

# Ten Year Strategic Plan

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El Paso Water Utilities Public Service Board

*Serving the Regions Water Needs*



January 2009

## **EL PASO WATER UTILITIES MISSION STATEMENT**

The Public Service Board is the trustee for the water and sewer system of the City of El Paso with complete authority and control of the management and operation of the Utility, in accordance with Ordinance 752 and subsequent bond ordinances. The Board provides management and financial stability to the Utility through the establishment of sound rules, regulations, and policies for directing its operation.

The mission of the El Paso Water Utilities/Public Service Board is to furnish at fair and reasonable costs to our customers:

- High quality potable water in sufficient quantities and at adequate pressures to satisfy domestic, industrial, and fire protection requirements, and in accordance with the Board's Water Conservation Plan.
- Collection of liquid waste from individual customers for treatment and disposal without hazard to the health of the community in a manner that will protect the environment.
- Planning and management of all Stormwater related functions within the City of El Paso and El Paso County, as contracted by the Public Service Board and the County.

## **FOREWORD**

This document details the ongoing strategic planning by the key stakeholders of the El Paso Water Utilities Public Service Board (EPWU). The “Ten-Year Strategic” Plan is updated annually and specifies a comprehensive prioritized set of initiatives and ongoing activities to enhance the present and future delivery of quality water and wastewater services for our current and future customers.

The internal process is an ongoing effort to assess existing conditions within each key section of the Utility. Internal and external issues in the technical, finance, operations and maintenance, communications & government affairs, legal, human resources, and policy and administrative related areas are considered and addressed.

Section heads play an active role in this process, where critical success factors along with key goals and objectives are developed in an effort to identify problem areas, define plans for addressing various issues within each section, and establish priorities. This process is, and will continue to be, an annual effort that allows key section heads an opportunity to provide policy recommendations that are considered by the Public Service Board. The approved Strategic Plan is monitored by staff on an ongoing basis to ensure compliance and implementation.

The Public Service Board’s participation in the planning process is very similar to the strategic planning process undergone by EPWU staff. However, policy-related issues such as budget, communications, short and long-term planning issues, government and political issues, funding, and resource-related issues are discussed and considered during this process. This process results in a well-defined Strategic Plan that is used as a basis for carrying out the Utility’s short (1-5 year) and long-term (5-10 year) initiatives.

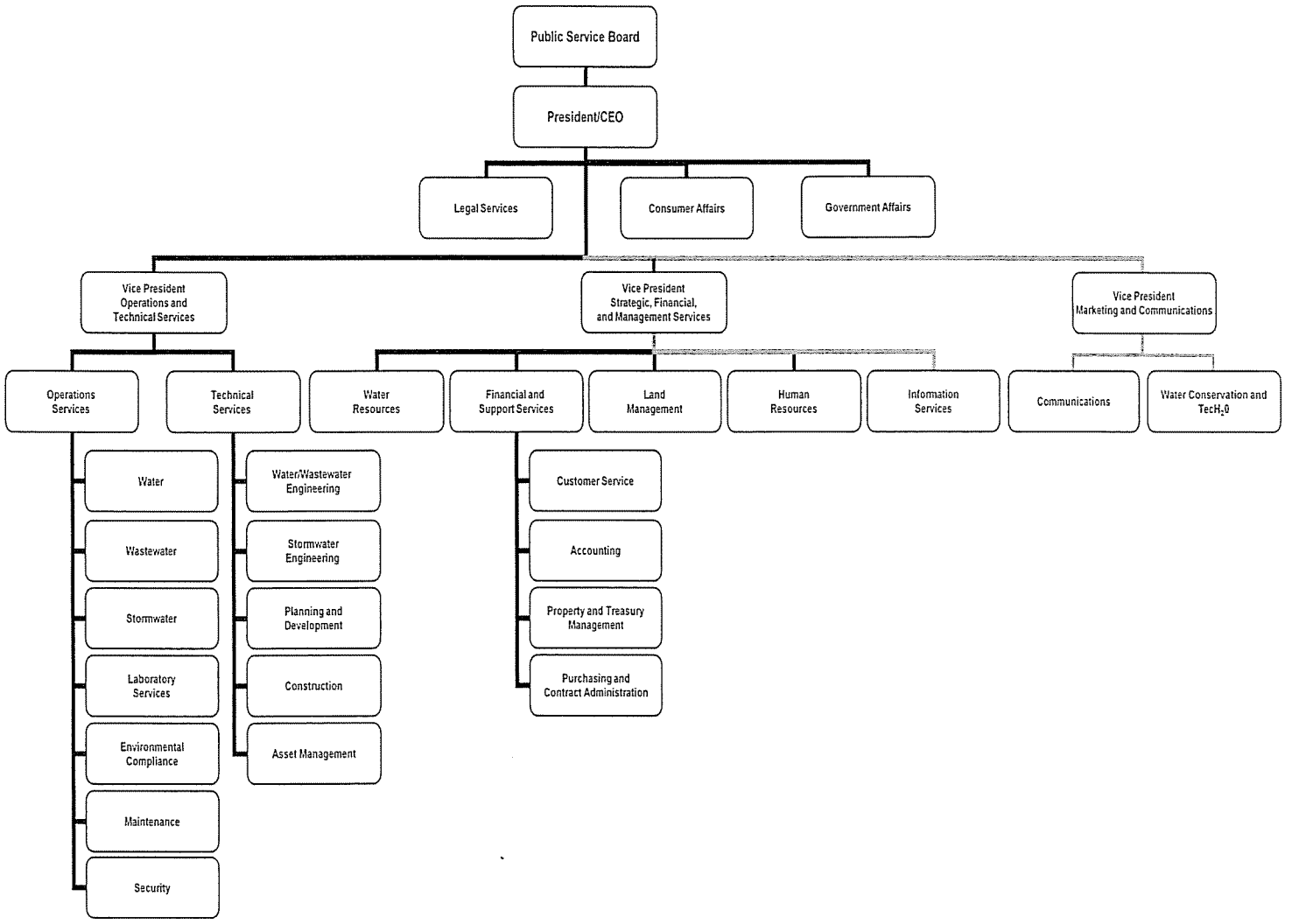
The Strategic Plan is also utilized as a basis for making policy decisions on how funding is obtained and allocated, and is an integral part of the budgetary process. Policy and financial decisions are made with the understanding that a clear, well thought out Plan has been developed.

