



**PUBLIC SERVICE BOARD MEETING  
AGENDA ITEM  
REGULAR MEETING**

**Wednesday, March 09, 2022**

**SUBJECT**

Contract for Wholesale Water and Wastewater Services, and Operation and Maintenance of East Montana Water and Wastewater System with the County of El Paso

**BACKGROUND**

On July 8, 2020, the Public Service Board approved a resolution authorizing EPWater staff to work with the County of El Paso to explore the County's request to enter into a water and wastewater operating agreement for the East Montana Water System.

EPWater and the County of El Paso currently have separate wholesale agreements for the areas of Mayfair/Nuway, Schuman, Colonia Revolucion, Square Dance, and East Montana. The purpose of the new agreement is to combine all the agreements under a single wholesale agreement and add the operation and maintenance of the system. In addition, the contract also covers the incorporation of the Hillcrest Center area and the option to incorporate future underserved communities. This will allow clarity and uniformity for all areas and provide one central agreement between both parties for future amendments and revisions.

**STRATEGIC OBJECTIVES SUPPORTED**

Strengthen Stakeholder Partnerships

**EVALUATION PROCESS**

EPWater has sufficient capacity to provide services to the East Montana Water and Wastewater System. The wastewater from the East Montana Wastewater System will provide EPWater with additional wastewater effluent that will be used to meet third party commitments.

**FINANCIAL IMPLICATIONS**

EPWater will charge the County of El Paso calculated wholesale rates for water and wastewater services to cover the costs of water and wastewater treatment, and operation and maintenance of the system. In addition, EPWater will charge a calculated administration and management services fee per customer account to cover the costs of billing, customer service, and collecting. All rates are subject to annual rate adjustments.

**PROPOSED ACTION REQUESTED**

Authorize the President/CEO to sign a contract for Wholesale Water Supply, Provision of Wastewater Services, and Operation and Maintenance of East Montana Water and Wastewater Systems between El Paso Water Utilities–Public Service Board and the County of El Paso for wholesale water supply and wastewater services and operation and maintenance of the County of El Paso's East Montana Water and Wastewater System.

**SUPPORTING DOCUMENTATION PROVIDED**

- None

**RESOLUTION REQUESTING A FEASIBILITY STUDY WITH THE COUNTY OF EL PASO  
CONCERNING THE OPERATION AND MAINTENANCE OF WATER AND WASTE  
WATER SYSTEMS IN THE EAST MONTANA WATER SYSTEM**

**WHEREAS**, commencing in 1987 the County of El Paso (the County) recognized that large numbers of residents in the unincorporated areas of El Paso County were suffering from high rates of water-borne infectious diseases including hepatitis and dysentery; and

**WHEREAS**, after extensive study, the County determined that the lack of a safe and reliable potable water supply, as well as the lack of safe sewage disposal, contributed significantly to the cause and spread of infectious diseases throughout the County; and

**WHEREAS**, in conjunction with various Federal and State agencies including the Texas Water Development Board, community groups, and local agencies including the El Paso Water Utilities Public Service Board, (El Paso Water), the County of El Paso established the El Paso County East Montana Public Water System to provide potable water service to the thousands of residents in the County's unincorporated areas lacking a safe and reliable water system; and

**WHEREAS**, the East Montana Public Water System serves customers in Schuman Estates, Mayfair, Nuway, Colonias Revolución, Square Dance (Desert Acceptance), and the area commonly known as East Montana, collectively referred to as "East Montana Water System"; and

**WHEREAS**, the El Paso Water and the County have worked cooperatively to design, develop, construct, expand and maintain the East Montana Water System; and

**WHEREAS**, since its establishment, the East Montana Water System has provided potable water service to approximately 2413 residences and thousands of residents who were previously without potable water; and

**WHEREAS**, El Paso Water has wholesale water supply contracts with the County under which El Paso Water supplies potable water on a wholesale basis for retail resale by the East Montana Water System; and

**WHEREAS**, the availability of safe water has not only helped eliminate the causes and spread of diseases but has enhanced the economic development of existing, as well as new, homes and businesses; and

**WHEREAS**, the County has also taken steps to provide for wastewater treatment in these areas; and

**WHEREAS**, the County desires to continue to provide a safe and reliable water and wastewater system to current and future customers of the East Montana Water System while also maximizing efficiencies which may be derived from having a third party assume operations and maintenance of the East Montana Water System; and

