

MINUTES
PUBLIC SERVICE BOARD
CITY OF EL PASO
December 3, 2024

The special meeting of the Public Service Board for the Budget Workshop was held in person on Tuesday, December 3, 2024.

PSB MEMBERS PRESENT

Bryan Morris – Chair
Stefanie Block – Treasurer
Dr. Anna Gitter – Vice Chair
Dr. Hector Ocaranza – Member
Charlie Intebi – Member
Lisa Saenz – Member
Mayor Oscar Leeser

PSB EMPLOYEES PRESENT

John E. Balliew, P.E., President and Chief Executive Officer
Daniel Ortiz, General Counsel

EPWATER EMPLOYEES PRESENT

Ana Sanchez, Vice President of Financial and Management Services
Gilbert Trejo, Vice President of Operations and Technical Services
Adam Wickersham, Vice President of IT
Art Duran, Chief Financial Officer
Jeff Tepsick, Assistant Chief Financial Officer
Claudia Duran, Chief of Staff
Stephanie Chacon, Executive Assistant
Edith Lara, Executive Assistant to the President/CEO
Alberto Gomez, Utility Video Production Manager
Luz Elena Holguin, Utility Assistant Chief Financial Officer
Lisa Rosendorf, Chief Communications and Government Affairs Officer
Sol Cortez, Deputy General Counsel
Felipe Lopez, Utility Chief Engineering Officer
Martin Noriega, Utility Chief Operations Officer
Gisela Dagnino, Utility Chief Operations Officer
Cinthya Dominguez, Budget Analyst

GUEST

KC Griffin, Integrity Asset Management
Melanie Bailey, Integrity Asset Management
Leonardo Carpie, Estancia Apartments
Kristi Johnson

MEDIA

KVIA
El Paso Matters

The Public Service Board meeting was called to order by Chair Bryan Morris at 6:01 p.m. A quorum of its members was present.

REGULAR AGENDA

1. PRESENTATION, DISCUSSION AND DIRECTION REGARDING THE BUDGET AND RATE WORKSHOP FOR FY2025–2026, INCLUDING THE WATER, WASTEWATER, AND RECLAIMED WATER CAPITAL AND OPERATING BUDGETS; STORMWATER CAPITAL AND OPERATING BUDGET; AND PROPOSED WATER, WASTEWATER, AND STORMWATER RATE ADJUSTMENTS.

Rocky Craley Raftelis, provided a presentation to the Board regarding this item (copy on file in Central Files.) He began by reviewing the annual budget development process, explaining that EPWater's planning cycle includes several months of capital needs assessment, internal review and prioritization, and Public Service Board meetings culminating in final rate and budget decisions early in the calendar year. He then provided an overview of EPWater's current operations and system profile, including the total value of capital assets, the number of treatment plants and miles of pipeline maintained by the utility, and the distribution of water consumption across customer classes, highlighting the significant role of conservation in reducing per-capita water use while supporting growth in the service area.

Mr. Craley outlined the proposed FY2025–2026 Capital Improvement Program (CIP) for water, wastewater, reclaimed water, and stormwater. He explained that the combined water and wastewater CIP emphasizes infrastructure reliability and includes major projects such as upgrades and rehabilitation at the Roberto Bustamante Wastewater Treatment Plant, improvements at the Fred Hervey Water Reclamation Plant, rehabilitation of the Frontera Force Main, meter replacement initiatives, and key transmission and distribution line projects. He further described additional CIP priorities related to growth in developing areas, future water supply projects including advanced water purification and aquifer storage and recovery, and stormwater investments focused on storage, conveyance, and flood control facilities. The stormwater CIP for FY2025–2026 includes basin, pond, and system improvements such as projects at Will Ruth Pond, the Palisades stormwater system, the John T. Hickerson Basin, and the Hondo Pass system.

The Board received a summary of the proposed FY2025–2026 operating budgets for water, wastewater, reclaimed water, and stormwater. Mr. Craley noted increases driven by personnel costs, including employee retention efforts and new positions to support operations and regulatory compliance; higher costs for utilities, materials, and professional services; and increased debt service related to ongoing and planned capital projects. He stated that the combined water and wastewater budget reflects growth in both capital and debt service, while the stormwater budget reflects a modest overall increase with a shift in the balance between capital spending and debt service.

2. PRESENTATION AND DISCUSSION ON FINDINGS FROM RATE STUDY PUBLIC INVOLVEMENT INITIATIVES.

To address customer affordability and conservation, Mr. Craley highlighted EPWater programs that help customers manage their bills, including residential and commercial rebate programs for water-efficient fixtures and equipment, incentives for landscaping conversions, and the AguaRepairs leak repair program for qualifying homeowners. He also discussed how conservation and efficient use allow many customers to avoid certain charges, further reducing their monthly bills. Balliew concluded the presentation by reviewing proposed changes to EPWater's Rules and Regulations to update certain stormwater fee tables, annexation fee schedules, refund provisions, and language related to empty lots and design-fee requirements. Mr. Craley and Mr. Balliew responded to Board questions regarding the proposed capital program, rate impacts to different customer classes, and the balance between affordability, conservation, and long-term infrastructure reliability.

3. PRESENTATION AND DISCUSSION REGARDING THE BUDGET WORKSHOP – FY 2025-2026 BUDGET OVERVIEW; FY 2025-2026 WATER, WASTEWATER & RECLAIMED WATER OPERATING AND CAPITAL IMPROVEMENT BUDGET; FY 2025-2026 STORMWATER OPERATING AND CAPITAL IMPROVEMENT BUDGET; PROPOSED RULES AND REGULATIONS CHANGES, INCLUDING RATE AND FEE ADJUSTMENTS.

Mr. Craley then presented the recommended rate adjustments and rate structure features for FY2025–2026. He explained that staff recommends a 7 percent increase in water rates, a 5 percent increase in wastewater rates, and a 16 percent increase in the stormwater fee. He described how the proposed rate structure Option 5 is designed to improve affordability for very low water users by introducing a reduced minimum charge for customers using 1 CCF or less per month and by expanding eligibility for a waiver of the Water Supply Replacement Charge to customers using 4 CCF or less. Mr. Craley reviewed examples of monthly bills for very low, typical, and higher-volume residential customers, showing that ultra-low and low users would see a decrease in their combined water and wastewater charges, while typical customers would experience a moderate increase in their monthly bill. He also presented comparisons of EPWater's proposed bills to those of other large Texas and arid-region cities, demonstrating that El Paso's projected residential water and wastewater bills remain around or below the midpoint of comparable communities.

4. NOTATION OF PROPOSED 2025 PUBLIC SERVICE BOARD (PSB) MEETING SCHEDULE TO BE CONSIDERED FOR ACTION BY THE PSB AT THE DECEMBER 11, 2024 MEETING.

No action was taken on this item.

During the public comment period, a member of the public addressed the Board regarding the proposed rate structure and its impact on customers. President/CEO John Balliew responded to the questions and provided clarifications for the record. Following public comment, the Board discussed the item and provided direction to staff regarding customer communications and additional analysis where requested. No formal action was taken at this workshop.

On a motion made by Ms. Saenz and seconded by Dr. Ocaranza, and unanimously carried, the meeting adjourned at 8:08 p.m., December 3, 2024.

ATTEST:

Bryan Morris, Chair

Stefanie Block Uribarri, Secretary-Treasurer