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## EL PASO WATER UTILITIES PUBLIC SERVICE BOARD ORGANIZATIONAL STRUCTURE



## **MAJOR ACCOMPLISHMENTS IN 2008**

- Signed interruptible and critical peak pricing rate agreements with El Paso Electric Company saving over \$2.5 million in power costs.
- Laboratory achieved accreditation from the National Environmental Laboratory Accreditation Conference (NELAC) for bacterial analysis, allowing compliance with new TCEQ requirements.
- Received the 2008 Membrane Facility Award from the American Membrane Technology Association for the Kay Bailey Hutchison Desalination Plant.
- Conducted value engineering on the Fred Hervey Plant Project with an estimated savings of over one million dollars.
- Opened the Carlos M. Ramirez Tech<sub>2</sub>O Water Resources Learning Center.
- Implemented stormwater utility, improving maintenance and finalizing capital improvement plan.
- Issued debt to fund capital projects.

### **Critical Initiatives for 2009 include the following:**

- Financial Planning
- Support to Fort Bliss
- Service to Annexed Areas
- Annexation Issues
- Infrastructure (Water/Wastewater)
- Westside Master Plan Issues
- Regional Planning
- Infrastructure Rehabilitation
- Construction of new Stormwater Facilities
- Government Relations/Funding Needs

## **DRIVING FORCES SUMMARY**

**For 2009, EPWU staff and the Public Service Board have identified the following major drivers.**

- Human Resource Needs
- Replacement of Infrastructure
- Meeting Regional System Demands
- El Paso Electric Rates/Expansion Plans
- Financial Planning
- Storm Drainage
- Annexation Issues
- Communications

## **EPWU'S KEY MESSAGES**

During the strategic planning process, the Public Service Board endorsed the following key messages for 2009.

1. EPWU has diversified its water resources to provide for current and future service area demands.
2. Recent studies indicate that El Paso's long-term water demands can be met and are sustainable if planned water management initiatives are implemented and on schedule.
3. EPWU has been successful in creating partnerships with wholesale customers, regional stakeholders to include local, state, and federal government entities, Fort Bliss, along with various private entities.
4. EPWU will continue to address infrastructure needs for additional troops arriving at Fort Bliss.
5. Water and wastewater rates are expected to increase over time to help pay for investments in new capital projects and replacement of existing infrastructure; necessary for enhancing the region's economic viability, achieving a sustainable water supply, and investing in infrastructure.
6. Inform the citizens of El Paso about storm water related issues to include planning and construction issues, rates, etc.

## INITIATIVES FOR 2009

At the onset of the planning process, EPWU management discussed several key issues that centered on rehabilitation and replacement of infrastructure, rapid growth throughout the City and County, water rights acquisition, human capital resources and Public Service Board-owned land.

Specifically, the issues considered included the following:

- Increased Regulations
- Rehabilitation/Replacement
- Government Affairs/Communications
- New facilities coming on line
- Continued implementation of technology
- Security

To create an environment of understanding of what needs to be done to ensure the future success of the organization; EPWU management also identified factors that contribute most critically to that success. These critical success factors were categorized by management and the Public Service Board into the following categories. These categories are then used to address key water issues and how each issue is to be implemented. The various goals and objectives within each critical success factor are in accordance with Utility benchmarks, *which EPWU has continuously exceeded*. As previously noted, EPWU management monitors the approved Strategic Plan to ensure compliance and implementation.

- I. **Quality**
- II. **Government Affairs, Communications & Marketing**
- III. **Resource Management**
- IV. **Organization & Management**
- V. **Financial**
- VI. **Security**
- VII. **Stormwater**

## **CRITICAL SUCCESS FACTORS**

### **I. QUALITY**

- Maintain high quality and reliable service.
- Maintain a high level of community support and customer satisfaction.
- Apply technology and innovative management techniques to sustain competitiveness with comparable service providers.
- Use available technology to enhance the Utility's ability to provide superior industry service.

