

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

AGENDA DATE: September 12, 2022 - Council Work Session
PUBLIC HEARING DATE: N/A

CONTACT PERSON(S) NAME AND PHONE NUMBER:
John E. Balliew, P.E., President & CEO (915) 594-5501

DISTRICT(S) AFFECTED: All districts

STRATEGIC GOAL: Goal 7 – Enhance and sustain El Paso's infrastructure network

SUBGOAL: Goal 7.1 – Provide reliable and sustainable water supply and distribution systems and stormwater management.

SUBJECT:

Provide a quarterly presentation to the city council on the state of the utility.

BACKGROUND / DISCUSSION:

El Paso Water President and CEO John Balliew will provide a quarterly presentation to council to share information about the utility, including updates on CIP progress, major infrastructure improvements, bond sales, sustainability initiatives and a major grant award.

PRIOR COUNCIL ACTION:

Council previously has received quarterly presentations from EPWater, most recently on April 25, 2022.

AMOUNT AND SOURCE OF FUNDING:

N/A

HAVE ALL AFFECTED DEPARTMENTS BEEN NOTIFIED? X YES NO

PRIMARY DEPARTMENT: El Paso Water

SECONDARY DEPARTMENT:

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:


(If Department Head Summary Form is initiated by Purchasing, client department should sign also)



Quarterly Presentation to El Paso City Council

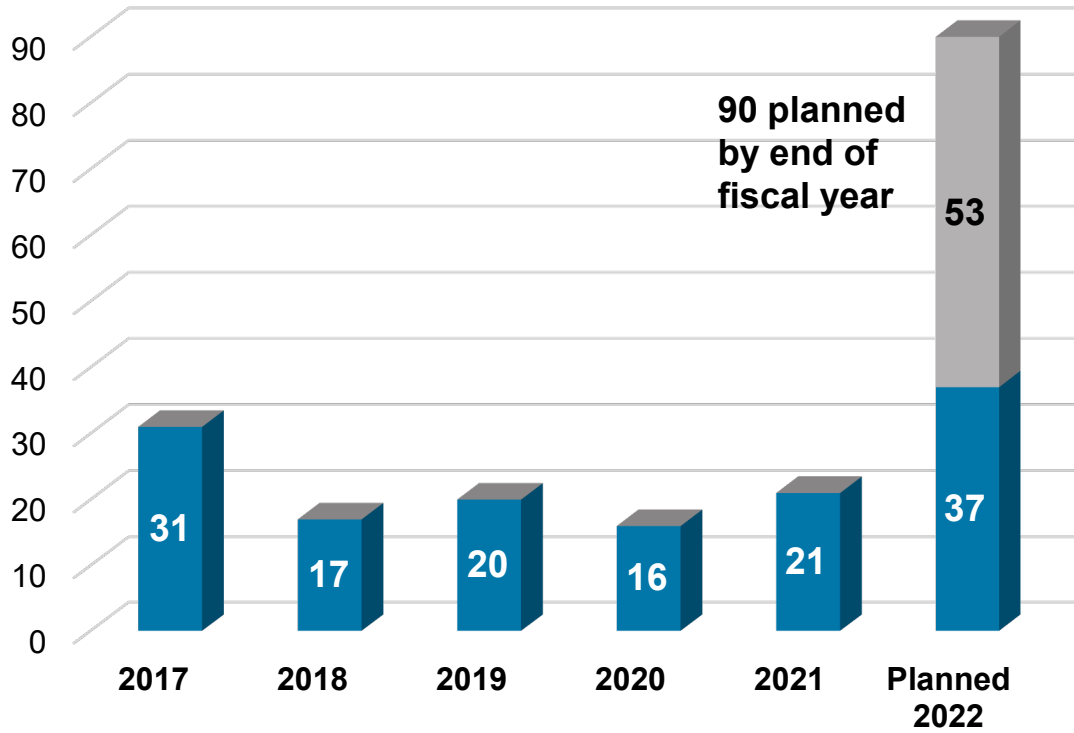
President & CEO John E. Balliew, P.E.
September 12, 2022

Today's Topics

- Key updates of interest to Council
 - CIP progress, bond sale, Frontera pipeline, AWPf grant, customer service metrics
- Major infrastructure projects ahead
 - Water supply projects
 - Bustamante Wastewater Treatment Plant
 - Pipeline Protection at gas line crossings
- Sustainability initiatives
 - Solar assessment, WaterWise rebate program, land preservation

Key Updates

Aggressive CIP to meet pressing needs



- EPWater is undertaking its largest CIP in utility history, with 90 planned projects for this fiscal year.
- Increase in projects is necessary to address aging infrastructure and system growth.