**WHEREAS**, The County and El Paso Water also wish to explore expanding water and wastewater services to other incorporated areas of El Paso County if appropriate funding is available;

**WHEREAS, El Paso Water has experience in planning, designing, managing and operating public water and wastewater systems; and**

**WHEREAS, El Paso Water has expressed its willingness to work with the County to determine whether it is in the best interests of El Paso County and El Paso Water ratepayers to transfer operations and maintenance of the East Montana water and wastewater systems to El Paso Water.**

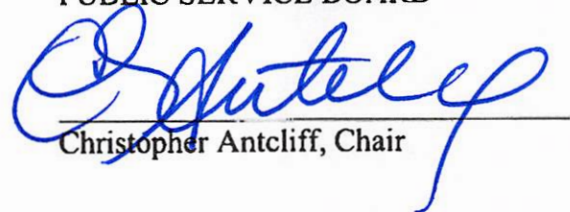
**NOW THEREFORE BE IT RESOLVED:**

- 1. This Resolution supersedes and replaces any previous action of El Paso Water Utilities Public Service Board concerning whether the ownership of the East Montana Water System would be transferred to El Paso Water.**
- 2. Nothing in this Resolution should be understood to consider a transfer of ownership of the water or wastewater systems; Ownership of the systems would remain with El Paso County.**
- 3. The above findings and recitals are found to be true and are made a part of this Resolution.**
- 4. The El Paso County Commissioners Court has requested that El Paso Water begin negotiations with the County and the County's designated representatives to develop written agreements with the County under which El Paso Water will analyze all aspects of the East Montana Water and Wastewater systems operations and maintenance to assess whether it is in the best interests of the East Montana Water System customers, as well as El Paso Water customers, to transfer the Operation and Maintenance of the El Paso County East Montana Water and Wastewater Systems to El Paso Water. This examination should include an analysis of the technical, operational, management, financial, and legal requirements and obligations which would be implicated or required by a transfer of water and wastewater operations and maintenance. Water and wastewater operations and maintenance shall include all areas of the East Montana Water System.**
- 5. El Paso Water and the County will also explore El Paso Water taking over the operations and maintenance of future water and wastewater projects in other unincorporated areas of the County, if appropriate, and if funding is available.**
- 6. Under any written agreement reached by the El Paso Water and the County, El Paso Water would recommend appropriate rate structures to the County for the East Montana Water System. The County shall be responsible for setting the rates, the financial planning and capital investment program relating to the East Montana Water system. The County agrees to set and maintain retail water rates (1) sufficient to pay for the water delivered by El Paso Water pursuant to the written agreements; (2) to encourage conservation; and (3) to adequately preserve and protect the East Montana water system in an efficient manner that complies with all applicable laws and prevents damage to the water system and El Paso Water's facilities, including eventual replacement of those pipelines that experience degradation and aging over the life of the written agreements. Similarly, El Paso Water would study regulations and make recommendations to the County as to any proposed regulatory changes. The County would retain final approval authority over water and wastewater regulations within the East Montana Water System service areas.**

7. The County will assist in allowing El Paso Water access to reports, records, and other information which the County possesses and which may be needed to do a thorough and complete analysis of water and wastewater operations and maintenance.
8. El Paso Water and the County commit to working together to establish appropriate roles for current county water employees to help serve the project, which may include providing for funding of these employees' salaries through the rate structure. In the alternative, El Paso Water and the County may examine the technical, operational, management, financial and legal requirements and obligations related to and associated with current county water employees potentially seeking employment with El Paso Water.

**PASSED, ADOPTED and APPROVED** at a Regular Meeting of the El Paso Water Utilities Public Service Board of the City of El Paso, Texas, this 8<sup>th</sup> day of July, 2020, at which meeting a quorum was present and which meeting was held in accordance with the provisions of V.T.C.A. Government Code, Sections 551.001, et. seq.

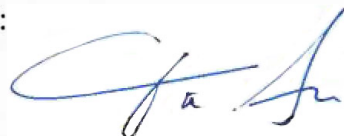
EL PASO WATER UTILITIES  
PUBLIC SERVICE BOARD



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Christopher Antcliff, Chair


ATTEST:



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Ivonne Santiago  
Secretary-Treasurer


APPROVED AS TO FORM:



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Lee Ann B. Koehler  
General Counsel

APPROVED AS TO CONTENT:



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Gilbert Trejo  
Chief Technical Officer