

**MINUTES
PUBLIC SERVICE BOARD
CITY OF EL PASO
October 10, 2018**

The regular meeting of the Public Service Board was held Wednesday, October 10, 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
Terri Garcia, Vice-Chair
Dr. Ivonne Santiago, Member
Dr. Kristina Mena, Member
Bradley Roe, Member

PSB MEMBERS ABSENT

Mayor Dee Margo, Ex-Officio Member
Henry Gallardo, 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
Art Duran, Chief Financial Officer
Irazema Rojas, Capital Improvement Program Manager
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
Aide Zamarron, Wastewater Treatment Manager
Alma De Anda, Utility Land & Water Rights Manager
Fernie Rico, Chief Operating Officer
Alfredo Solano, Interim Chief Information Officer
Amy Castner, Engineering Division Manager
Adriana Castillo, Engineering Division Manager
Lidia Carranco, Utility Treasury & Property Control Manager
Jeff Tepsick, Fiscal Operations Manager
Norma Dominguez, Business Systems Analyst
Edgar Campos, Senior Project Manager
Rene Leon, Intergovernmental Affairs Coordinator
Jeanette Cordero, Business & Customer Service Assistant Manager
Javier Echeverry, Business Systems Analyst
Julian Rodriguez, Utility Engineer Associate
Margret Carrillo, Office Manager

GUESTS

Phil Rothstein, Bath Engineering
Pam Fontone, Citizen
Edwin Crow, AAC
Emma Salazar, Citizen
Michael Christiansen, Citizen
Jesus Placencia, Arcardis
Evelyn Rios, Hazen
Matthew Bole, Cummins

MEDIA

None

The Public Service Board meeting was called to order by Mr. Antcliff at 8:08 a.m. A quorum of its members was present. After a moment of silence, those in attendance joined Mr. Art Duran, in reciting the Pledge of Allegiance.

CONSENT AGENDA

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

CONSIDERED AND APPROVED THE MINUTES OF THE REGULARLY SCHEDULED MEETING HELD ON SEPTEMBER 12, 2018.

The September minutes were approved.

APPROVED A CONTRACT FOR ASBESTOS ABATEMENT SERVICES FROM MIRADOR ENTERPRISES, THROUGH THE ESC REGION 19 ALLIED STATES COOPERATIVE, CONTRACT NUMBER 13-6973 IN THE AMOUNT OF \$87,450, AND FURTHER AUTHORIZE THE USE OF ADDITIONAL FUNDS IN THE ESTIMATED AMOUNT OF \$400,000 FOR ADDITIONAL REMEDIATIONS AS NEEDED.

The Board approved a contract for Asbestos Abatement Services for the Will Ruth Pond Project from Mirador Enterprises, through the ESC Region 19 Allied States Cooperative Contract Number 13-6973 in the amount of \$87,450; authorized the use of additional funds in the estimated amount of \$400,000 for additional remediation, provided that funding is available in the approved budget for the additional remediation.

REGULAR AGENDA

PRESENTATION TO EL PASO WATER FROM THE TEXAS ASSOCIATION OF THE MEXICAN AMERICAN CHAMBERS OF COMMERCE (TAMACC) FOR THE 2018 CORPORATE HISPANIC BUSINESS ADVOCATE OF THE YEAR.

Ms. Cindy Ramos Davidson, CEO of The Hispanic Chamber of Commerce presented EPWater with an award from the Texas Association of the Mexican American Chambers of Commerce (TAMACC) for the 2018 Corporate Hispanic Business Advocate of the Year. Mr. Art Duran, Chief Financial Officer accepted the award on behalf of EPWater in San Marcos, TX during the state convention in September of 2018. EPWater was one of 28 other companies that were nominated across the country for this award.