Bond sale was successful

- Accelerated progress on CIP depends on issuance of debt.
- Thank you for your support of the bonds.
 - 4.09% interest rate on sale of \$267,585,000 in bonds
- AA+ bond rating maintained – Standard & Poors, Fitch

Progress on Frontera

- Phase II of pipeline replacement project is 87% complete
- Phase III to follow
- Actions self-identified and taken as a result of the Frontera
 - Comprehensive study on our collection system underway
 - Expanding use of closed-circuit TV crew inspections
 - Adding audible and visual alarms at lift stations and more instrumentation integration for Central Control capability

Enforcement Actions – Frontera Emergency

NMED	TCEQ	EPA
Vigorously challenging NMED enforcement action	Expected violations and fine	Expected corrective actions

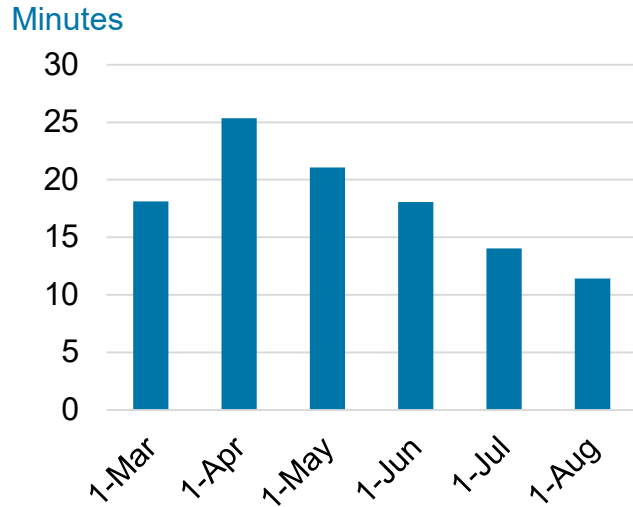
\$20 million grant received for AWPf

- U.S. Bureau of Reclamation awarded funding for construction with Bipartisan Infrastructure Law funding in category of water reuse.
 - Only Texas grant awarded under the program
 - 4th highest grant in nation
- Design of the new facility is complete, and pre-construction is 90% complete,
- Construction estimated to begin in FY 2023-2024

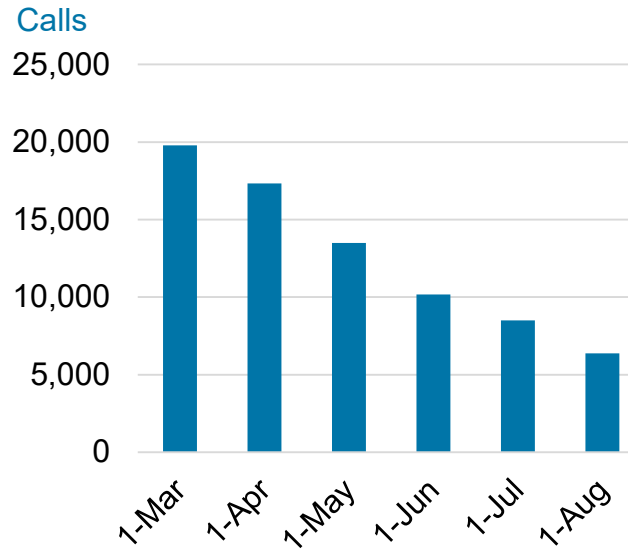


Customer service metrics show improvement

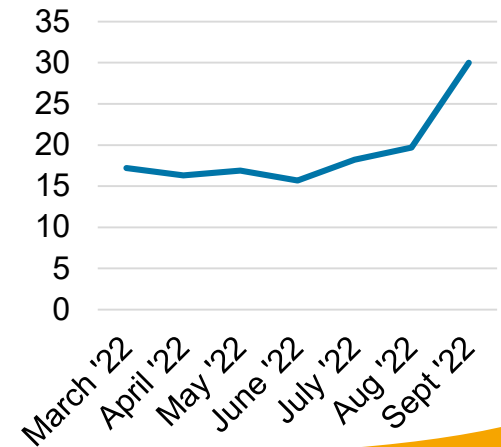
Average call-wait time heading in right direction