## CRITICAL SUCCESS FACTORS

### I. QUALITY INITIATIVES

**GOAL I-A: EPWU will empower employees to help achieve best practices through the consistent application of Total Quality Management principles.**

Measured by:

- Continuing training so that remaining 30% of water division employees obtain necessary training by 2009. Wastewater Division has met Total Quality Management goals.

**GOAL I-B: EPWU will be acknowledged as the leader in providing quality water and wastewater services.**

Measured by:

- Sustaining a 95% customer satisfaction rating measured through a periodic survey of customers.

**GOAL I-C: EPWU will continue to implement best operation, management, and maintenance practices throughout the Utility.**

Measured by:

- Using a computerized water distribution maintenance management system to its full potential.
- Improving customer and employee parking at administration building.
- Identifying within the Utility's Capital Improvements Program, Nutrient Criteria Implementation to be in effect by the year 2015.
- Monitoring categorical industries in their respective areas and internally identifying any pollutants that may be of concern by performing chronic biomonitoring analyses concurrently with EPA pre-treatment priority pollutants.
- Developing a SCADA Master Plan and associated CIP to ensure increasing and effective automation of the water system.
- Conducting a comprehensive study of radio frequency systems utilization and licensing to encompass SCADA, leak detection, security video imaging, RF Metering and Voice Radio.
- Developing a comprehensive automated cathodic protection system monitoring for all large diameter steel pipe segments.

**GOAL I-D: EPWU will optimize best use practices in planning, engineering, and management to protect and gain a high yield on its investments.**

Measured by:

- Continuing the integration of econometric models and economic considerations into the Capital Improvement Project (CIP) planning efforts to optimize quality infrastructure investments.
- Implementing a priority system for the CIP that includes costs, benefits, environmental, and political considerations.
- Assessing the cost-effectiveness and timeliness of the 10-year CIP (comparison of plan vs. history) on an annual basis.

**GOAL I-E: EPWU will operate and maintain a bi-national regional water quality laboratory and a water quality data management system for the regional Rio Grande Watershed, and be instrumental in directing future Watershed Management activities.**

Measured by:

- Identifying and working with the appropriate agencies to inventory watershed protection data. Data shall meet EPA standards and be incorporated into the Rio Grande Watershed depository.
- Obtaining NELAP Accreditation
- Creating cost analysis for all tests in the laboratory.
- Expanding testing capabilities, specifically cyanide, and increase organics analysis.
- Determining the feasibility of upgrading to the newest revision of LIMS.
- Utilizing Inventory Control Program to remove excess and unused chemicals/consumables.

## **CRITICAL SUCCESS FACTORS**

### **II. GOVERNMENT AFFAIRS, COMMUNICATIONS, & MARKETING**

- Continue to educate political constituents on policy issues.
- Gain public support for EPWU issues and maintain key alliances.
- Deliver effective and consistent messages concerning EPWU's plans, policies, and programs.
- Participate in the formulation of water, wastewater, and stormwater legislation and policy issues that will further the interests of the Utility.
- Continue to foster an environment of cooperation, coordination, and support with the City and County of El Paso, as well as other regional stakeholders.
- Brand EPWU as an industry leader, its facilities as state of the art, and its services as superior.

## CRITICAL SUCCESS FACTORS

### II. GOVERNMENT AFFAIRS, COMMUNICATIONS & MARKETING INITIATIVES

**GOAL II-A: EPWU will clearly and consistently communicate its priorities, goals, and objectives to all stakeholders.**

Measured by:

- Monitoring the Strategic Plan to ensure compliance, and updating the plan as external conditions warrant.
- Continuing to increase the amount of stakeholder involvement and public support for EPWU initiatives, including private/public partnerships with stakeholders on land management initiatives including, the Corps of Engineers, TXDOT, Fort Bliss, school districts, and the El Paso Association of Builders.
- Meeting with major boards and stakeholders of utilities, Chamber(s) of Commerce, Economic Development Council, Paso del Norte Health Foundation, etc., to emphasize the availability of a sustainable water supply and support efforts to promote economic development.
- Convening the Public Working Committee to present information plans, policies, and programs.
- Emphasizing the availability of a sustainable water supply through appropriate water management.
- Informing customers about key issues.
- Providing representation and leadership in appropriate “think-tank” organizations and meetings to demonstrate the Utility’s interest in forming partnerships with organizations seeking to improve the quality of life in El Paso.
- Fostering good working relationships with various media outlets to increase coverage of important EPWU issues.

**GOAL II-B: EPWU will use bilingual programs and materials to market programs and services, including storm water management.**

Measured by:

- Developing and disseminating messages and materials, in English and Spanish about the Utility’s plans, policies, and programs.
- Conducting surveys to measure customer acceptance of EPWU’s goals and objectives.

