



**PUBLIC SERVICE BOARD MEETING
AGENDA ITEM
REGULAR MEETING
Wednesday, October 08, 2025**

SUBJECT

Resolution of support for a Defense Economic Adjustment Assistance Grant (DEAAG) application for the Kay Bailey Hutchison Desalination Plant (KBH) Sixth Skid Expansion.

BACKGROUND

EPWater provides 25% of water needs for Fort Bliss and 100% of water for McGregor Range. Water is needed for military training and testing of weapons systems and equipment maintenance among other purposes. The installation of the sixth skid at the Kay Bailey Hutchison Desalination Plant (KBH), located on leased Fort Bliss property, will serve to increase water production capacity from 27.5 million gallons per day (MGD) to 33.5 MGD, strengthening both EPWater's and Fort Bliss' resilience to drought. The Texas Military Preparedness Commission (TMPC) offers grants for municipal projects that benefit the military base, and this proposed project fits the criteria

PRIOR PSB ACTION

- None

UTILITY KPI ALIGNMENT

Total Water Supply

EVALUATION PROCESS

The Texas Military Preparedness Commission (TMPC) requires a resolution of support from City Council, and Public Service Board approval is requested prior to City Council consideration. If the grant is awarded, the City and the utility will enter into a Memorandum of Understanding authorizing the utility to fully implement the project.

FINANCIAL IMPLICATIONS

The requested grant amount of \$4,000,000 will cover about 38% of the cost of the project; the estimated cost of the EPWater match is \$6,516,983, which includes \$2,625,000 in funding from the U.S. Bureau of Reclamation.

PROPOSED ACTION REQUESTED

Consider and adopt a resolution supporting the City of El Paso's submission of a grant application to the Texas Military Preparedness Commission for a Defense Economic Adjustment Assistance Grant in the estimated amount of \$4,000,000 in grant funding for a new treatment unit as part of the Kay Bailey Hutchison Desalination Plant expansion project; authorize EPWater's funding commitment to allocate matching funds for an estimated amount of \$6,516,983 for the project if grant funds are awarded; and further authorize the President/CEO to provide and sign any documents in connection with the grant application, Memorandum of Understanding with the City of El Paso for the project, grant agreement and acceptance of funds for the project.

SUPPORTING DOCUMENTATION PROVIDED

- Resolution

RESOLUTION

A RESOLUTION AUTHORIZING THE PRESIDENT/CEO'S SUPPORT OF THE CITY OF EL PASO'S SUBMISSION OF A GRANT APPLICATION TO THE TEXAS MILITARY PREPAREDNESS COMMISSION (TMPC) "DEFENSE ECONOMIC ADJUSTMENT ASSISTANCE GRANT" IN THE AMOUNT OF \$4,000,000 IN GRANT FUNDS FOR THE KAY BAILEY HUTCHISON (KBH) SIXTH SKID EXPANSION PROJECT (PROJECT); AUTHORIZE EL PASO WATER'S COMMITMENT TO ALLOCATE AN ESTIMATED \$6,516,983 TO THE PROJECT IF GRANT FUNDS ARE AWARDED; AND FURTHER AUTHORIZE THE PRESIDENT/CEO TO PROVIDE AND SIGN ANY DOCUMENTS RELATED TO THIS PROJECT AND GRANT, INCLUDING A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF EL PASO TO ALLOCATE FUNDS IN CONNECTION WITH THIS PROJECT.

WHEREAS, the El Paso Water Utilities Public Service Board (EPWater) 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, EPWater provides Fort Bliss with water service, accounting for twenty-five percent of Fort Bliss' total water supply. Fort Bliss is the second largest Army installation in the United States, and is critical for military training and testing of weapons systems, equipment, and tactics. The expansion of the Kay Bailey Hutchison (KBH) Desalination Plant's production will strengthen Fort Bliss' resiliency to drought; and

WHEREAS, EPWater has historically worked with the City of El Paso and the TMPC to obtain funds through the Defense Economic Adjustment Assistance Grants and received funds for EPWater water infrastructure projects to benefit the residents of the City and County of El Paso and Fort Bliss; and

WHEREAS, TMPC has released a funding opportunity through the Defense Economic Adjustment Assistance Grant program and is soliciting eligible proposals for project funding. TMPC requires a resolution of this type for support of a submittal of a formal application by the City of El Paso for such grant funds. If awarded by TMPC, the City and EPWater will enter into a Memorandum of Understanding, authorizing EPWater to fully implement the Project; and

WHEREAS, The application requests a grant amount of \$4,000,000, which accounts for approximately 38% of the Project cost. EPWater's estimated funding match will be \$6,516,983, which includes grant funding from the US Bureau of Reclamation (USBR) in the amount of \$2,625,000; and

WHEREAS, EPWater has determined that the Project, which will involve the installation of a sixth skid (water treatment unit) within the KBH Desalination Plant on Fort Bliss property, meets the objectives and requirements outlined under Texas Administrative Code Title 1, Part 1, Chapter 4, (4.30-4.40).

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 PSB, through its Government Affairs division, has reviewed and supports the City of El Paso's application for the funding opportunity under TMPC's Defense Economic Adjustment Assistance Grant program for the Project.

Section 3. If awarded, the PSB authorizes the President/CEO to enter into a Memorandum of Understanding with the City of El Paso related to the Project and sign any related documents to the grant, including documents for the acceptance of grant funds required for the funding opportunity under the Defense Economic Adjustment Assistance Grant program in the amount of \$4,000,000 for the installation of the sixth skid expansion at the KBH Desalination Plant.

Section 4. That the PSB authorizes EPWater's funding commitment to allocate an estimated \$6,516,983 to the Project if Grant funds are awarded by the TMPC.

Section 5. That the PSB agrees to conduct this Project, if awarded, according to all of the water planning, environmental, engineering reporting and accounting procedures required by the TMPC. Additionally, EPWater will work with the City of El Paso and the TMPC to meet established deadlines for entering into a grant agreement and/or interlocal agreement to effectuate the funds.

PASSED AND APPROVED at the regular meeting of the Public Service Board, this 8th day of October 2025 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

Bryan Morris, Chair

ATTEST:

Stefanie Block Uribarri, Secretary-Treasurer

APPROVED AS TO FORM:

Daniel Ortiz, General Counsel