

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 27, 2022

Team Manager: Nancy Richards

ACTION REQUESTED

Approve by resolution a request from the City of Fulshear (Fort Bend County) for \$14,500,000 in financing from the State Water Implementation Revenue Fund for Texas for construction of a water supply project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The City of Fulshear (City) is located in northwest Fort Bend County at the crossroads of FM 359 and FM 1093. The City provides water and wastewater services to a population of approximately 15,660 residents with 8,025 connections.

PROJECT NEED AND DESCRIPTION

The City needs to increase its water supply to meet Texas Commission on Environmental Quality requirements. The City is a member of the North Fort Bend Water Authority's (NFBWA) Groundwater Reduction Plan; however, it is not scheduled to receive surface water for several years. This project will help meet system-wide maximum day water demands. The project will be the receiving infrastructure for future NFBWA surface water delivery. The NFBWA has a minimum groundwater well capacity per connection that must also be met.

The City is requesting funds for the construction of a new ground water plant, Water Plant No. 2. The proposed project includes drilling of a new well capable of producing 4.0 million gallons per day (MGD) and to accommodate NFBWA water delivery a 1.5-million-gallon (MG) storage tank (to be expanded to 3.0 MG at a later phase), and a 5.75 MGD booster pump station will be built. This project will also include an asset management plan for this facility.

PROJECT SCHEDULE

Task	Schedule Date
Closing	December 15, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	August 25, 2022
Design Phase Completion	February 16, 2023
Start of Construction	April 27, 2023
Construction Completion	March 27, 2025

COMMITMENT PERIOD: FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2022

KEY ISSUES

The proposed project is a recommended water management strategy in the 2021 Region H Water Plan and 2022 State Water Plan. The overall project expands groundwater supply by constructing a new water plant with a new 4.0 MGD well, a 1.5 MG storage tank, and 5.75 MGD booster pump station. The project will increase water supply by approximately 4,500 acre-feet per year.

LEGAL

Special Conditions

- Water rights certification

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (22-)
4. Water Conservation Review
5. Location Map

Financial Review City of Fulshear

Risk Score: 2A

Audit Reviewed: FY 2021

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 30.98%	State: 1.49%
Top 10 Customers % of Total Revenue	9%	10-15%
Median Household Income as % of State	270%	100%
Days of Cash on Hand (3-year Average)	191 days	30-149 days
Net Fixed Assets/ Annual Depreciation	34 years	12-24 years
Debt Service Coverage Ratio	8.77x	1.0x
Debt-to-Operating Revenues	1.16x	4.00-5.99x
Unemployment Rate (April, 2022)	Fulshear: 3.8%	State: 3.7%
Working Capital Ratio	9.07	> 1.0
Cash Balance Ratio	-1.08%	0-9.99%

Key Risk Score Strengths

- A debt service coverage ratio of 8.77x indicates the City has sufficient revenues to repay the proposed obligation.
- A high working capital ratio provides the City with ample resources to cover short-term liabilities and shows a strong liquidity position.
- Fulshear has seen a 31 percent increase in its population over the past ten years.
- Debt-to-operating revenues of 1.16 times is below the state benchmark due to the City having no outstanding water and sewer system debt aside from the proposed obligation.

Key Risk Score Concerns

- The City's cash balance ratio declined from 2016 to 2021 due to the City holding \$6,176,262 in long term investments.

PLEDGE

Legal Pledge Name	Utility System Revenue
Type of Pledge	<input type="checkbox"/> Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	15,000	\$30.50	\$30.50	0.44	0.44
WASTEWATER	15,000	\$30.50	\$30.50		

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$2,032,994 over the life of the financing.