Abandoned calls dropping



Call-taker staffing has increased



Major Infrastructure Projects Ahead

Water supply projects accelerated

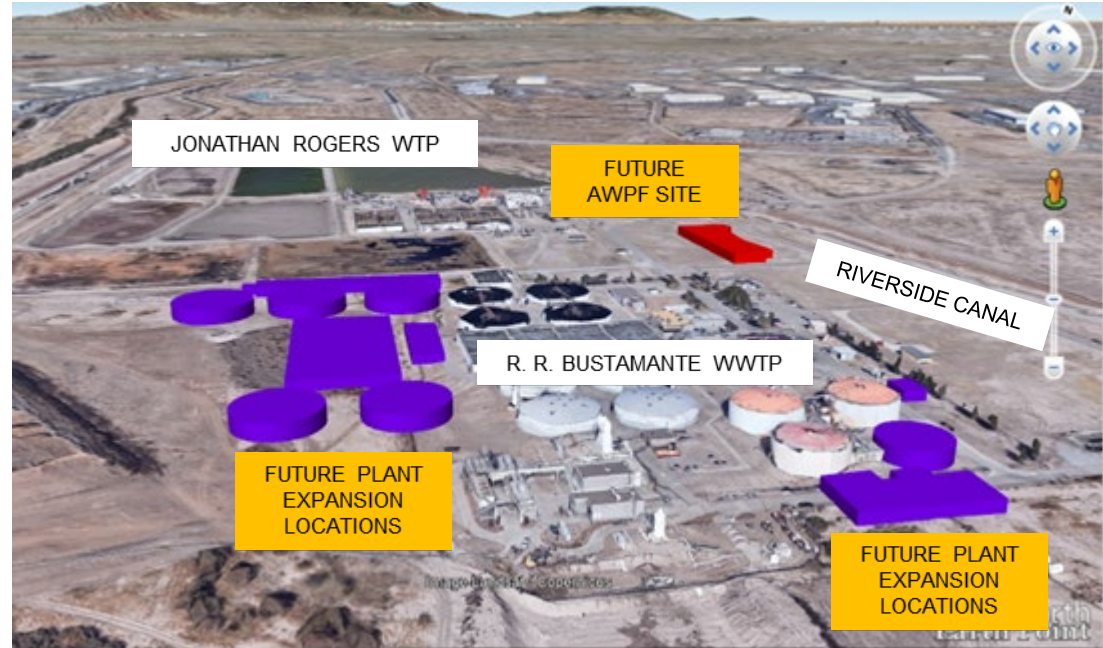
- Rio Grande water supply this year was well under half of our normal supply (Gates now closed)
- Elephant Butte is 4.6% full (as of end of August)
- Prolonged drought cycle has led to prioritization of water supply projects

Advanced Water Purification Facility	KBH Desalination Plant Expansion	Aquifer Storage & Recharge
Construction to begin next year - 10 MGD when completed	Construction underway - From 27.5 to 33.5 MGD	Groundbreaking this fall - Potential annual banking of 13 MGD

All three of these projects have received some federal and/or state grant funding.