AWARDED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR THE POLY/ORTHOPHOSPHATE FEEDING FACILITIES TO CDM SMITH, INC. FOR DESIGN AND BID PHASE SERVICES IN THE AMOUNT OF \$333,385.61; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT FOR ADDITIONAL

DESIGN AND CONSTRUCTION PHASE SERVICES IN THE ESTIMATED AMOUNT OF \$160,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Gilbert Trejo, Chief Technical Officer made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). EPWater is currently injecting poly/orthophosphate blend at key locations (water treatment plants and some well sites) to reduce corrosion potential of the potable water in the system. The raw water well boosters stations at Airport, McRae, Nevins, Montana, and Northeast are the subject of this project. These booster stations receive raw water from the wells and pump treated water into the distribution system. Staff has determined that there is a benefit for chemical storage and delivery facilities to inject poly/orthophosphate at the five booster station facilities listed above instead of installing chemical storage facilities and delivery systems at each of the well sites. The Architectural/Engineering Selection Advisory Committee met on August 8, 2018, to review and recommend the selection of an engineering firm for the above-referenced project. The committee consisted of Bradley Roe, Ivonne Santiago, Kristina Mena, Marcela Navarrete, and Gilbert Trejo. The lone proposal was evaluated in the areas of technical competence, project approach, team organization and availability, and project management and quality control. The Architectural/Engineering Selection Advisory Committee discussed the submittal and determined that CDM Smith meets the needs of the Utility for these important services and demonstrated excellent abilities in all evaluated categories. Staff worked with CDM Smith to develop the scope of services required for this 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 fees are in line with the level of effort required to complete the task and consistent with similar work completed. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, second by Dr. Mena and unanimously carried, the Board considered and awarded a Professional Engineering Services Contract for the Poly/Orthophosphate Feeding Facilities to CDM Smith, Inc. for design and bid phase services in the amount of \$333,385.61; authorized future task orders or amendments to be issued under this contract for additional design and construction phase services in the estimated amount of \$160,000, provided that funding is available in the approved budget for the task orders or amendments; and authorized the use of commercial paper.

APPROVED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR TASK ORDER NUMBER 2 AMENDMENT 1 ALTERNATE ROUTE DESIGN SERVICES FOR THE WASTEWATER DIVERSION FROM HASKELL STREET WASTEWATER TREATMENT PLANT TO FRED HERVEY WATER RECLAMATION PLANT, AWARDED TO AECOM IN THE AMOUNT OF \$241,208.58; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT FOR ADDITIONAL CONSTRUCTION PHASE SERVICES IN THE ESTIMATED AMOUNT OF \$100,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS; AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

A floor change was made to the item wording, it should be Task Order Number 2, Amendment 1. Mr. Trejo made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). Reduction in wastewater flows, due to conservation and increased demand of reclaimed water, has EPWater seeking innovative solutions for reallocating sewage among different wastewater plants. On April 2017 the Public Service Board approved Task Order Number 1 to AECOM for a feasibility study of redirecting sewage flow from Haskell R. Street Wastewater Treatment Plant (WWTP) to Fred Hervey Water Reclamation Plant (WRP). This task order produced a Pipeline Route Analysis that recommended Railroad Drive as the preferable route. As the design of this route progressed; concerns regarding the disruption of highway traffic and the constructability of the pipeline along Railroad Drive changed the force main alignment. On November 2017 Task Order Number 2 was executed for design and bid phase services for an alternate route. AECOM recommended an alternative route through residential streets. This amendment to Task Order Number 2 is for additional design and bid

phase services for this alternate route as well as for necessary improvements to the lift stations that will be involved in the redirection of the flows. Staff worked with AECOM to revise the scope of services required for the design and bid phase services described above. 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 fees are 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, second by Ms. Garcia and unanimously carried, the Board approved a Professional Engineering Services Contract for Task Order Number 2 Amendment 2 Alternate Route Design Services for the Wastewater Diversion from Haskell Street Wastewater Treatment Plant to Fred Hervey Water Reclamation Plant, awarded to AECOM in the amount of \$241,208.58; authorized future task orders or amendments to be issued under this contract for additional construction phase services in the estimated amount of \$100,000, provided that funding is available in the approved budget for the task orders or amendments; and authorized the use of commercial paper.

