

**SPECIAL BUDGET REVIEW MEETING MINUTES OF THE
PUBLIC SERVICE BOARD**

NOVEMBER 9, 2015

The special meeting of the Public Service Board was held Monday, November 9, 2015, at the El Paso Water Utilities Public Service Board Meeting Room located at 1154 Hawkins Boulevard, El Paso, Texas.

PSB MEMBERS PRESENT

Ruth Katherine Brennand, Vice Chair
Terri Garcia, Secretary-Treasurer
Chris Antcliff, Member
Bradley Roe, Member

PSB MEMBERS ABSENT

Dr. Richard Schoephoerster, Chair
Mayor Oscar Leeser, Ex-Officio Member
Henry Gallardo, Member

PSB EMPLOYEES PRESENT

John E. Balliew, P.E., President and Chief Executive Officer
Lupe Cuellar, General Counsel

EPWU EMPLOYEES PRESENT

Matthew Behrens, Assistant General Counsel
Marcela Navarrete, Vice President
Alan Shubert, P.E., Vice President
Lisa Rosendorf, Chief Communications & Government Affairs Officer
Art Duran, Chief Financial Officer
Gilbert Trejo, Chief Technical Officer
Irazema Rojas, Capital Improvements Program Administrator
Martin Noriega, Storm Water Operations Manager
Gonzalo Cedillos, Stormwater Engineering Manager
Robert Riley, Utility Construction Engineering Division Manager
Jeff Tepsick, Fiscal Operations Manager
Christina Montoya, Marketing & Communications Manager
Javier Camacho, Public Information Specialist
Karol Parker, Public Information Officer
Gretchen Byram, Computer Media Specialist
Georgette Webber, Executive Secretary

MEDIA

KTSM (NewsChannel 9)
KVIA (ABC 7)
KDBC (CBS 4)
KFOX (Fox 14)
KINT (Univision 26)
KTDO (Telemundo 48)
MVS Radio
El Diario
El Paso Times

GUESTS

Sam Irrinki, AECOM
Steve Ainsa, AECOM
Marilyn Guida, Citizen
Judy Ackerman, Citizen
Robert Moreno, Moreno Cardenas, Inc.

The Public Service Board meeting was called to order by Ms. Brennand at 6:01 p.m. A quorum of its members was present. After a moment of silence, those in attendance joined Ms. Georgette Webber, Executive Secretary, in reciting the Pledge of Allegiance.

REGULAR AGENDA

BUDGET WORKSHOP – FY 2016-17 STORMWATER OPERATING AND CAPITAL BUDGET; PROPOSED RULES AND REGULATION CHANGES; AND FEE ADJUSTMENTS.

Mr. John Balliew, President/CEO, reviewed the schedule of budget meetings and stated this meeting would be the first of possibly three budget meetings. He stated the meeting will focus on the stormwater portion of the budget. A second budget meeting will be held on Monday, November 16, 2015, to discuss the water, wastewater and reclaimed water portion of the budget. He explained if an additional meeting is needed for questions, clarification and discussion, a third meeting will be held on November 30, 2015. If an additional meeting is not needed, the budget would go before the Board for approval at the Board's regular meeting scheduled on January 13, 2016.

Mr. Balliew made a PowerPoint presentation summarizing the FY 2015-16 Stormwater Budget (**entire presentation on file with EPWU Central Files**). He said the maintenance expense budget has been decreased by \$200,000. The capital budget is \$41.7 million of which \$22 million have been budgeted for the Central and Northeast System projects. Staff proposes a fee increase in line with the five-year plan. Next he introduced Mr. Alan Shubert, Vice President, to continue with the presentation. He reviewed the FY 15-16 Stormwater Accomplishments and said in FY 2015-2016, the Utility responded to 575 customer service requests. A map was presented pinpointing the location of those requests. The Board was shown pictures of the dams, ponds, channels, levees, agricultural drains, storm drains and storm drop inlets maintained and cleaned by the Utility.

Mr. Shubert said three localized flooding projects were completed during FY 2015-16: Manuel Gameros Drainage Improvements, Carolina Conduit Inlet Repairs and Castner Range Concrete Parapet Wall. Next, he reviewed the five completed construction projects by discussing the problems that were faced prior to construction, the scope of work for each project, and the construction cost for each project: Lincoln Pond Improvements; Gateway Ponds Tunnel; Piedras-Magnolia force Main Phase 1; Northview Culvert through El Paso Electric Easement; and Carlson Elliott Pump Station Improvements. He then reviewed six stormwater projects currently under construction by discussing the problems to be addressed, the scope of work for each project, construction cost, start date of the project and approximate completion date. He also provided the Board with pictures of the project areas. The six projects are Magnolia Pump Station Gravity Line; Gateway West Pond Expansion/Gateway East Pond; Austin Pond; Pico Norte Pond; and Pollard Pond Improvements.

