



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

Wednesday, March 09, 2022

SUBJECT

Board Resolution for U.S. Bureau of Reclamation (USBR) Grant Application – Desalination Expansion

BACKGROUND

This is a revision to an action item from February 2022. The engineering firm came back with a significant cost increase for the two planned projects, and EPWater staff is recommending to only pursue one project, the skid (or treatment unit) at this time.

EPWater is planning to submit a grant application – due March 15, 2022 -- to pursue funding for installation of a new skid (or treatment unit) as part of the expansion plan for the Kay Bailey Hutchison Desalination Plant (KBH). This project is an essential step to expand plant capacity by an estimated 6 MGD. The project has a USBR-approved Feasibility Report and has received funding for an initial Phase 1 expansion project, a source augmentation pipeline to deliver source water to KBH.

STRATEGIC OBJECTIVES SUPPORTED

Strengthen Stakeholder Partnerships

EVALUATION PROCESS

USBR requires a Public Service Board resolution authorizing the President/CEO to sign and submit the WaterSMART funding application.

FINANCIAL IMPLICATIONS

Estimated cost of the project is \$10,500,000, which includes a Reverse Osmosis treatment unit - Skid 6 – and related upgrades inside the existing KBH building. EPWater is requesting \$2,625,000 in funding from the USBR. This amount represents 25% maximum funding for this project. EPWater is responsible for the 75% match estimated at \$7,875,000.

PROPOSED ACTION REQUESTED

Consider and approve a Resolution authorizing the President/CEO's submission of a grant application to the U.S. Bureau of Reclamation under Funding Opportunity R22AS00117 "WaterSMART: Desalination Construction Projects Under the WIIN Act" in the amount of \$2,625,000 in grant funding for a new skid and as part of Phase One of the Desalination Expansion project in El Paso, Texas; and authorize El Paso Water's funding commitment to allocate the estimated amount of \$7,875,000; and further authorize the President/CEO to provide and sign any documents necessary in connection with the grant application, grant agreement and acceptance of the funds for this project.

SUPPORTING DOCUMENTATION PROVIDED

- Resolution

RESOLUTION

A RESOLUTION AUTHORIZING THE PRESIDENT/CEO'S SUBMISSION OF A GRANT APPLICATION TO THE U.S. BUREAU OF RECLAMATION (USBR) UNDER FUNDING OPPORTUNITY R22AS00117 "WATERSMART: DESALINATION CONSTRUCTION PROJECTS UNDER THE WIIN ACT" IN THE AMOUNT OF \$2,625,000 IN GRANT FUNDS, TO FUND A NEW SKID (TREATMENT UNIT) FOR THE KAY BAILEY HUTCHISON DESALINATION PLANT IN EL PASO COUNTY, TEXAS, AND AUTHORIZE EL PASO WATER'S COMMITMENT TO ALLOCATE AN ESTIMATED AMOUNT OF \$7,875,000; AND FURTHER AUTHORIZE THE PRESIDENT/CEO TO ENTER INTO ANY RELATED AGREEMENT, AND PROVIDE AND SIGN ANY OTHER DOCUMENTS NECESSARY IN CONNECTION WITH THE GRANT APPLICATION AND ACCEPTANCE OF THE FUNDS FOR THIS PROJECT.

WHEREAS, the El Paso Water Utilities Public Service Board was established on May 22, 1952, by Ordinance No. 752 of the City of El Paso for the purpose of providing potable water and wastewater collection and treatment for the City of El Paso; and

WHEREAS, El Paso Water ("EPWater") has historically worked with grant agencies to obtain funds for the research and implementation of water treatment, water conservation, water reuse and recycling, membrane treatment processes, and potable water and energy improvement projects to benefit the residents of the City and County of El Paso, to improve the quality and reliability of their water services, and to promote the conservation of water and energy within the service area of El Paso; and

WHEREAS, EPWater has historically applied for and received U.S. Bureau of Reclamation grant funds for numerous water resource, conservation, infrastructure construction, reverse osmosis, water treatment research, supply, monitoring, and reclaimed water projects; and

WHEREAS, USBR has released Funding Opportunity R22A00117 "WATERSMART: Desalination Construction Projects Under the WIIN Act" and is soliciting eligible proposals for project funding, and USBR requires a resolution of this type for submittal of a formal application for such grant funds; and

WHEREAS, EPWater has determined that the project which involves a sixth skid (in existing building) for expansion of the Kay Bailey Hutchison Desalination Plant ("Project"), meets the objectives and requirements outlined under the funding opportunity.

WHEREAS, on February 9, 2022, the Public Service Board ("PSB") approved a resolution authorizing the President/CEO to sign any and all required documents by U.S. Bureau of Reclamation to submit EPWater's application for the grant to receive funding for the Project; and

WHEREAS, the cost of the Project increased and the U.S. Bureau of Reclamation requires a Resolution with the exact amount that EPWater desires to apply for, through the grant; and

WHEREAS, the PSB authorizes the President/CEO to sign any and all required documents by U.S. Bureau of Reclamation to submit EPWater's application and grant agreement for Funding Opportunity R22A00117, and to sign and provide any and all required documents for the acceptance of grant, through this new resolution replacing the February 9, 2022 resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, TEXAS:

Section 1. That the findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the El Paso Water Utilities Public Service Board (PSB) and made a part of this Resolution for all purposes.

Section 2. That the February 9, 2022, resolution regarding the submission of an application to U.S. U.S. Bureau of Reclamation for Funding Opportunity R22A00117 is null and void.

Section 3. That the PSB, through EPWater’s Government Affairs and Engineering divisions, has reviewed and supports EPWater’s application to be submitted for Funding Opportunity R22A00117 “WATERSMART: Desalination Construction Projects Under the WIIN Act”.

Section 4. That the PSB hereby authorizes the President/CEO to sign any and all documents and to enter into an agreement required for the Grant Application for U.S. Bureau of Reclamation (USBR) funds under Funding Opportunity R22AS00117 “WaterSMART: Desalination Construction Projects Under the WIIN Act” in the amount of \$2,625,000 to obtain funding for the expansion of the Kay Bailey Hutchison Desalination Plant in El Paso, El Paso County, Texas.

Section 5. That the PSB authorizes EPWater’s funding commitment to allocate an estimated amount of \$7,875,000 as contribution to the “WATERSMART: Desalination Construction Projects Under the WIIN Act”, if grant funds are awarded to EPWater by the U.S. Bureau of Reclamation under Funding Opportunity R22AS00117.

Section 6. That the PSB agrees, if awarded, to work with U.S. Bureau of Reclamation to meet established deadlines for entering into a grant or cooperative agreement and to conduct this project, if awarded, according to all of the water conservation, planning, environmental, engineering, and renewable energy reporting and accounting procedures required by the USBR.

(Signatures Begin on the Following Page)

PASSED AND APPROVED at the regular meeting of the Public Service Board, this 9th day of March 2022 at which meeting a quorum was present, held in accordance with the provisions of Texas Government Code, Sections 551.001, et. seq.

EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD

Kristina Mena, Chair

ATTEST:

Bryan Morris, Secretary-Treasurer

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Daniel Ortiz
General Counsel

Arturo Duran
Chief Financial Officer