APPROVED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR TASK ORDER NUMBER 3 – DESIGN AND BID PHASE SERVICES FOR HEATH DE LEON PUMP STATION AWARDED TO BATH GROUP, INC. DBA BATH ENGINEERING IN THE AMOUNT OF \$629,392; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT FOR ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES IN AN ESTIMATED AMOUNT OF \$500,000, 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 Heath De Leon pump station is an in-line booster station located on the Westside that currently has a Texas Commission on Environmental Quality (TCEQ) exception for complying with the TCEQ Rule 30 TAC § 290.44 (d) (2). TCEQ no longer allows in-line booster stations, so Bath Engineering was selected to perform an evaluation of the existing water distribution system the pump station services and determine what infrastructure improvements were required in order to be compliant with TCEQ regulations. Task Orders Number 1 and Number 2 were issued to perform the evaluation and, based on Bath's findings, staff has identified the necessary infrastructure improvements including a new pump station and construction of a new elevated water reservoir. Task Order Number 3 will be for the design and bid phase services of the new booster pump station and an elevated 2.5 MG reservoir. Bath Engineering was selected by the Public Service board in July 2014 to perform an assessment of the Heath De Leon pump station and develop a preliminary engineering of their findings through Task Orders Number 1 and Number 2. Their findings identified the required infrastructure improvements and are ready to continue with the design of the recommended improvements. Bath Engineering is the most qualified firm to perform this project. Staff worked with Bath Engineering to develop the scope of services required for this 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 fees are in line with the level of effort required to complete the task and consistent with similar work completed. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Mr. Roe, second by Ms. Garcia and unanimously carried, the Board approved a Professional Engineering Services Contract for Task Order Number 3 – Design and Bid Phase Services for Heath De Leon Pump Station awarded to Bath Group, Inc. dba Bath Engineering in the amount of \$629,392; authorized future task orders or amendments to be issued under this contract for additional design and construction phase services in an estimated amount of \$500,000, provided that funding is available in the approved budget for the task orders or amendments.

CONSIDERED AND APPROVED AN EMERGENCY PROFESSIONAL SERVICES AND CONSTRUCTION SERVICES AUTHORIZATION TO PROCURE CONTRACTS FOR THE PREPARATION OF AN EMERGENCY ACTION PLAN FOR THE EMERGENCY REPLACEMENT OF THE ELECTRICAL SWITCH GEAR AT THE ROBERTO R BUSTAMANTE WASTEWATER TREATMENT PLANT HEADWORKS LIFT STATION IN THE ESTIMATED TOTAL AMOUNT \$4,000,000, 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). EPWater included in its 10-year CIP plan the rehabilitation of the headworks for year 2020. The headworks is the initial process in the wastewater treatment plant. During a recent inspection, the electrical components that operate the pumps were found to be in seriously compromised conditions that could lead to the failure of the pumping system. Failure of the pumping system will have deleterious consequences affecting the health and safety of the surrounding community. Given the unforeseen nature of this discovery; expeditious assessment and action must be performed. Replacement of the electrical components will require a series of bypass systems to ensure continuous operation of the facility during the length of the project, including piping, valves, pumps, and odor control systems. The scope of the project is divided into two stages: Professional Engineering Services/Assessment and Construction/Remediation. Staff selected Brown & Caldwell as the most suitable to perform these services as they were the original designers of this facility and are the most knowledgeable. Their scope includes the assessment and planning stage for the preparation of an emergency action plan that addresses the health and safety of the surrounding community. The remediation and construction stages include temporary power and repair/replace of damaged electrical components, odor evacuation, odor control, structural and electrical and lighting repairs, flow bypass, pump tests, cleanup of piping, preventive maintenance and evaluation of pumps, repair/replacement and installation of existing pumps, installation of redundant pump. Construction and operation of specific components will be performed by Kendrick Electric Corp., Holt CAT, Eaton, ECS Environmental, RM Wright, Square D, Beltran Electric, Core & Main LP. These vendors and contractors were selected according to their ability to mobilize quickly and efficiently and/or their ability to provide the necessary equipment in a timely manner. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, second by Dr. Mena and unanimously carried, the Board considered and approved an Emergency Professional Services and Construction Services authorization to procure contracts for the preparation of an Emergency Action Plan for the emergency replacement of the Electrical Switch Gear at the Roberto R Bustamante Wastewater Treatment Plant Headworks Lift Station in the estimated total amount \$4,000,000, and authorized the use of commercial paper.