Mr. Shubert continued his presentation by discussing the FY 2016-17 Stormwater Capital Budget and provided the Board with details regarding four stormwater and various small localized flooding projects that would be funded by prior year appropriations. The Cebada (Piedras-Magnolia) 60" Force Main and Cebada (Piedras-Magnolia) 175CFS Pump Station projects will convey stormwater runoff to the Rio Grande and help alleviate flooding at I-10 and Piedras. He reviewed the funding requests over \$1 million

for new stormwater projects which consisted of the following projects: Kentucky Dam Phase 1 Improvements Project; Flow Path 20/Paragon (Aldea Development) Project; Copia Pond and Discharge Conduit Project; Northeast Flood Control Projects; West Hills Unit 23 (Helen of Troy Drive) Project; Grand Teton Basin Project; Dam Number 3 Upgrade (Louisiana Dam) Project; and various open space/park ponds projects. Maps were presented to the Board outlining the locations of each of the projects.

Mr. Balliew said \$41,682,000 of the budget would be designated for the capital improvements program and presented the Board with a graph showing the distribution of those funds. He said 26% of the funds would be allocated for storage, 38% for rehabilitation, 4% for open space, 20% for conveyance, 9% for pump stations and 3% for miscellaneous items. The proposed CIP new funding requests for FY 2016-17 total approximately \$27,671,000. In presenting the five-year plan, Mr. Balliew presented a table showing the cost breakdown for new stormwater projects over the next five fiscal years. A map was shown pinpointing the location of the central stormwater projects and the status of each project. Mr. Balliew and Mr. Shubert addressed several questions from the Board regarding the various stormwater projects.

Ms. Marcela Navarrete, Vice President, continued the presentation by providing a detailed review of the open space project statuses for FY 2015-16. Eleven projects were reviewed which include Avispa Canyon; Lower Coronado Canyon; Playa Drain; Cement Lake; Hunt Arroyos; Canterbury; Upper Coronado Canyon; ASARCO Property; Silver Springs; Wildwood; and Palisades. She also presented the Board with an open space financial report as of September 30, 2015. Total open space expenses were \$9,560,512. The available balance for open space projects is \$3,085,200. One open space acquisition project is in pending status. The negotiated acquisitions total \$1,445,000. On February 29, 2016, the open space fund balance is projected to total \$3,611,000 and after the acquisitions are complete, the balance is projected to be \$2,166,000.

Next, Ms. Navarrete continued the presentation by reviewing the stormwater financial plan. The assumptions used by staff to build the stormwater financial plan are to maintain a minimum 90-day operating reserve and debt service coverage of 1.25 times (legal minimum) and to implement an 11% fee increase. She reviewed the FY 2016-17 operating budget which is approximately \$6.9 million. This would be a 2.8% decrease from FY 2015-16. The decrease is a result of decreased maintenance needed for basins, ponds, dams and emergency response. However, the operating budget includes increased permit fees to the Irrigation District for use of drains, the addition of two personnel positions and normal payroll adjustments to salaries. A chart was presented comparing El Paso's current residential and non-residential stormwater fees to those of cities across the state of Texas. Ms. Navarrete presented graphs showing the budget funding sources and uses for FY 2016-17 and projected debt service coverage for FY ending 2017 through 2021. Additional tables and graphs were presented comparing the current and proposed monthly stormwater fees for both residential and non-residential customers.

Overall, the stormwater operating budget for FY 2016-17 has been decreased by \$200,000. The capital budget is \$41.7 million which is a decrease of approximately \$4.29 million. Expenditures of \$22 million for the Central and Northeast System projects are included in the capital budget and staff recommended increasing stormwater fees by 11% for FY 2016-17.

Mr. Balliew and Ms. Navarrete, addressed questions from the Board regarding the stormwater budget for FY 2016-17. Dr. Schoephoerster opened the floor to members of the public. The Board heard comments from Ms. Marilyn Guida and Ms. Judy Ackerman.

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 additional comments were made.


EXECUTIVE SESSION

The Board did not enter into Executive Session.


ADJOURNMENT

On a motion made by Mr. Antcliff, seconded by Mr. Roe and unanimously carried the meeting adjourned at 6:45 p.m., November 9, 2015.

ATTEST:



Secretary-Treasurer



Chair