

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** April 11, 2022

**Team Manager:** Jesse Milonovich

### **ACTION REQUESTED**

Approve by resolution a request from the Tom Green County Fresh Water Supply District No. 2 (Tom Green County) for \$300,000 in principal forgiveness from the Drinking Water State Revolving Fund for planning, design, and construction of water system improvements; and a waiver from the requirement to include funds to mitigate water loss as a part of this project.

### **STAFF RECOMMENDATION**

Approve       No Action

### **BACKGROUND**

The Tom Green County Fresh Water Supply District No. 2 (District) is located in Tom Green County. The District provides water services to a population of approximately 354 residents and 244 connections.

### **PROJECT NEED AND DESCRIPTION**

The District's water system was originally constructed in the 1950's and 1960's, and has difficulty meeting general emergency provisions required by the Texas Commission on Environmental Quality (TCEQ) and accurately measuring customer usage. The electrical system at each of its three water wells is aged and in need of replacement. The District has experienced a reduction in production levels at its water wells caused by silt and sand buildup in the well screens leading to concerns with meeting water demands. Backup power supply is needed for the water treatment plant and high service pumps due to periodic power outages.

The District proposes to replace the pumps, repair or replace the screens, and remove accumulated sand and gravel from each of its three existing water wells. Also included are upgrades to the electrical system at the water wells and the purchase and installation of an emergency backup generator at its water treatment plant to ensure high service pumps are operational during power outages. Other proposed electrical improvements would include installing a central control center outside the floodplain that can operate the three wells and include a remote operation center at the water treatment plant.

<b>COMMITMENT PERIOD:</b> FOUR (4) MONTHS TO EXPIRE AUGUST 31, 2022.
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## **PROJECT SCHEDULE**

<b>Task</b>	<b>Schedule Date</b>
Closing	June 15, 2022
Engineering Feasibility Report Completion (End of Planning Phase)	October 30, 2022
Design Phase	January 31, 2023
Start of Construction	February 28, 2023
Construction Completion	July 31, 2023

## **KEY ISSUES**

The District is above its water loss threshold for apparent loss, and it requests a waiver from including funds to mitigate its water loss as part of this project. In addition, the District has a current project funded through the drinking water program that will help reduce water loss (TWDB Project No. 62817).

The District qualified for 100 percent principal forgiveness as a very small system and is not subject to a risk score analysis. For this request, staff reviewed the District's annual audit and funding application information to assess the entity's ability to manage existing obligations and business practices. Based on this analysis, staff believes the District has adequate capabilities to manage its obligations.

## **LEGAL**

### Special Conditions

- Executed Principal Forgiveness Agreement
- Return of surplus funds
- Notification of change in legal status
- Notification of conveyance

### Attachments:

1. Project Data Summary
2. Project Budget
3. Resolution (22- )
4. Water Conservation Review
5. Location Map
6. Water Loss Waiver Request

<b>Responsible Authority</b>	Tom Green Co FWSD No. 2
<b>Program</b>	DWSRF
<b>Commitment Number</b>	LF1001454
<b>Project Number</b>	62915
<b>List Year</b>	2021
<b>Type of Pledge</b>	N/A
<b>Pledge Level (if applicable)</b>	N/A
<b>Legal Description</b>	\$300,000 Principal Forgiveness Agreement
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	Yes
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	Yes
<b>Phases Funded</b>	Planning, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Exempt (\$500,000 or less)
<b>Overall Risk Score</b>	N/A

**PROJECT TEAM**

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
Jesse Milonovich	Rand Zeolla	Juan Moran-Lopez	Chris Caran	Breann Hunter

**Project Budget Summary**  
Tom Green Co FWSD # 2  
62915 - Water Well Rehabilitation and  
Emergency Generator

Budget Items	This Commitment	Total
<b>Construction</b>		
Construction	\$200,000.00	\$200,000.00
<b>Subtotal for Construction</b>	<b>\$200,000.00</b>	<b>\$200,000.00</b>
<b>Basic Engineering Services</b>		
Planning	\$4,500.00	\$4,500.00
Design	\$40,000.00	\$40,000.00
Construction Engineering	\$14,000.00	\$14,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$58,500.00</b>	<b>\$58,500.00</b>
<b>Special Services</b>		
Application	\$9,000.00	\$9,000.00
Environmental	\$2,500.00	\$2,500.00
<b>Subtotal for Special Services</b>	<b>\$11,500.00</b>	<b>\$11,500.00</b>
<b>Contingency</b>		
Contingency	\$30,000.00	\$30,000.00
<b>Subtotal for Contingency</b>	<b>\$30,000.00</b>	<b>\$30,000.00</b>
<b>Total</b>	<b>\$300,000.00</b>	<b>\$300,000.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE  
TO THE TOM GREEN COUNTY FRESH WATER SUPPLY DISTRICT NO. 2  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH \$300,000 IN PRINCIPAL FORGIVENESS

(22 - )