CONSIDERED BID NUMBER 72-18, LIFT STATION RECONSTRUCTION: INGLEWOOD (#36), LE BARRON (#42) AND ROSEWAY (#10) LIFT STATIONS, DECLARED EL PASO A.R.C. ELECTRIC, INC. AS NOT RESPONSIBLE AND AWARDED TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER RMCI, INC. IN THE AMOUNT OF \$2,725,340, 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). Staff has identified deficiencies at the Inglewood, Roseway, and Le Barron lift stations. The issues identified include leaking wet wells; corroded access ways; non-operational valves; and pumps that have exceeded their economic life. The Inglewood and Roseway lift stations are limited in space and it is difficult to reconstruct new lift stations in the same area. Therefore, the relocation of the lift stations is recommended. The relocation of the Le Barron

lift station to a nearby site will improve access to the station. EPWater received four bids for this project on August 15, 2018. The bidders were El Paso A.R.C. Electric, RMCI, Smithco Construction, and Spiess Construction. The bids ranged from \$2,379,566.18 to \$3,986,710.00 or 9% below to 53% above the engineer's estimate of \$2,608,350.00. Staff evaluated the qualifications of the apparent low bidder and determined that El Paso A.R.C. Electric did not meet the minimum general requirements and the minimum project specific criteria as specified in the bid documents. El Paso A.R.C. Electric failed to provide documentation demonstrating the successful completion of projects as specified in the bid documents. Evaluation of the qualifications of the second low bidder determined that RMCI meets all contract requirements. Staff recommends that El Paso A.R.C. Electric be deemed not responsible and award Bid Number 72-18, Lift Station Reconstruction: Inglewood (#36), Le Barron (#42) and Roseway (#10) Lift Stations to RMCI as the lowest responsive, responsible bidder in the amount of \$2,725,340.

On a motion made by Mr. Roe, seconded by Dr. Santiago and unanimously carried, the Board considered Bid Number 72-18, Lift Station Reconstruction: Inglewood (#36), Le Barron (#42) and Roseway (#10) Lift Stations, declared El Paso A.R.C. Electric, Inc. as not responsible and awarded to the lowest responsive, responsible bidder RMCI, Inc. in the amount of \$2,725,340, and authorized the use of commercial paper.

APPROVED A SOLE SOURCE PURCHASE FOR THE PARTS, REHABILITATION AND OVERHAUL OF ONE BELT FILTER PRESS AT THE HASKELL R. STREET WWTP WITH ALFA LAVAL, INCORPORATED IN THE AMOUNT OF \$302,392 AND AUTHORIZED FUTURE PURCHASES TO BE MADE FOR ADDITIONAL REFURBISHING AND REHABILITATION AT OTHER PLANTS, INCLUDING REPLACEMENT PARTS, IN AN ESTIMATED AMOUNT OF \$1,736,000 PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET AND AUTHORIZED THE USE OF COMMERCIAL PAPER. CONTRACT TERM WILL BE 3 YEARS, CONTINGENT UPON ALFA LAVAL PROVIDING YEARLY DOCUMENTATION ATTESTING TO THE STATUS OF ITS PROPRIETARY OR PATENTED TECHNOLOGIES, PROCESSES, AND PARTS.