Responsible Authority	Fulshear
Program	SWIFT
Commitment Number	L1001534
Project Number	51073
List Year	2022
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$14,500,000 City of Fulshear, Texas Utility System Revenue Bonds, Series 2022
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low-Interest
Financial Managerial & Technical Complete	N/A
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Nancy Richards	Rand Zeolla	Lucia Loera	Britt Paredes	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Fulshear

\$14,500,000 City of Fulshear, Texas Utility System Revenue Bonds, Series 2022

Dated Date:	12/15/2022	Source:	SWIFT-LOW-30YR
Delivery Date:	12/15/2022	Rate:	3.38%
First Interest:	2/15/2023	IUP Year:	2022
First Principal:	8/15/2024	Case:	Revenue
Last Principal:	8/15/2052	Admin.Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$14,500,000 ISSUE			TOTAL DEBT SERVICE	COVERAGE	
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT			
2023	\$4,492,740	\$0	\$0	-	\$308,046	\$308,046	14.58	
2024	4,492,740	-	50,000	1.87%	462,069	512,069	8.77	
2025	4,492,740	-	100,000	1.99%	461,134	561,134	8.01	
2026	4,492,740	-	315,000	2.05%	459,144	774,144	5.80	
2027	4,492,740	-	330,000	2.13%	452,687	782,687	5.74	
2028	4,492,740	-	340,000	2.23%	445,658	785,658	5.72	
2029	4,492,740	-	355,000	2.35%	438,076	793,076	5.66	
2030	4,492,740	-	365,000	2.42%	429,733	794,733	5.65	
2031	4,492,740	-	380,000	2.49%	420,900	800,900	5.61	
2032	4,492,740	-	395,000	2.54%	411,438	806,438	5.57	
2033	4,492,740	-	410,000	2.71%	401,405	811,405	5.54	
2034	4,492,740	-	425,000	2.86%	390,294	815,294	5.51	
2035	4,492,740	-	440,000	2.97%	378,139	818,139	5.49	
2036	4,492,740	-	455,000	3.07%	365,071	820,071	5.48	
2037	4,492,740	-	475,000	3.14%	351,103	826,103	5.44	
2038	4,492,740	-	490,000	3.22%	336,188	826,188	5.44	
2039	4,492,740	-	510,000	3.28%	320,410	830,410	5.41	
2040	4,492,740	-	530,000	3.34%	303,682	833,682	5.39	
2041	4,492,740	-	550,000	3.38%	285,980	835,980	5.37	
2042	4,492,740	-	570,000	3.42%	267,390	837,390	5.37	
2043	4,492,740	-	590,000	3.37%	247,896	837,896	5.36	
2044	4,492,740	-	615,000	3.37%	228,013	843,013	5.33	
2045	4,492,740	-	635,000	3.37%	207,287	842,287	5.33	
2046	4,492,740	-	660,000	3.37%	185,888	845,888	5.31	
2047	4,492,740	-	685,000	3.37%	163,646	848,646	5.29	
2048	4,492,740	-	710,000	3.67%	140,561	850,561	5.28	
2049	4,492,740	-	735,000	3.67%	114,504	849,504	5.29	
2050	4,492,740	-	765,000	3.67%	87,530	852,530	5.27	
2051	4,492,740	-	795,000	3.67%	59,454	854,454	5.26	
2052	4,492,740	-	825,000	3.67%	30,278	855,278	5.25	
		\$0	\$14,500,000		\$9,153,597	\$23,653,597	\$23,653,597	

AVERAGE (MATURITY) LIFE	18.69 YEARS
NET INTEREST RATE	3.377%
COST SAVINGS	\$2,032,994
AVERAGE ANNUAL REQUIREMENT	\$788,453

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be set.