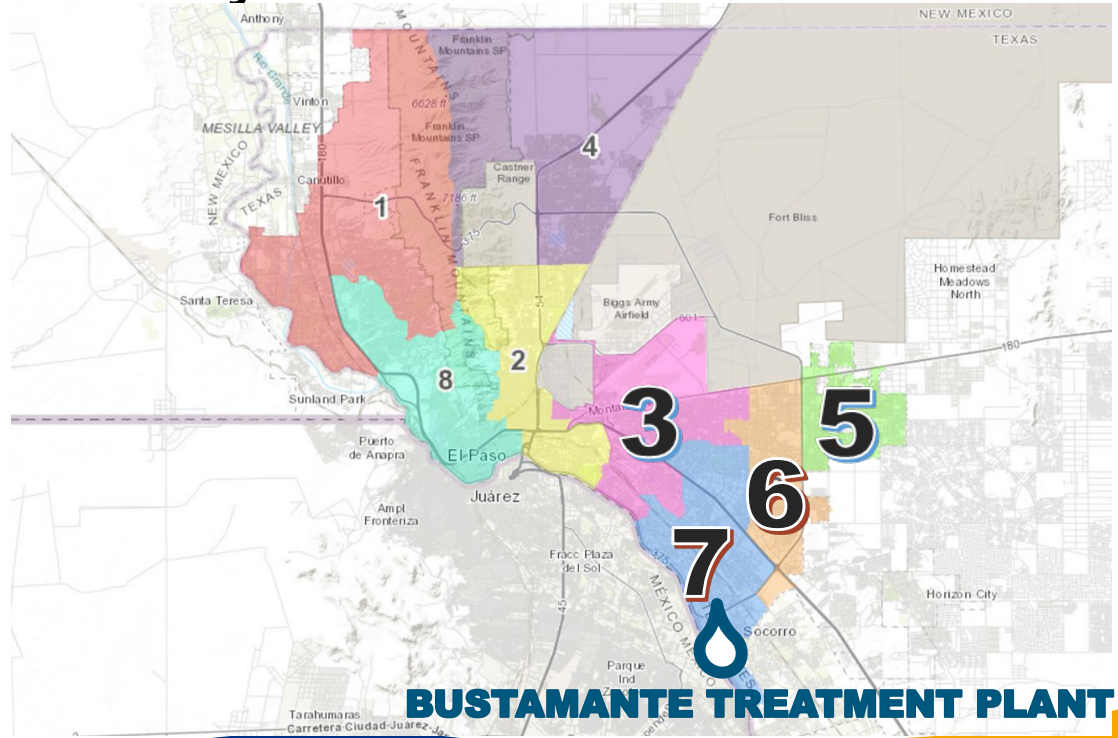
Meeting growing needs for wastewater service for East Side

- EPWater has begun a \$300 million project to upgrade and rehabilitate the Bustamante Wastewater Treatment Plant.
 - Plant treats 39 million gallons per day (MGD), opened in 1991
 - Expansion will result in treatment of 121 MGD
- Plant is nearing 75% capacity, which is TCEQ trigger for expansion



Bustamante plant provides vital service to half the city

- The Bustamante Wastewater Treatment Plant serves nearly all of East El Paso and much of Mission Valley
- Service area for the plant includes
 - District 3
 - District 5
 - District 6
 - District 7



Proactively replacing pipelines at key locations

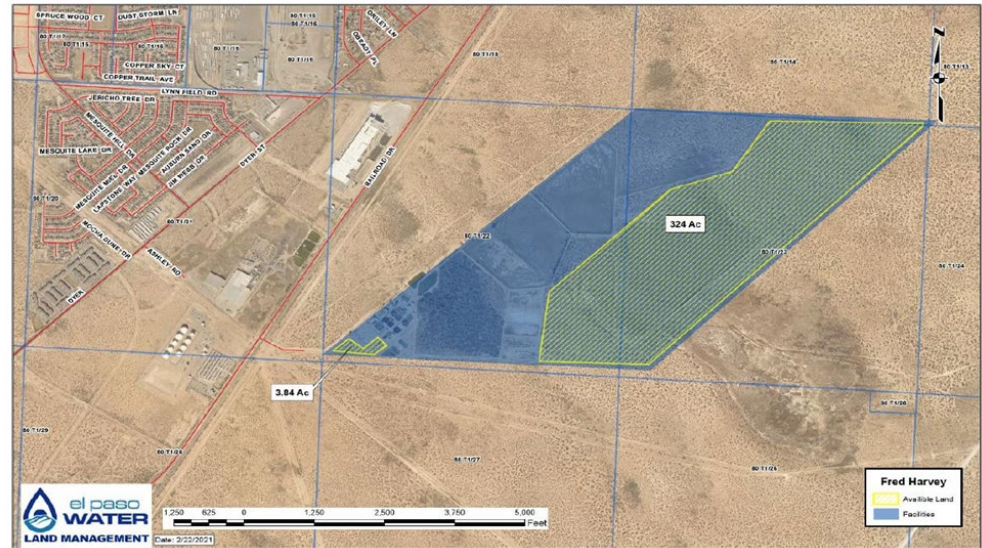
- Five locations on East Side, where there are concerns about gas line crossing and cathodic protection impacting water lines.
 - Yarbrough and Kinross
 - Airway and Viscount
 - Lee Trevino and Vista del Sol
 - Yarbrough and Vista del Sol
 - Lee Trevino and Pebble Hills
- EPWater will conduct thorough outreach to residents, including public meetings, regular newsletters, social media pages and a dedicated webpage