Ms. Rose Guevara, Senior Purchasing Agent made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). The overhaul of the existing equipment will include roller and bearing assembly parts, hydraulic system parts, drive system parts, belt wash system parts, polywear items, etc. New components and equipment will facilitate proper operations of the BFP and GBT; enhancing the dewaterability of biosolids, producing a dryer cake that will save money on sludge hauling costs. The BFP and GBT equipment are scheduled for rehabilitation over the next three fiscal years. Staff is requesting to immediately rehabilitate one BFP at the Haskell R. Street WWTP in the amount of \$302,392. As funds become available four additional BFP's will be rehabilitated (2 at Haskell R. Street, 1 at John T. Hickerson Waste Water Treatment Facility. and 1 at Roberto R. Bustamante WWTP) in the estimated total cost \$1,199,000. In addition, 3 GBTs at the Roberto R. Bustamante WWTP are scheduled for rehabilitation, subject to the availability of funding, in the estimated cost of \$297,354.

On a motion made by Dr. Santiago seconded by Ms. Garcia and unanimously carried, the Board approved a sole source purchase for the parts, rehabilitation and overhaul of one belt filter press at the Haskell R. Street WWTP with Alfa Laval, Incorporated in the amount of \$302,392 and authorized future purchases to be made for additional refurbishing and rehabilitation at other plants, including replacement parts, in an estimated amount of \$1,736,000 provided that funding is available in the approved budget and authorized the use of commercial

paper. Contract term will be 3 years, contingent upon Alfa Laval providing yearly documentation attesting to the status of its proprietary or patented technologies, processes, and parts.

APPROVED CHANGE ORDER NUMBER 4 - BID NUMBER 49-17, CANUTILLO 5 STREETS, TO SMITHCO CONSTRUCTION, INC. IN THE AMOUNT OF \$174,920 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). Residents along portions of Seventh Street, La Mesa Avenue, Norma Road, and Georgia Street in the Canutillo area do not have existing water distribution or wastewater collection systems. The area residents obtain their water through wells and discharge their wastewater into septic tanks. In October 2017, the Public Service Board awarded Bid Number 49-17 Canutillo 5 Streets project for the installation of a new water distribution system and wastewater collection system to the area. Change Order Number 4 is needed to cover the cost to be incurred by the contractor to perform required pavement repairs as per the County of El Paso's pavement repair standards. Staff evaluated the change order request submitted by the contractor and negotiated the unit cost provided. The cost submitted is in line with current industry trends. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia seconded by Dr. Mena and unanimously carried, the Board approved Change Order Number 4 - Bid Number 49-17, Canutillo 5 Streets, to Smithco Construction, Inc. in the amount of \$174,920 and authorized the use of commercial paper.

REJECTED ALL PROPOSALS RECEIVED FOR REQUEST FOR PROPOSAL 04-18 CUSTOMER INFORMATION SYSTEM AND IMPLEMENTATION SERVICES, AND AUTHORIZED STAFF TO ISSUE A NEW SOLICITATION.

Mr. Alfredo Solano, Interim CIO provided information to the Board regarding this item. EPWater is in the process of upgrading or replacing the Customer Information System (CIS). RFP 04-18 solicited proposals for the new CIS system. While evaluating the proposals it was discovered that the Cone of Silence was breached. Attempts to correct the situation were unsuccessful. Staff is recommending that all proposals be rejected and that staff be authorized to issue a new solicitation. Mr. Solano and Ms. Lee Ann Koehler, General Council addressed questions from the Board regarding this item. The Board heard additional comments from Edwin Crow regarding this item.

On a motion made by Ms. Garcia, seconded by Dr. Mena and unanimously carried, the Board rejected all proposals received for Request for Proposal 04-18 Customer Information System and Implementation Services, and authorized staff to issue a new solicitation.