WHEREAS, the Tom Green County Fresh Water Supply District No. 2, (District) has filed an application for financial assistance in the amount of \$300,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, design, and construction of certain water system improvements identified as Project No. 62915; and

WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$300,000 with 100 percent to be forgiven, as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 371.13; and

WHEREAS, the District is requesting a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the District's system water loss because the District has a current project (62817 DWSRF) funded by the Texas Water Development Board that will assist in reducing water loss; and

WHEREAS, the TWDB hereby finds:

1. that no debt obligations are to be assumed by the District for the financial assistance and no taxes or revenues are required to be pledged by the District;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;
3. that the District is exempt from requirements to adopt a water conservation program because the TWDB's financial assistance will be \$500,000 or less;
4. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j);
5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the District and filed with the TWDB in accordance with Texas Water Code § 16.053(j); and

6. that based on the conditions, as described above, that the District is satisfactorily addressing the District's system water loss which supports a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the District's system water loss in accordance with Texas Water Code § 16.0121(g); and
7. that the District meets the definition of a "small" or "rural" disadvantaged community in the applicable IUP and is therefore eligible for principal forgiveness in the amount of \$300,000.

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

1. For the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.0121(g); and
2. A commitment is made by the TWDB to the Tom Green County Fresh Water Supply District No. 2 for financial assistance in the amount of \$300,000 from the Drinking Water State Revolving Fund with 100 percent to be forgiven. This commitment will expire on August 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 District's compliance with all applicable requirements contained in 31 TAC Chapter 371;
3. this commitment is contingent on the District executing a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
4. the District shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator;
5. the Principal Forgiveness Agreement must contain a provision that the District agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein.
6. the Principal Forgiveness Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Principal Forgiveness Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;

7. financial assistance funds are public funds and, as such, the Principal Forgiveness Agreement 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;
8. financial assistance funds proceeds shall not be used by the District when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Principal Forgiveness Agreement shall include an environmental indemnification provision wherein the District 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 and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the District, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
9. prior to closing, and if not previously provided with the application, the District shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, 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;
10. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the District shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;

State Revolving Fund Conditions:

11. the District shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
12. the Principal Forgiveness Agreement must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The District, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;

13. the Principal Forgiveness Agreement must include a provision stating that the District shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The District shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during the term of the Principal Forgiveness Agreement;
14. the Principal Forgiveness Agreement shall provide that all funds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the District will adhere to the approved project schedule;
15. the Principal Forgiveness Agreement must contain a covenant that the District will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions:

16. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the District has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Principal Forgiveness Agreement; and
17. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the District must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program.

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

Special Conditions:

18. prior to closing, the District shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
19. the Principal Forgiveness Agreement must include a provision stating that the District shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator;
20. the District must notify the Executive Administrator in writing, thirty (30) days prior to taking any actions to alter its legal status in any manner; and



21. the Obligations must include a provision requiring that the District notify the Executive Administrator in writing prior to any action by it to convey its Obligations held by the TWDB to another entity, the conveyance and the assumption of the Obligations must be approved by the TWDB.

APPROVED and ordered of record this 11<sup>th</sup> day of April, 2022.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Brooke T. Paup, Chairwoman

DATE SIGNED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Jeff Walker, Executive Administrator

Water  
 Wastewater  
 Other

## WATER CONSERVATION REVIEW

Entity: \_\_\_\_\_

Review date: \_\_\_\_\_

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

	Total GPCD	Residential GPCD	Water Loss GPCD	Water Loss Percent
<b>Baseline</b>				
<b>5-year Goal</b>				
<b>10-year Goal</b>				

**WATER LOSS AUDIT YEAR:**

Total water loss (GPCD): \_\_\_\_\_      Total water loss (percent): \_\_\_\_\_      Wholesale Water  
 Total no. of connections: \_\_\_\_\_      Length of mains (miles): \_\_\_\_\_      Connections per mile: \_\_\_\_\_  
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): \_\_\_\_\_

**WATER LOSS THRESHOLDS:**

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :			NA			NA
If population ≤ 10K, connections/mile ≥ 32 :		NA			NA	
If population > 10K :		NA			NA	

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 loss** refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

**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 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 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 benchmarking 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.

**Produced water** is the total amount of water purchased or produced by the utility.

**Real loss** comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

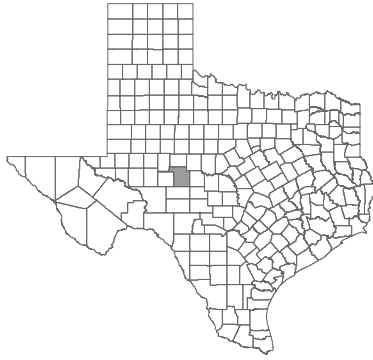
**Residential GPCD** is the amount of water per capita used solely for residential use and ideally includes both single and multi-family customer use.

**Total baseline GPCD** is the amount of all water purchased or produced by the utility divided by the service area population and then divided by 365.