**GOAL II-C: EPWU will nurture regional and international partnerships (both public and private) that recognize, value, and support joint regional water initiatives beneficial to our international border reality.**

Measured by:

- Identifying and obtaining support to ensure planning projects address the region's groundwater issues.
- Continuing to identify and meet with local, state, and federal (water-related) entities in Mexico in an effort to ensure dialogue and the exchange of information, resulting in the development of a bi-national and/or regional project(s).
- Working with the Consortium for High Tech Investigations in Water and Wastewater (CHIWA) in regard to obtaining funding for projects to include salinity management and groundwater modeling.

**GOAL II-D: EPWU will work with state and federal lobbyists to promote and implement the utility's state and federal agendas.**

Measured by:

- Balancing legal and lobbying expenditures vs. strategic goals attained.
- Evaluating lobbyists based on an established performance plan and their ability to comply with the Utility's State and Federal agendas.
- Identifying the lobbying investment versus the payback expectation of lobbying efforts tied to strategic planning
- Continuing to emphasize the need for water resource flexibility through the combination of desalination, importation, surface water purchases, and land acquisition for groundwater rights in order to provide varied approaches in maintaining a sustainable water supply.
- Applying for grant funds for eligible water, wastewater, reclaimed water, and storm water projects as identified in the Utility's CIP program.
- Expanding current lobbying efforts through increased interaction and cooperation with key legislators, political and community leaders, state and bi-national entities, local and international service providers.

**GOAL II-E: EPWU will use marketing and communications to create public awareness of events, conferences, and public use at the Carlos M. Ramirez Tech<sub>2</sub>O Water Resources Learning Center.**

Measured by:

- Increased attendance at Tech<sub>2</sub>O Center
- Public support for events at Tech<sub>2</sub>O Center

## **CRITICAL SUCCESS FACTORS**

### **III. RESOURCE MANAGEMENT**

- Secure the financing to construct the necessary infrastructure to ensure a long-term water supply and continue rehabilitation of infrastructure.
- Continue to demonstrate leadership, expertise, and excellence, in planning, engineering, and operations management, and continue as the regional water and wastewater utility planner and provider.
- Complete and execute the Land Master Plans to promote economic development commensurate with sound water policies.
- Utilize energy management strategies.
- Take a leadership role in working with the City Planning Department to address annexation issues on the east side and west side of the El Paso City limits.
- Develop opportunities to maximize land assets.
- Work with the City to plan and analyze the feasibility of an area-wide impact fee for water, wastewater, and storm water.
- Acquire new water rights set forth in 2005 in the Far West Texas Regional Plan, a component part of the State Water Plan, as a means to ensure the availability of water resources, especially during times of drought.
- Repackage the Northeast Master Plan and sell when economically feasible.
- Update the Northwest Plan as it relates to drainage.

## CRITICAL SUCCESS FACTORS

### III. RESOURCE MANAGEMENT INITIATIVES

**GOAL III-A: EPWU will implement the 10-year Capital Improvements Program to meet water supply needs, replacement of infrastructure, growth, system maintenance, and regulatory compliance demands, and do so in a cost-effective manner.**

Measured by:

- Meeting or Exceeding 70% of annual CIP spending goal.
- Completing 95% of projects, including change orders, within the contracted schedule.
- Maintaining an overall change order level of less than 2% of the original construction contract amount.
- Working with URS and other entities to develop clear program priorities for Storm Water CIP initiatives.
- Placing emphasis on increased funding for replacement of critical water/sewer lines identified by EPWU Technical Services Department.
- Accelerating the current lift station renovation program to complete the 30 renovations identified in the original plan that was prepared 15 years ago and develop a second program to include renovation of an additional 30 (23 lift stations have been renovated in 15 years, with a total of 72 lift stations being in the system).

**GOAL III-B: EPWU will create strong and flexible in-house project management capability and offer training and information assistance to other El Paso area public works managers.**

Measured by:

- Providing planning for city-wide developments including Master Plan areas
- Continuing the improvements made to the Utility's project management procedures.
- Continuing work with colonias & outside city utility staff in execution of project management and service objectives
- Meeting with the Consulting Engineers Council periodically regarding the performance of Utility projects.
- Developing uniform designs standards for EPWU facilities and providing access of design standards through internet.
- Developing uniform designs standards for pipelines along with Transient Pressures Program.

**GOAL III-C: EPWU will increase contractor awareness of and capability to execute PSB work, with emphasis on developing local project management and business resources.**

Measured by:

- Continuing to invite and meet on an annual basis with local and out-of-town prime contractors, local subs and material/equipment suppliers to convey information, emphasize local participation, encourage teaming, and discuss other creative approaches regarding Utility contracts.
- Assure the Utility continues to successfully attain small, locally owned, minority- and women-owned (MBE/WBE) business goals.

**GOAL III-D: EPWU will secure water resources and finance/build infrastructure in order to ensure an adequate and affordable 50-year water supply.**

Measured by:

- Continuing with regional water resource planning to further evaluate the importation of groundwater from West Texas counties, the sharing of international data and technology where possible with Mexico, and the evaluation of the cost of desalinating additional water in El Paso County.
- Preparing a feasibility study to analyze moving water into the Upper Valley/Westside from Canal plant.
- Incorporating the Mesilla Modeling to include New Mexico and Mexico.
- Renegotiating with EPCWID#1 the Rio Grande Project third party contract by transferring the obligations from the Haskell Street Plant to the Roberto Bustamante Plant.
- Continue to seek aquifer exemption status of the Fusselman Formation from TCEQ, NMED and EPA to increase flexibility in operating the injection wells for the Kay Bailey Hutchison Water Resource Desalination Plant.