CONSIDERED AND APPROVED RESCINDING AWARD OF REQUEST FOR PROPOSAL 57-18 CIS IMPLEMENTATION MANAGEMENT AND SUPPORT SERVICES AWARDED TO AAC UTILITY PARTNERS LLC., IN THE ESTIMATED AMOUNT OF \$2,994,312.80 AND AUTHORIZED STAFF TO ISSUE A NEW SOLICITATION.

Mr. Solano provided information to the Board regarding this item. EPWater is rejecting all proposals received for RFP 04-18 CIS Selection and Procurement. The CIS Implementation Management & Support Services contract is contingent upon a selection of a CIS system. As there will be no vendor selected; staff recommends rescinding the contract for the implementation services. Staff will repackage the implementation along with the selection process for a new solicitation.

On a motion made by Ms. Garcia seconded by Mr. Roe and unanimously carried, the Board considered and approved rescinding award of Request for Proposal 57-18 CIS Implementation Management and Support Services awarded to AAC Utility Partners LLC., in the estimated amount of \$2,994,312.80 and authorized staff to issue a new solicitation.

CONSIDERED AND ADOPTED A RESOLUTION AMENDING PUBLIC SERVICE BOARD RULES AND REGULATIONS NO. 7, ESTABLISHING VARIOUS DEPOSITS AND CHARGES FOR FURNISHING OF WATER, RECLAIMED WATER, AND/OR SEWER SERVICE, TO REVISE THE AMOUNT FOR ROAD CUTS IN COUNTY RIGHT-OF-WAYS.

Ms. Adriana Castillo, Engineering Division Manager made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). On September 11, 2017, El Paso County Commissioners Court adopted a Road Cut Fee policy that took effect on Oct 1, 2017 which charged a flat rate of \$500 per cut of all county roads. On July 30, 2018, Commissioners Court adopted a revised Road Cut Fee policy which took effect on October 1, 2018. The new policy is divided into two sections Road Inspection & Maintenance (RIM) and Road Entry & Access Permit (REAP) with various fees. El Paso Water was notified in writing on September 5, 2018.

On a motion made by Mr. Roe seconded by Ms. Garcia and unanimously carried, the Board considered and adopted a Resolution amending Public Service Board Rules and Regulations No. 7, Establishing Various Deposits and Charges for Furnishing of Water, Reclaimed Water, and/or Sewer Service, to revise the amount for road cuts in County Right-of-Ways.

ADOPTED A RESOLUTION REQUESTING CITY COUNCIL TO AUTHORIZE THE ISSUANCE OF UP TO \$30,000,000 OF CITY OF EL PASO WATER AND SEWER SYSTEM REVENUE BONDS SERIES 2018 TO PAY OFF \$30,000,000 IN COMMERCIAL PAPER NOTES AND FUND RELATED TRANSACTION COSTS.

Mr. Art Duran, Chief Financial Officer introduced Maria Urbina with Hilltop Securities who made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). EPWater currently has a Revolving Credit Agreement with Bank of America N.A. for the Water and Sewer Commercial Paper Notes Program in the amount of \$40,000,000. The Commercial Paper Program is a short-term variable rate financing tool utilized by the Utility to finance a portion of its Capital Improvement Program. The Audit, Finance and Investment Committee met on October 4, 2018, to review the bond issue proposal. Council to approve parameters as recommended by PSB. Maximum True Interest Cost – 4.50%, Aggregate Principal Amount of Issue - \$30,500,000, Final Maturity Date – December 31, 2039, Expiration of Delegated Authority – 3 months. Ms. Urbina addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, and unanimously carried, the Board adopted a resolution requesting City Council to authorize the issuance of up to \$30,000,000 of City of El Paso Water and Sewer System Revenue Bonds Series 2018 to pay off \$30,000,000 in Commercial Paper Notes and fund related transaction costs. EPWater will pay off \$30,000,000 in Commercial Paper Notes outstanding. Total operating revenues for Water and Wastewater for the Utility was \$139,449 million dollars for FY 18-19, compared to FY 17-18 at \$128,115 million dollars. Total operating expenses for Water and Wastewater was \$54 million dollars, compared to \$49,144 this is \$5 million dollars more than last year, and this is due to increase in personnel. Total capital project expenditures for water and wastewater was

CONSIDERED AND ACCEPTED EL PASO WATER'S SECOND QUARTER FINANCIAL AND PERFORMANCE MEASURES REPORT FOR PERIOD ENDING AUGUST 31, 2018.