Sustainability Initiatives

Solar assessment points to opportunity

- EPWater collaborated with UTEP on a study to look at solar options to support electricity needs for water utility plants.
- Fred Hervey Plant emerged as the most cost-effective candidate for solar power to provide 50% of electricity needs:
 - \$3.9 million investment
 - Annual net savings of \$297,947 (current annual power costs of \$647,540)
 - Payback 12.8 years



Potential foundation funding for conservation solutions

- Cummins Foundation is collaborating with international non-profit 50L Home to identify “transformational” water conservation solutions in targeted international cities where Cummins has operations.
 - El Paso/Juarez region chosen as one of several locations. Cummins has operations in Juarez.
- EPWater has agreed to help convene stakeholders from government, business, non-profits and academia to identify projects.
 - Stakeholder workshop set for September 30.
 - About 25-30 stakeholders planning to attend.



Promoting commercial water conservation

- EPWater has offered many residential rebates over the years but is now offering incentives for businesses.
- Commercial and industrial accounts represent 8% of water accounts but consume 32% of water in EP. (2022 data)
- Rebates of up to \$15,000 offered for upgrades in water efficient equipment.
- Businesses must pay for at least 50% of equipment costs, and no installation costs will be covered.



Please help spread the word!

Utility has history of land preservation

- Over decades, PSB authorized land preservation of 11,900 acres
 - 9,100 acres transferred to the Franklin Mountain State Park
 - 2,800 was preserved through open space purchases
- Current utility land holdings within El Paso County total 21,100 acres. If combined with the original 9,100 acres that were transferred to the State Park, total holdings would be 30,200 acres.
- **Based on total holdings, an estimated 39% of landholdings have been set aside for open space.**
- **This exceeds the target set by President Biden's executive order to preserve 30% of U.S. lands by 2030.**

MLK land preservation

- EPWater and the City working on an MOU on a path forward for a Conservation Easement on the land, as requested by the PSB.
- The path forward will satisfy:
 - City Council request for easement rather than covenant
 - PSB direction that mineral rights be addressed as Conservation Easement will still be subject to mineral rights. Council will need to approve with that risk in mind.
 - A TPWD transfer will minimize the risk to the land.