**GOAL III-E: EPWU will maintain overall per capita water consumption at or below 140 gallons per person per day.**

Measured by:

- Analyzing cost benefits analysis to reduce water consumption and consider further reductions in per capita consumption (water savings vs. population growth).
- Encouraging and promoting the availability of xeriscape plant materials in El Paso and evaluate and promote the use of new water efficient turf grasses.
- Continuing to promote xeriscape plant materials.
- Monitoring the impact of the rate structure on water demand and making recommendations for improvement.
- Expanding the reclaimed water “purple pipe” program to reduce the amount of potable water used for irrigation and industrial purposes.

- Measuring success by increasing water reuse usage from 10% of total wastewater to 15% over the next 10 years.

**GOAL III-F: EPWU will promote supply-side conservation and minimize the impact, costs, and effect of drought conditions by carefully managing surface water and balancing available water resources in the Mesilla and Hueco Bolsons.**

Measured by:

- Encouraging supply-side entities to cooperate in conservation initiatives and promote supply-side conservation at every opportunity.
- Obtaining additional data regarding supply and demand on both sides of the border.
- Developing a plan to ensure that effluent discharge quantities are addressed with EPCWID#1.

**GOAL III-G: EPWU will develop a range of scenarios and strategies on energy issues to provide the optimum benefit to the Utility and its customers and to obtain a reliable power supply.**

Measured by:

- Implementing a new energy policy and promoting its daily use.
- Calculating the cost of operating system components using gas versus electricity.
- Monitoring changes in cost of gas and electricity and adjust operating strategies accordingly.
- Calculating energy efficiency of large energy using equipment. Rank by efficiency and prioritize use according to efficiency.
- Using SCADA system to monitor energy efficiency.
- Installing more energy efficient lighting and energy saving controls.
- Performing energy audits to identify energy saving opportunities, quantify potential savings and promote projects with short payback periods.
- Promoting specification of more energy efficient products in utility projects by revising utility standards. Enforce its adoption on new projects and project upgrades.
- Implementing the selected strategies in a timely and cost-effective manner.
- Working with El Paso Electric to expand regional power generation.

**GOAL III-H: Identify and obtain needed funding in order to expand the provision of reclaimed water to those areas where feasible to do so.**

Measured by:

- Continuing to expand the provision of reclaimed water to the El Paso Independent School District.

- Continuing to expand the reclaimed water infrastructure (purple pipe distribution) to provide capacity for the City's northwest area.
- Designing and starting construction of reclaimed water facilities for the North Central, Central El Paso, and Ft. Bliss areas by Fall 2009.
- Continuing the leadership role on developing a consolidated maintenance program for turf management with an emphasis on municipal property, i.e.; golf courses, parks, and right of ways.

**GOAL III-I: Provide service to out-of-city areas and participate in cost sharing of projects based on cost of service, grant funding, and water availability in accordance with "smart growth" principles.**

Measured by:

- Providing service to the newly annexed areas as per the City's Master Plan, along with those areas outside the City where it is feasible and cost-effective to extend service.
- Providing leadership in working with the City Planning Department to address annexation issues in the El Paso City limits (to include clarifying CCN between the City of El Paso and the Town of Horizon).

**GOAL III-J: Develop opportunities to maximize PSB-owned land assets.**

Measured by:

- Continuing to develop opportunities for maximizing lease revenues.
- Implementing the Utility's master plan to allow for sale and development of land in Northeast El Paso.
- Identifying and budgeting required infrastructure to make land available for development in northeast and northwest El Paso.
- Conducting an inventory and develop a marketing strategy to sell excess PSB property, primarily within the developed area of the City that is no longer needed for water and wastewater infrastructure.
- Preparing a market survey/analysis to identify builder demands.
- Considering the development of a market-phasing plan for northwest El Paso.

**GOAL III-K: Acquire new water rights as a means to ensure the availability of water resources, especially during times of drought.**

Measured by:

- The implementation of the Region E Plan that includes the integration of water management strategies (conjunctive use of water) into the Plan through the year 2060.
- Continue with a series of studies regarding the 10,000 AF/yr increase in local conjunctive use by 2020. (Some of these studies have been completed in preliminary form or will be completed by the end of the year). Studies need to consider the following:
  - 20 mgd expansion of JRWTP vs. surface water diversion and treatment in the upper valley and smaller Rogers expansion

- Increased fresh groundwater pumping capacity vs. brackish groundwater desalination in the Lower Valley
- ☐ Evaluating the cost of Right of Way permits.