Project Budget Summary
Fulshear
51073 - Water Plant No. 2 Expansion

Budget Items	TWDB Funds	Local and Other Funds	Total
Construction			
Construction	\$11,025,000.00	\$0.00	\$11,025,000.00
Subtotal for Construction	\$11,025,000.00	\$0.00	\$11,025,000.00
Basic Engineering Services			
Construction Engineering	\$0.00	\$670,000.00	\$670,000.00
Design	\$0.00	\$1,200,000.00	\$1,200,000.00
Planning	\$0.00	\$515,000.00	\$515,000.00
Subtotal for Basic Engineering Services	\$0.00	\$2,385,000.00	\$2,385,000.00
Fiscal Services			
Bond Counsel	\$51,500.00	\$0.00	\$51,500.00
Financial Advisor	\$70,000.00	\$0.00	\$70,000.00
Issuance Costs	\$12,000.00	\$0.00	\$12,000.00
Subtotal for Fiscal Services	\$133,500.00	\$0.00	\$133,500.00
Contingency			
Contingency	\$3,341,500.00	\$0.00	\$3,341,500.00
Subtotal for Contingency	\$3,341,500.00	\$0.00	\$3,341,500.00
Total	\$14,500,000.00	\$2,385,000.00	\$16,885,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$14,500,000 TO THE CITY OF FULSHEAR
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE OF
\$14,500,000 CITY OF FULSHEAR, TEXAS UTILITY SYSTEM REVENUE BONDS
PROPOSED SERIES 2022

(22-)

WHEREAS, the City of Fulshear (City) has filed an application for financial assistance in the amount of \$14,500,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the construction of certain water supply project(s) identified as Project No. 51073 (Project); and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$14,500,000 City of Fulshear, Texas Utility System Revenue Bonds Proposed Series 2022, (together with all authorizing documents "Obligations"), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff; and

WHEREAS, the City has offered a pledge of system revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, subject to the City's use of an approved debt service structure, interest rate subsidies are available to the City for State Fiscal Year 2022 at up to the following levels: 25% for financial assistance for a term of 20 years, 18% for financial assistance for a term of 21 to 25 years, and 14% for financial assistance for a term of 26 to 30 years; and

WHEREAS, the interest rate subsidies provided above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. that the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
3. that a water conservation plan has been submitted and implemented in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1);

4. that the current water audit has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.0121 and 31 TAC § 358.6;
5. that the City has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to City of Fulshear for financial assistance in the amount of \$14,500,000 from the State Water Implementation Revenue Fund for Texas, to be evidenced by the TWDB's proposed purchase of \$14,500,000 City of Fulshear, Texas Utility System Revenue Bonds Proposed Series 2022. This commitment will expire on December 31, 2022.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the City has complied with all of the requirements of the laws under which said Obligations were issued, that said Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that said Obligations are valid and binding obligations of the City;
3. this commitment is contingent upon the City's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement;
4. this commitment is contingent upon the City executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;
5. interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator;
6. the City shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2), and shall require the paying agent/registrar to provide a copy of all receipts

documenting debt service payments to the TWDB and to the TWDB's designated Trustee;

The Following Conditions Must Be Included in the Obligations:

7. the Obligations must provide that the Obligations can be called for early redemption on any date beginning on or after the first interest payment date that is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
8. the Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance;
9. the Obligations must provide that the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;
10. the Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project;
11. the Obligations must include a provision wherein the City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the City's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the City's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;
12. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges to produce system revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;
13. the Obligations must include a provision requiring the City to use any proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator;

14. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
15. financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
16. financial assistance proceeds shall not be used by the City when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Obligations shall include an environmental indemnification provision wherein the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, recycling and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
17. the Obligations must include a provision stating that the City shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
18. the Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1);
19. the Obligations must contain a provision stating that the City shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183;
20. the Obligations must include a provision prohibiting the City from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
21. the Obligations must provide that no portion of the proceeds of the financial assistance will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds that were used, directly or

indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the financial assistance (Source Series Bonds), other than Nonpurpose Investments acquired with:

- a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;
22. the Obligations must include a provision requiring the City take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the City will:
- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The City shall maintain a copy of such calculations for at least six years after the final Computation Date;
 - c. as additional consideration for providing financial assistance, and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;