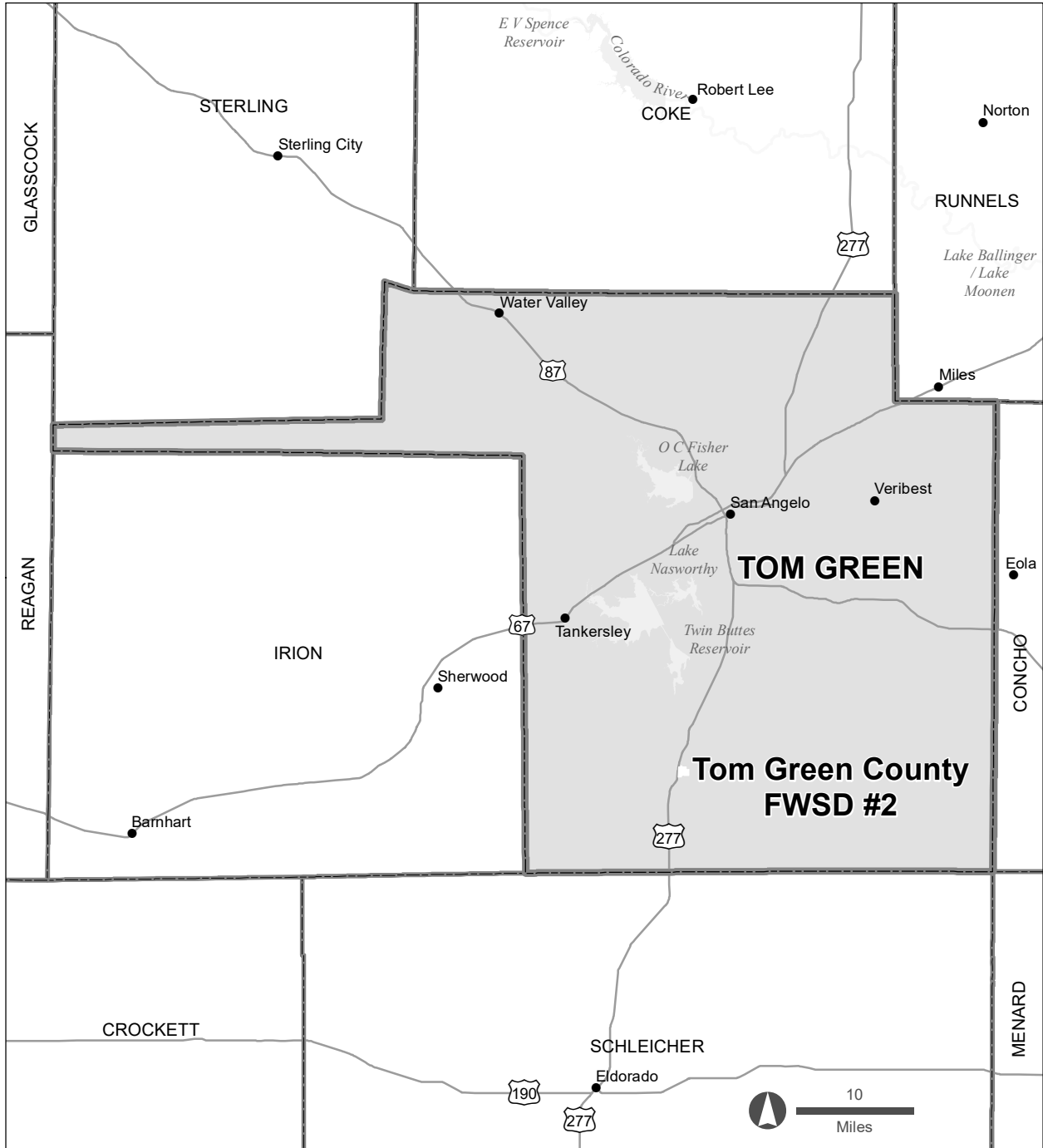
**Total water loss** is the sum of the apparent and real water losses.

**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 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.



# Tom Green County FWSD #2 Tom Green County





Tom Green County Fresh Water Supply District #2  
P.O. Box 131  
Christoval, TX 76935

October 15, 2021

Jesse Milonovich, P. E.  
Team Manager, Team 1 - Panhandle/West  
Texas Water Development Board  
Water Supply and Infrastructure  
1700 North Congress Avenue, P.O. Box 13231  
Austin, TX 78711-3231  
(512) 463-8657

**RE: Water Loss Waiver Request**  
**Project Name: Water System Improvements**  
**Project Number: 62817**

Dear Mr. Milonovich,

On behalf of the Tom Green County Fresh Water District #2, our District is requesting a water loss waiver. Our District has had several issues contributing to its water loss including faulty customer meters and an outdated computer system. Our District is in the process of completing an entire meter change out and installing an AMR system to improve our water accountability. Our District will also be purchasing new computers that will be able to handle the billing system and new software associated with the AMR system.

Thank you for your follow up and please let me know if I can supply any further information.

Sincerely,

A handwritten signature in blue ink that reads "Anne San Miguel".

Anne San Miguel MEd, President  
TGCFFWD#2