## **CRITICAL SUCCESS FACTORS**

### **IV. ORGANIZATION & MANAGEMENT**

- Recognize, plan and implement succession planning.
- Keep the focus on our core business practices.
- Optimize the use of limited resources.
- Monitor, measure, and evaluate performance constantly and update strategies as necessary.
- Evaluate staffing needs for meeting growing demands for service, operation, and maintenance of new facilities.
- Initiate and continue discussions with other city departments for completing a stormwater utility analysis.
- Expand the leadership development plan into the trades to ensure EPWU has adequate trained staff to continue field and plant operations.

## CRITICAL SUCCESS FACTORS

### IV. ORGANIZATION & MANAGEMENT INITIATIVES

**GOAL IV-A: EPWU will implement a leadership development program to sustain internal leadership and minimize the impact resulting from the departure of key leadership.**

Measured by:

- Continuing to build a leadership development plan for all the Utility's key areas and continue implementation of consultant's recommendation re: organizational structure, training, recruitment, succession planning, etc.
- Identifying any licensing/professional registrations that may be required for the positions and enter the training and licensing requirements for in-house interim replacements under the goals sections of the performance evaluation reports.
- Informing in-house interim replacements of the progress achieved during the rating period.
- Continuing review of job class specifications for managers and professionals to determine whether minimum qualifications need to be adjusted based on in-house replacements or market availability.
- Developing and implementing an incentive program to promote certification over and above the current job specification in order to be able to retain and promote Utility plant technicians when vacancies for higher positions are available.

**GOAL IV-B: EPWU will retain and attract talented employees by implementing a competency management system that facilitates extending the careers of managers and professionals beyond normal retirement.**

Measured by:

- Reducing retirements of exemplary managers/professionals by providing initiatives and benefits from extended careers in Civil Service.
- Using turnover ratios to determine effectiveness.
- Providing salaries commensurate with the market value of the position and recruits.
- Taking a direct role in the recruitment process by setting Utility parameters for the selection process.
- Continuing to provide initiatives and benefits designed to attract and retain high level managers that report to the Utility's President and CEO and Vice-President of the Utility.

**GOAL IV-C: EPWU will evaluate staffing needs for meeting growing demands for service, operation, and maintenance of new facilities.**

Measured by:

- Ensuring needed staff are budgeted and accounted for during the budget process.
- Evaluating the Utility's current organizational structure and modifying as appropriate in an effort to meet current and future Utility needs.
- Preparing an audit of operations within the Utility to ensure best management practices are being adhered to and that the Utility is operating efficiently.
- Developing an appropriate executive coaching program and succession plan for certain key management employees.
- Continuing to provide salaries to key employees that are commensurate with the market value of recruits.
- Continuing to reduce employee injuries and minimize lost time.

## **CRITICAL SUCCESS FACTORS**

### **V. FINANCIAL**

- Fully price water as a precious resource and allocate expenses accordingly.
- Optimize supply and demand planning and econometric modeling to support the Utility's Capital Improvement Program.

## CRITICAL SUCCESS FACTORS

### V. FINANCIAL INITIATIVES

**GOAL V-A: El Paso Water Utilities will deliver the best-valued product by continuing to fully price water as a precious resource, and allocate expenses in order to deliver the best-valued product.**

Measured by:

- Sizing Capital Infrastructure bond issues for FY 2009-10 and incorporate into the Utility's Financial Plan.
- Continuing annual update and use of the Utility's comprehensive water, wastewater, and reuse rate models based on AWWA's rate methodology.
- Maintaining competitive water and wastewater rates as compared to other utilities that reside in an arid climate and also those that utilize both ground and surface water supplies.
- Developing econometric models for every major project that analyzes socioeconomic, environmental, political, engineering, planning and financial data in order to provide the Public Service Board and management with the best available information to make informed decisions regarding proposed capital improvement projects and its financial impacts on the community on a project-by-project basis, annually.
- Developing financing scenarios, including the evaluation of restructuring debt, lowering the debt service coverage requirement, accessing low-interest loans and grants and other financing alternatives to mitigate rate impacts and ensure the Utility receives the best available costs.
- Maintaining the Utility's bond rating of AA from Fitch and Standard and Poors.
- Maintaining the Utility's commercial paper rating of A1+ from Standard and Poors.
- Maintaining debt service coverage at or above the 1.5 times bond covenant requirement. However, evaluate the pros and cons of reducing Bond Reserve Requirements on all new bond issues to 1.25 times the coverage.
- Utilizing the \$40 million commercial paper program to finance interim construction costs at a rate of 125 basis points below a fixed 20-year municipal revenue bond.
- Maintaining a 45-day operating reserve fund balance and a 45-day capital reserve fund balance based on the current adopted annual operating and capital budget.
- Maintaining a debt ratio (outstanding debt/total assets) of not more than 50%.
- Evaluating Automated Meter Reading (AMR)
- Updating Information Technology Plan to 2013.
- Managing city's system and continue with GIS Implementation.
- Implementing Debit/Credit Cards for bill payment by spring 2009.

## **CRITICAL SUCCESS FACTORS**

### **VI. SECURITY**

- Keep abreast of security issues, identify vulnerabilities, and implement the measures necessary to protect the Utility's services, personnel, property, plant, and equipment.
- Continue to update and coordinate the Utility's Emergency Management Plan, test, and evaluate the updated security strategies.
- Obtain the necessary funding to build the required and necessary security.

