURES REPORT FOR PERIOD ENDING MAY 31, 2018.

Jeff Tepsick, Fiscal Operations Manager made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) Mr. Tepsick started his presentation informing the Board that EPWater billed its customer a little over 8 billion gallons of water, this is a 4.2% decrease compared to last year, and this is because

of more rainfall causing EPWater customers to do less watering during the summer months. Mr. Tepsick then showed a slide with Water and Wastewater Operating Revenues, FY 18-19 came in at \$60,471 million. This is due to the 8% rate increase in March of 2018. Mr. Tepsick shared a slide showing that our total revenue came from Water and Reclaimed Water coming in at 59%. Next was Water and Wastewater Utility Operating Expenses which came in at \$23,091 million compared to FY 17-18 1st Quarter \$20,593 million. The total Water and Wastewater Operating Expenses so far have totaled \$19,137 million with 38% being Personnel Services, with over 800 employees. Mr. Tepsick went on to discuss Water and Wastewater Capital Projects Expenditures have been \$19,289, compared to the \$11,709 in FY 17-18. The increase is due to the \$73.5 million land acquisitions in Dell City and other ongoing projects. Mr. Tepsick then discussed Water and Wastewater Debt Service Coverage coming in at 2.22%. Stormwater Utility Operating Revenues come in at \$5,904 million, a slight increase compared to FY17-18 at \$5,765, this attributed to the 2% rate increase that went into effect March 2018. Stormwater revenue is generated from Stormwater Nonresidential at 58%, and Stormwater Residential at 42%. Mr. Tepsick also discussed the Stormwater Operating Expenses coming in at \$1,310 million compared to \$1,452 million in FY17-18. This was due to the decrease in maintenance in the stormwater infrastructure. With monsoon season approaching, these expenses are expected to be increased. He went on to discuss the Stormwater Capital Expenditures, with FY18-19 coming in at \$5,299 million compared to the \$3,998 in FY17-18. This includes the purchase of the Nad property which is an open space property that came in at \$2 million. The Stormwater Debt Service Coverage come in at 2.06 with is very health. Mr. Tepsick addressed questions from the Board regarding this item.

On a motion made by Mr. Gallardo seconded by Dr. Mena and unanimously carried, the Board considered and approved the El Paso Water's First Quarter Financial and Performance Measures Report for period ending May 31, 2018.

CONSIDERED AND APPROVED THE AUDIT, FINANCE AND INVESTMENT COMMITTEE'S FIRST QUARTER INVESTMENT REPORT FOR PERIOD ENDING MAY 31, 2018.

Lidia Carranco, Utility Treasury & Property Control Manager made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) Ms. Carranco began her presentation with a Historical Yield Comparison chart starting from May 2007 until current. Prior to 2007 interest rates were at 5.5%, with an all-time low in 2008. It remained low for several years, and in 2015, when the Fed approved an interest increase. Since then, an additional six increases have occurred. Ms. Carranco went on to show a chart with EPWater Historical Interest Earned from FY2008 thru FY2018, the charts shows the highs and lows of those critical years. EPWater investing strategies consist of; Safety of principal, liquidity, maximize interest income, diversification and short term. Ms. Carranco showed a chart of Portfolio Value as of May 31, 2018 coming in at \$243,102,289, with Texpool Prime attributing 34%. Next, Ms. Carranco shared a slide showing comparison of the 1st Quarter Portfolio Activity a value of \$243,102,289 for FY2019 and \$221,136,316 for FY2018. The reason for the increase is due to the bond issuance at the end of 2018. The Benchmark Analysis for quarter ending May 31, 2018 shows 1 month, 3 month, 6 month and 1 year t-bill, with EPWater coming in at 1.86 basis points, close to the 3 month t-bill at 1.90 basis points. Ms. Carranco also discussed the 1st Quarter Interest Earned Comparison coming in at \$1,000,000 for FY2019, compared to FY2016-current. Ms. Carranco 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 approved the Audit, Finance and Investment Committee's First Quarter Investment Report for period ending May 31, 2018.