Mr. Jeff Tepsick, Fiscal Operations Manager made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). Mr. Tepsick began his presentation with the Comparison of Water Billed FY 2018-19 & 2017-18. For FY 18-19 2nd quarter we have billed over 2 billion gallons of water. Next, Mr. Tepsick discussed Water and Wastewater Operating Revenues, which came in at \$139 million for FY 18-19, compared to the \$128 million for FY17-18. Total Operating Expenses for Water and Wastewater was \$54 million, compared to \$49 million FY 17-18. The increase is due to personnel and maintenance costs. Mr. Tepsick also discussed Water and Wastewater Capital Project Expenditures which came in at \$96 million for FY18-19 compared to \$57 million for FY17-18. The reason for the increase is due to a purchase in Dell City which was purchased with Texas Water Development Bonds. Mr. Tepsick also discussed Water and Wastewater Debt Service Coverage which came in at \$2.53 million for FY 18-19 compared to \$2.61 million for FY 17-18. Mr.

Tepsick explained that EPWater was above the \$2.01 million budgeted. This is the Utilities ability to generate enough revenue to cover interest and principal payments. The next slide explained the Stormwater Utility Operating Revenues is \$12 million dollars, this \$300,000 more than FY17-18 same quarter. The operating expenses are relatively flat compared to last year at \$3 million due to a decrease in maintenance expenses. The Stormwater Capital Expenditures came in at \$10 million dollars, almost a \$2 million decrease from FY 17-18. The Stormwater Debt service Coverage came in at healthy rate of 1.99 times, the budget amount was 1.81. Mr. Tepsick made additional comments that the Utility is operating very efficiently and within budget. Mr. Tepsick and Mr. Duran addressed questions from the Board regarding this item.

On a motion made by Mr. Roe seconded by Ms. Garcia and unanimously carried, the Board considered and accepted El Paso Water's Second Quarter Financial and Performance Measures Report for period ending August 31, 2018.

CONSIDERED AND ACCEPTED THE AUDIT, FINANCE & INVESTMENT COMMITTEE'S 2ND QUARTER INVESTMENT REPORT FOR PERIOD ENDING AUGUST 31, 2018.

Ms. 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 slide showing the increase of the US FED Funds Rate, showing several increases from December of 2018 until December of 2019. If the rates are approved it will be at 3.5% by 2020. Ms. Carranco went on to discuss EPWater portfolio value coming in at \$264,289,277 as of August 31, 2018. Of that, \$116 million dollars was in securities, followed by Texpool Prime at \$68 million dollars. Next, Ms. Carranco discussed the 2nd quarter Portfolio Activity Comparison from FY 2019 to 2018. The portfolio value came in at \$64,289,277 compared to FY2018 at \$230,000,407. Total purchases for FY2019 was \$121,685,000 compared to \$101,458,000 in FY2018. Next the weighted Average Maturity for FY2019 was 93 days compared to 21 days in FY2018 and lastly the weighted yield was 2.12% for FY2019 compared to .098% in FY2018. Ms. Carranco went over the Benchmark Analysis for quarter ending August 31, 2018, and ending her presentation with Interest Earned Comparison, EPWater is forecasted to earn \$5 million dollars in FY2019 compared to the \$2.3 million in FY2018.