## VI. SECURITY INITIATIVES

**GOAL VI-A: As part of the Utility’s risk management strategy, the Utility will mitigate/minimize security threats that endanger Utility assets or that might prevent the Utility from being able to provide water and wastewater service to its customers.**

Measured by:

- Reviewing and improving emergency response coordination with the City, County, and State.
- Preparing for Pandemic Flu by establishing a committee to begin to prepare recommendations for developing a plan.
- Convening a Risk Management Committee to evaluate next year’s worker’s compensation incentive program.
- Enhancing the partnership in effect with the Protective Security Advisor for the Department of Homeland Security, U.S. Border Patrol, and El Paso Police Department as a means to identify and address security threats.
- Maintaining a high security profile for the entire Utility, identifying and addressing vulnerabilities as they arise, and implementing the measures necessary to protect Utility assets.
- Continuing to maintain a leadership role in the American Society for Industrial Security.

**GOAL VI-B: Explore opportunities for federal funds as a means to implement and construct needed security measures.**

- Identifying funding needs and working with Federal lobbyists as a means to identify federal funding opportunities.

## **CRITICAL SUCCESS FACTORS**

### **VII. STORMWATER**

- Adopt budget, rates, and rules and regulations for stormwater utility
- Implement the Stormwater Utility Plan
- Continue to evaluate existing stormwater facilities and construct new ones as needed
- Consider needed stormwater facilities located outside the city and discuss providing assistance to County residents

**Goal VII-A: Implementation of Stormwater Management Plan**

Measured by:

- Completing Stormwater Capital Improvement Program priority list of projects.
- Issuing \$36 million in Stormwater Revenue Bonds in FY 2009-10 to fund projects.
- Starting design and construction of identified CIP projects.
- Beginning acquisition of open space stormwater properties.
- Working with the city to start design and construction of identified park/ponds.
- Continuing implementation of Stormwater Preventive Maintenance Program.
- Continuing communication outreach to the community on all aspects of the Stormwater Utility.
- Applying for Federal Stimulus monies to fund stormwater projects
- Applying for state funding with the county for regional stormwater planning.
- Complying with all federal, state and local stormwater regulations.

**The following are achievements resulting from the critical success factors and goals achieved during 2008.**

### **Quality Achievements**

- ☑ Completed 20 Water Improvement Team recommendations for fiscal year.
- ☑ Documented TQM efforts, including costs and benefits, on an annual basis.
- ☑ Continued to implement best practices based on the results of the QualServe Program.
- ☑ Maintained “Superior Water System” designation by TCEQ.
- ☑ Earned the “NACWA Platinum Award” for eligible wastewater treatment plants.
- ☑ Provided uninterrupted service 99.99% of the time as measured by customer hours of service.
- ☑ Complied with all government regulations applicable to water and wastewater systems.
- ☑ Optimized process control at the Canal Water Plant to maintain production losses of less than 4%.
- ☑ Continued to use the GIS to optimize infrastructure management using the proper econometric, vulnerability/risk assessment, technical, planning, and engineering criteria.
- ☑ Continued to achieve an overall system availability benchmark consistent with the industry.
- ☑ Continued to monitor the automated chemical feed system at the Canal Plant to optimize usage.
- ☑ Continued to achieve best in class benchmarks against leaders in the industry.
- ☑ Maximized the use of new Hansen Facilities Maintenance Management Plan to its full potential.
- ☑ Prevented plant shutdowns due to the lack of preventative maintenance.
- ☑ Maintained a 70% to 30% ratio of preventive to corrective maintenance.
- ☑ Continued to work with the Laboratory Information Management System (LIMS).
- ☑ A total of 519 employees have received training in TQM in the last five years.
- ☑ Continue to use the latest technology to locate distribution system leaks and keep unbilled water at less than 10% of the total production.

### **Government Affairs, Communications & Marketing Achievements**

- ☑ Continued to increase the amount of stakeholder involvement and public support for EPWU initiatives, including private/public partnerships with stakeholders on land management initiatives including, the Corps of Engineers, TXDOT, Fort Bliss, school districts, and the El Paso Association of Builders.
- ☑ Met with major Boards and utility stakeholders, Chamber(s) of Commerce, Economic Development Council, PDN Foundation, etc., to emphasize the availability of a sustainable water supply and support efforts to promote economic development.
- ☑ Continued to emphasize the availability of a sustainable water supply through appropriate water management that includes reclamation, desalination, conservation, and eventual importation.
- ☑ Continued to inform customers about various key issues.
- ☑ Continued to provide representation and leadership in pertinent and appropriate “think-tank” organizations and meetings to demonstrate the Utility’s interest in promoting economic development and improving the quality of life in El Paso.
- ☑ Worked with state and federal lobbyists to support favorable legislation and rules that would benefit the utility.