CONSIDERED AND ADOPTED A RESOLUTION ACCEPTING THE REPORT OF THE PRESIDENT/CEO REGARDING RIO GRANDE WATER DELIVERIES AND AUTHORIZING CONTRACTING AND PURCHASING UNDER TEXAS LOCAL GOVERNMENT CODE SECTION 252.022(2), AN EXEMPTION TO THE COMPETITIVE BIDDING STATUTES FOR

PROCUREMENTS MADE TO PRESERVE AND PROTECT THE HEALTH AND SAFETY OF THE CUSTOMERS OF EPWATER.

Mr. Balliew made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files.) In recent years, water deliveries from the Rio Grande have been highly variable because of the record drought conditions in the region. Although water delivered from the Rio Grande in 2018 is considered a full allocation, the scheduled releases from the reservoir for the remainder of this irrigation season are expected to reduce the volume of water held in storage to 5% of the reservoir capacity (100,000 acre-feet). This amount is comparable with reservoir storage in the previous drought years of 2012, 2013, and 2014. Limited reservoir storage indicates that EPWater will receive a limited annual allocation of surface water in 2019. As a result of this drought condition, the Utility will need to produce more groundwater to meet peak demands. Texas Local Government Code Section 252.022(2) provides an exemption to the competitive bidding statutes for procurements made to preserve and protect the health and safety of residents. An approved drought resolution will allow for expedited procurement of contracted consultant and construction services under this exemption to the general bidding statutes related to drought relief projects (including drilling and equipping of new wells, reconditioning existing wells, and optimizing production of the Kay Bailey Hutchison Desalination Plant). An approved drought resolution will allow for earlier starting dates and completion dates of drought relief projects. This will allow drought relief projects to be completed before the peak demands of next summer. Based on the projected potable water availability issues for 2019, it is advisable to position the Utility to exercise an exemption to the State's bidding statutes under Texas Local Government Code Section 252.022(2), exempting procurements made to preserve and protect the health and safety of the customers of EPWater, from adherence to competitive bidding statutes. Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Dr. Santiago seconded by Mr. Gallardo and unanimously carried, the Board considered and adopted a Resolution accepting the report of the President/CEO regarding Rio Grande water deliveries and authorizing contracting and purchasing under Texas Local Government Code Section 252.022(2), an exemption to the competitive bidding statutes for procurements made to preserve and protect the health and safety of the customers of EPWater.

DISCUSSED AND TOOK ACTION ON AUTHORIZING THE PRESIDENT/CEO TO SEND NOTICE OF TERMINATION AND DEFAULT TO SAAB SITE CONTRACTORS, LP AND ITS BONDING COMPANY, WITH REGARD TO THE KENTUCKY DAM (DAM 5) PHASE 1 IMPROVEMENTS PROJECT; FURTHER AUTHORIZED THE EXECUTION OF ANY ADDITIONAL AGREEMENTS WITH THE BONDING COMPANY OR ALTERNATIVE CONTRACTOR(S) NECESSARY TO COMPLETE THE PROJECT.

Mr. Trejo presented the Board with information regarding this item. Saab Site Contractors, L.P recently had their insurance terminated and have fallen significantly behind schedule on this project. Without the required insurance El Paso Water cannot allow Saab Site Contractors, L.P to continue to work on this project. On June 18, 2018 El Paso Water issued a Stop Work Order to Saab Site Contractors, L.P due to lack of insurance. To date, Saab Site Contractors has not reinstated the required insurance. Mr. Robert Davidson made additional comments regarding this item. Mr. Trejo addressed questions from the Board.

On a motion made by Mayor Margo seconded by Mr. Gallardo and unanimously carried, the Board requested to have this item moved and discussed in executive session.