On a motion made by Ms. Garcia seconded by Dr. Santiago and unanimously carried, the Board considered and accepted the Audit, Finance & Investment Committee's 2nd Quarter Investment Report for period ending August 31, 2018.

MANAGEMENT REPORT:

- Video and Report on the Canal Plant Anniversary event—Ms. Lisa Rosendorf presented 2 videos on the 75th W.E. Robertson Treatment plant Anniversary, also known as the Canal Plant. Ms. Rosendorf discussed the three objects on celebrating this milestone, the first being how can EPWater support and improve the neighborhood of Chihuahuaita to build those relationships. Second, is recognizing and appreciating the employees at the Canal plant for all they do. EPWater extended an invitation to former employees from the Canal plant, and lastly to showcase what a remarkable facility the Canal plant truly is. From the architecture to the technology, which is the original technology. EPWater comission local artist Patrick Gabaldon to create a painting meshing the plant and Chihuahuaita together. Prints were sold at the anniversary celebration, and all monies raised taken by the El Paso Community foundation and give to the Chihuahuaita Neighborhood Association for projects. Ms. Rosendorf informed the Board that prints were available for purchase after the meeting. Ms. Rosendorf and Mr. Balliew expressed their thanks to the all those who were involved in making the celebration happen.

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.

The Board heard comments by Emma Salazar.

EXECUTIVE SESSION

On a motion made by Mr. Roe, seconded by Ms. Garcia, and unanimously carried, the Board retired into Executive Session at 9:29 a.m., October 10, 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 551.072 Deliberation Regarding Real Property

The Board will deliberate regarding El Paso Water's Headquarters and RFP 56-18.

b. 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 Lot 1, Block 4, Riverside International Industrial Center; A portion Lot 1, Block 5, Riverside International Industrial Center, and A portion of Tracts 5, 5A, & 6A, Block 53, Ysleta Survey, totaling approximately 2.355 acres.

On a motion made by Ms. Garcia, seconded by Mr. Roe and unanimously carried, the Board reconvened in open session at 9:52 a.m., October 10, 2018.

DELIBERATED REGARDING EL PASO WATER'S HEADQUARTERS AND RFP 56-18.

No action was taken.


DELIBERATED REGARDING WHETHER THE FOLLOWING PROPERTY CAN BE DECLARED INEXPEDIENT TO THE WATER SYSTEM: A PORTION OF LOT 1, BLOCK 4, RIVERSIDE INTERNATIONAL INDUSTRIAL CENTER; A PORTION LOT 1, BLOCK 5, RIVERSIDE INTERNATIONAL INDUSTRIAL CENTER, AND A PORTION OF TRACTS 5, 5A, & 6A, BLOCK 53, YSLETA SURVEY, TOTALING APPROXIMATELY 2.355 ACRES.

On a motion made by Dr. Mena, seconded by Mr. Garcia and unanimously carried the properties generally described as A port of Lot 1, Block 4, Riverdale International Industrial Center; A portion Lot1, Block 5 Riverside International Industrial Center, and A portion of Tracts 5, 5A & 6A, Block 56, Ysleta Survey, totaling approximately 2.355 acres, are hereby declared inexpedient to the water system and the President/CEO be authorized to sign a Memorandum of Understanding transferring the parcels to the City of El Paso in connection with a Public Facilities project involving the widening of right-of-way along Winn Road.

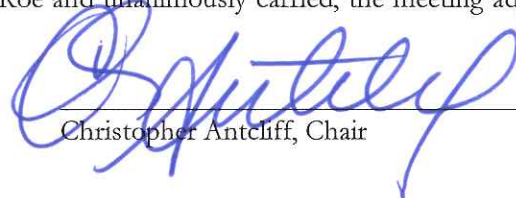
ADJOURNMENT

On a motion made by Ms. Garcia, seconded by Mr. Roe and unanimously carried, the meeting adjourned at 9:53 a.m., October 10, 2018.

ATTEST:



Secretary-Treasurer



Christopher Antcliff, Chair