- d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
23. the Obligations must include a provision prohibiting the City from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
24. the Obligations must provide that the City will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of § 149(b) of the Code;
25. the Obligations must contain a covenant that the City will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of § 149(d) of the Code (related to “advance refundings”);
26. the Obligations must provide that neither the City nor a related party thereto will acquire any of the TWDB’s Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the City by the TWDB;
27. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations;
28. if the City has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after the term of any financial assistance provided by the TWDB pursuant to this commitment, the Obligations must contain a provision providing that the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
29. the Obligations must contain a provision providing that additional revenue obligations may only be incurred if net system revenues are at least 1.25 times the average annual debt service requirements after giving effect to the additional obligations when net revenues are (a) determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant; or (b) the City certifies that the City is expected to continue to meet or exceed the net system revenue test with a minimum coverage of 1.25 times the average annual debt service requirement. An authorized representative of the City must provide the calculations, identifying reasonable assumptions, in a manner and format that is acceptable to the Executive Administrator.

Conditions to Close or for Release of Funds:

30. prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
31. prior to closing, if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel, for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;
32. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the City shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
33. prior to closing, the City's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the City when rendering this opinion;
34. prior to closing, the City's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the City when rendering this opinion;
35. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations;
36. the transcript must include evidence that the information reporting requirements of § 149(e) of the Internal Revenue Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

37. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the

Executive Administrator must have either issued a written finding that the City has the right to use the water that the Project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;

38. prior to the release of construction funds for that portion of a Project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the City has the right to use the water that the Project financed by the TWDB will provide;

APPROVED and ordered of record this, the 27th day of July 2022.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Review Date:

Project ID:

Water
Wastewater
Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

WATER CONSERVATION PLAN DATE:**Approvable****Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline			
5-year Goal			
10-year Goal			

WATER LOSS AUDIT YEAR:

Service connections:

Length of main lines (miles):

Water Loss

Retail population:

Connections per mile:

(gal/connection/day):

Water Loss GPCD:

ILI¹:

1 – Infrastructure Leakage Index only applicable if > 16 connections per mile and > 3,000 service connections

WATER LOSS THRESHOLDS

Water Loss Project:

Wholesale Adjusted:

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Loss Threshold Gallons per connection per day	Real Loss Threshold Gallons per mile per day	Real Loss Threshold Gallons per connection per day
<u>Threshold Type</u>						

Does the applicant meet Water Loss Threshold Requirements?

Yes**No****NA****ADDITIONAL INFORMATION****STAFF NOTES AND RECOMMENDATIONS**

DEFINITIONS

Adopted refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formally approved and adopted by the applicant's governing body.

Apparent losses are paper losses that occur when the water reaches a customer, but the volume is not accurately measured and/or recorded due to unauthorized consumption, customer meter inaccuracy, or billing system and collection data errors.

Approvable refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

Best Management Practices are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

GPCD means gallons per capita per day.

Infrastructure Leakage Index (ILI) is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 3,000 connections and a connection density of more than 16 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a bench marking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

NA means not applicable.

Real losses are the physical losses, largely leakage, from the infrastructure: mains, valves, and storage tank overflows. Real loss constitutes background leakage (unreported and difficult to detect), unreported leakage (leaks that do not surface but could be detected), and reported leakage (leaks that often surface and those that are detected by the utility through leak detection).

Residential GPCD is the amount of residential water use (single and multi-family customer use) divided by the residential population divided by 365.

Total GPCD is the amount of total system input volume divided by the retail population divided by 365.

Total water loss is the sum of the apparent and real water losses.

Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

Water Loss GPCD is the amount of water loss divided by the retail population divided by 365.

Water Loss per Connection per Day Calculated as the water loss volume divided by the number service connections divided by 365. This indicator allows for reliable performance tracking in the water utility's efforts to reduce water losses. It replaces water loss percentage.

Water Loss Thresholds are levels of real and apparent water loss determined by the size and connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

Wholesale Adjusted represents that some utilities provide large volumes of wholesale water to other providers that travel through the general distribution system, so a calculation has been established to adjust for that volume of wholesale water. These adjustments are only applicable for use in determining whether a utility meets or exceeds water loss thresholds in review of their application for financial assistance. These adjustments should not be used for performance tracking or benchmarking.



City of Fulshear Fort Bend County