DISCUSSED AND TOOK ACTION ON AUTHORIZING THE PRESIDENT/CEO TO SEND NOTICE OF TERMINATION AND DEFAULT TO SAAB SITE CONTRACTORS, LP AND ITS BONDING COMPANY, WITH REGARD TO THE GRAND TETON DRIVE PONDING AREA IMPROVEMENTS PROJECT; FURTHER AUTHORIZED THE EXECUTION OF ANY ADDITIONAL AGREEMENTS WITH THE BONDING COMPANY OR ALTERNATIVE CONTRACTOR(S) NECESSARY TO COMPLETE THE PROJECT.

Mr. Trejo presented the Board with information regarding this item. Saab Site Contractors, L.P recently had their insurance terminated and has fallen significantly behind schedule on this project. Without the required

insurance El Paso Water cannot allow Saab Site Contractors, L.P to continue to work on this project. On June 18, 2018 El Paso Water issued a Stop Work Order to Saab Site Contractors, L.P due to lack of insurance. To date Saab Site Contractors, has not reinstated the required insurance. Mr. Robert Davidson made additional comments regarding this item. Mr. Trejo addressed questions from the Board.

On a motion made by Mayor Margo seconded by Mr. Gallardo and unanimously carried, the Board requested to have this item moved and discussed in executive session.

21. MANAGEMENT REPORT:

- Jackson Tank Replacement and Construction Outreach Program
- Old v. New Jackson Tank Video

22. 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 Mr. Gallardo, seconded by Dr. Mena, and unanimously carried, the Board retired into Executive Session at 10:02 a.m., July 11, 2018, pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Sections 551.071 through 551.076 to discuss any of the following:

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

a. Section 551.071 Consultation with Attorney

Discussion and action on authorizing the President/CEO to send Notice of Termination and Default to Saab Site Contractors, LP and its bonding company, with regard to the Kentucky Dam (Dam 5) Phase 1 Improvements Project; further authorize the execution of any additional agreements with the bonding company or alternative contractor(s) necessary to complete the project.

b. Section 551.071 Consultation with Attorney

Discussion and action on authorizing the President/CEO to send Notice of Termination and Default to Saab Site Contractors, LP and its bonding company, with regard to the Grand Teton Drive Ponding Area Improvements Project; further authorize the execution of any additional agreements with the bonding company or alternative contractor(s) necessary to complete the project.

On a motion made by Mayor Margo, seconded by Mr. Gallardo and unanimously carried, the Board reconvened in open session at 10:24 a.m., July 11, 2018.

DISCUSSION AND ACTION ON AUTHORIZING THE PRESIDENT/CEO TO SEND NOTICE OF TERMINATION

On a motion made by Ms. Garcia, seconded by Mr. Gallardo and unanimously carried the Board discussed took and action on authorizing the President/CEO to send Notice of Termination and Default to Saab Site Contractors, LP and its bonding company, with regard to the Kentucky Dam (Dam 5) Phase 1 Improvements

Project; further authorize the execution of any additional agreements with the bonding company or alternative contractor(s) necessary to complete the project.

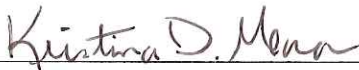
DISCUSSION AND ACTION ON AUTHORIZING THE PRESIDENT/CEO TO SEND NOTICE OF TERMINATION

On a motion made by Ms. Garcia, seconded by Mr. Gallardo and unanimously carried the Board discussed took and action on authorizing the President/CEO to send Notice of Termination and Default to Saab Site Contractors, LP and its bonding company, with regard to the Grand Tetons Ponding Area Improvements Project; further authorize the execution of any additional agreements with the bonding company or alternative contractor(s) necessary to complete the project.

ADJOURNMENT

On a motion made by Mayor Margo, seconded by Mr. Gallardo and unanimously carried, the meeting adjourned at 10:26 a.m., July 11, 2018.

ATTEST:



Secretary-Treasurer



Christopher Antcliff, Chair