- ☑ Continued to work with and identified key stakeholders and present them with a clear message of the Utility's needs.
- ☑ Expanded current lobbying efforts through increased interaction/cooperation with key legislators, political and community leaders, state and bi-national entities, local and international service providers.
  - Considered legal and lobbying expenditures vs. strategic goals attained.
  - Evaluated lobbyists based on an established performance plan and their ability to comply with the Utility's State and Federal agendas.
  - Identified the lobbying investment versus the payback expectation of our lobbying efforts tied to the strategic plan.
- ☑ Continued to emphasize the need for water resource flexibility through the combination of desalination, importation, surface water purchases, and land acquisition for groundwater rights in order to provide varied approaches in maintaining a sustainable water supply.
- ☑ Promoted key messages and obtained the Public Service Board's support in disseminating EPWU messages to include the Utility's priorities and key objectives.
- ☑ Distributed messages and materials about the Utility's plans and programs, particularly stormwater.

### **Resource Management Achievements**

- ☑ Finalized a water contract and land lease agreements with Fort Bliss for the desalination facilities projects.
- ☑ Continued to pursue additional water rights and improvements along with other operating agreements with EPWCID#1.
- ☑ Assisted the City's Parks and Recreation Department in best management practices related to turf management.
- ☑ Coordinated with EPCWID#1 to optimize use of surface water.
- ☑ Completed the phasing plan and market study for 3,300 acres in northeast El Paso.

### **Organization & Management Achievements**

- ☑ Monitored a list of high-level professionals that may be leaving the utility within 5-10 years second considered in-house/interim replacements for those positions. Determined and began to identify what technical, management, and supervisory skills are required to fill vacant positions.
- ☑ Provided in-house training for each professional interim replacement. (Water Utilities Management and TQM training is a prerequisite for all professional managers)
- ☑ Job specifications were recently reviewed as part of the City's implementation of a new Classification study
- ☑ Utility underwent a new reorganization in an effort to continue to meet current and future needs.
- ☑ Provided salaries to key employees that are commensurate with the market value of recruits.
- ☑ Reduced employee injuries from 40 lost time injuries to 14 injuries per year for the second consecutive year, resulting in significant savings to the Utility.

### **Financial Management Achievements**

- ☑ Developed financing scenarios, including evaluating the restructuring of debt, lowering the debt service coverage requirement, accessing low-interest loans and grants and other financing alternatives that will mitigate rate impacts to our customers and ensure that the Utility is receiving the best available costs.
- ☑ Maintained the Utility's bond rating of Aa3 from Fitch and AA from Standard and Poors. Debt service coverage for 2007-2008 was 1.61.
- ☑ Issued \$66 million in bonds to refund \$51 million of commercial paper notes and to advance refund of \$15.38 million of existing debt to lower debt financing costs.
- ☑ Issues \$35.5 million to refund commercial paper notes.
- ☑ Utilized the \$50 million commercial paper program to finance interim construction costs at a rate of 125 basis points below a fixed 20-year municipal revenue bond. Issued \$44 Million in bonds during 2007-2008 fiscal years.
- ☑ Debt ratio for FY 2007-2008 was .40.
- ☑ Sized Capital Infrastructure bond issues for FY 2008-09 and incorporated into the Utility's Financial Plan.
- ☑ Continued annual update and use of the Utility's comprehensive water, wastewater, and reuse rate models based on AWWA's rate methodology.
- ☑ Maintained competitive water and wastewater rates as compared to other utilities that reside in an arid climate and also those that utilize both ground and surface water supplies.
- ☑ Developed econometric models for every major project that analyzes socioeconomic, environmental, political, engineering, planning and financial data in order to provide the Public Service Board and management with the best available information to make informed decisions regarding proposed capital improvement projects and its financial impacts on the community on a project-by-project basis, annually.
- ☑ Developed financing scenarios, including the evaluation of restructuring debt, lowering the debt service coverage requirement, accessing low-interest loans and grants and other financing alternatives to mitigate rate impacts and ensure the Utility receives the best available costs.
- ☑ Maintained the Utility's commercial paper rating of A1+ from Standard and Poors.
- ☑ Upgraded CIS system to EnQuesta.
  - Implementing new technology in cash receipting, i.e. electronic checks, debit, and credit cards.
  - Implementing new technology in customer service, i.e. information on demand system, on-line turn ons and offs.
- ☑ Evaluated Automated Meter Reading (AMR)

### **Security Initiatives (Achievements)**

- Implemented security recommendations and measures as identified in a planned and phased approach to protect the Utility's facilities and water supply from terrorists and vandals. This includes, but not limited to the following measures:
  - Physical hardening of identified facilities including increased monitoring capabilities.
  - Providing for critical backup facilities as identified and designated.
  - Coordinated and participated with the Department of Homeland Security along with identified local, state, and other federal agencies in monitoring, assessing, and reacting to possible terrorists' threats or attacks.

### **Stormwater (Achievements)**

- Presented Stormwater Capital Improvement Program to Stormwater Advisory Committee.
- Developed three year financial plan to fund stormwater projects and fund operations and maintenance programs.
- Completed rehabilitation and upgrades to several major stormwater pump stations.
- Began desilting of basins neglected for many years.
- Implemented the start of preventive maintenance program.
- Started compiling stormwater infrastructure assets into comprehensive database and GIS system.