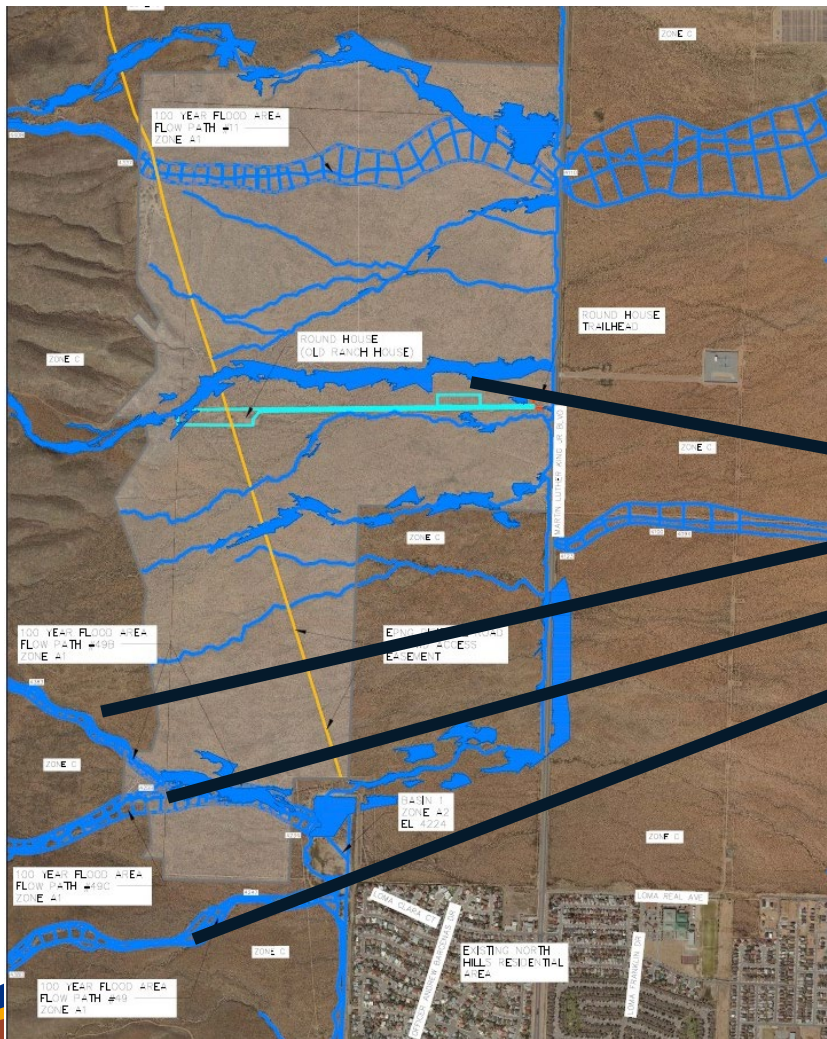
Key considerations in preservation process

1. 2008 Stormwater Utility Ordinance created 10% set-aside fund for open space purchases
2. Bond ordinance specifies the water and wastewater utility to be compensated at full market value if preservation is requested by a third party
3. The 1052-acre parcel of MLK land was appraised and found to have a valuation of \$14.04 million
4. PSB authorized use of 10% fund, which was specifically set aside for open space acquisitions that have a potential stormwater management purpose.
5. The 10% fund still has \$4.69 million balance for additional purchases
6. EPWater staff has been working with City, TPWD, and Frontera Land Alliance on path forward to create conservation easement.

Correcting misinformation on MLK land preservation process

- The 10% Fund is a stand-alone fund that does not impact the stormwater CIP or O&M budget and does **not** reduce investment in stormwater projects.
- In 2015, the Franklin Mountain Wilderness Coalition collected 6000 signatures for a “We The People” petition, calling on preservation of the Northeast Land; coalition leaders appeared before the PSB
- The PSB authorized that the MLK open space purchase could be spread over a number of years so that it would not prevent any OSAB-prioritized land acquisitions.
- The 10% open space fund has a \$4.69 million balance that will allow for continued investment in strategic open space purchases.
- The MLK land has multiple flow paths for storm runoff that were considerations in the PSB determination that the land met the requirements of the 10% Fund.

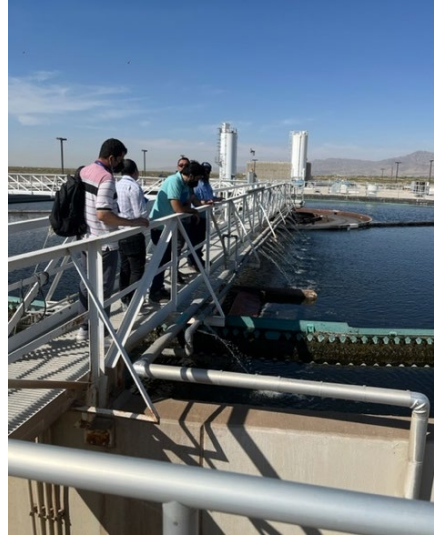
MLK land showing arroyos and flow paths



- 100 Year Flood Area – Flow Path #11
- 100 Year Flood Area – Flow Path #49B
- 100 Year Flood Area – Flow Path #49C
- 100 Year Flood Area – Flow Path #49

Plant and facility tours return

- Tours have resumed at EPWater plants and facilities after being halted during the pandemic
- Under program hosted by the U.S. State Department, a group of Egyptian nationals toured several facilities to learn how we manage water resources in the desert.
- We invite Council and City leaders to tour EPWater facilities.





Thank You