

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** January 18, 2024

**Team Manager:** Jesse Milonovich

### ACTION REQUESTED

Consider approving by resolution a request from the Millersview-Doole Water Supply Corporation (Concho, McCulloch, Runnels, and Tom Green counties) for \$2,450,980 in principal forgiveness from the Drinking Water State Revolving Fund for planning, design, and construction of a water system improvements project.

### STAFF RECOMMENDATION

Approve       No Action

### BACKGROUND

The Millersview-Doole Water Supply Corporation (Corporation) was formed to furnish water supply for general farm use and domestic purposes to its members. The Corporation's headquarters is in Millersview, approximately 46 miles east of San Angelo. It provides water service to a population of approximately 4,265 residents and 1,887 connections. The Corporation receives raw surface water supply from the Colorado River Municipal Water District and its own water supply from two groundwater wells.

### PROJECT NEED AND DESCRIPTION

The Corporation groundwater supply exceeds the maximum contaminant levels (MCL) for radionuclides and its surface water supply exceeds the MCL for total trihalomethanes (TTHM) and haloacetic acids five (HAA5). Its water system was constructed primarily in the 1970s, and many water distribution lines are now at an undersized capacity due to growth. The Corporation's service area has experienced significant growth in Tom Green County, and pump stations serving this area are undersized and in need of rehabilitation.

The Corporation proposes to construct a new treatment system to remove radionuclides from its groundwater, a chlorine dioxide system to mitigate TTHM and HAA5 formation, and, if funds are available, improvements at its pump station sites.

### PROJECT SCHEDULE

Task	Schedule Date
Closing	March 15, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	June 13, 2024
Design Phase Completion	March 31, 2025
Start of Construction	September 1, 2025
Construction Completion	September 4, 2026

**COMMITMENT PERIOD:** FOUR (4) MONTHS TO EXPIRE MAY 31, 2024

**KEY ISSUES**

The Corporation qualifies for principal forgiveness as a Disadvantaged Community in the amount of \$1,715,686, and for Urgent Need - Securing Safe Water Initiative for contaminants, in the amount of \$735,294.

The funding being provided by the TWDB is in the form of 100 percent principal forgiveness and therefore is not subject to our internal risk score analysis that is applied to loan requests. For this request, staff reviewed the Corporation's 2022 Form 990 tax documents, 2016 through 2022 financial audits, and financial assistance application to assess its business practices and ability to manage existing obligations. Based on this analysis, it has determined that the Corporation has adequate capabilities to manage its obligations.

**LEGAL/SPECIAL CONDITIONS**

- Adopt and implement water conservation program
- Notification prior to altering legal status
- Notification and approval prior to conveyance and assumption of Obligations

**Attachments:**

1. Project Data Summary
2. Project Budget
3. Resolution (24- )
4. Water Conservation Review
5. Location Map

<b>Responsible Authority</b>	Millersview-Doole WSC
<b>Program</b>	DWSRF
<b>Commitment Number</b>	LF1001731
<b>Project Number</b>	62925
<b>List Year</b>	2022
<b>Type of Pledge</b>	N/A
<b>Pledge Level (if applicable)</b>	N/A
<b>Legal Description</b>	\$2,450,980 Principal Forgiveness Agreement
<b>Tax-exempt or Taxable</b>	Taxable
<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>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>	Approvable
<b>Overall Risk Score</b>	NA

**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	Cooper Stence	Chris Caran	Breann Hunter



## Project Budget Summary

Millersview-Doole WSC

62925 - Water System & Well Water Blending Facilities  
Improvements

Budget Items	TWDB Funds	Total
<b>Construction</b>		
Construction	\$1,831,000.00	\$1,831,000.00
<b>Subtotal for Construction</b>	<b>\$1,831,000.00</b>	<b>\$1,831,000.00</b>
<b>Basic Engineering Services</b>		
Construction Engineering	\$35,000.00	\$35,000.00
Design	\$110,000.00	\$110,000.00
Planning	\$50,000.00	\$50,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$195,000.00</b>	<b>\$195,000.00</b>
<b>Special Services</b>		
Application	\$5,000.00	\$5,000.00
Environmental	\$15,000.00	\$15,000.00
Geotechnical	\$10,000.00	\$10,000.00
Inspection	\$60,000.00	\$60,000.00
O&M Manual	\$15,000.00	\$15,000.00
Permits	\$10,000.00	\$10,000.00
Pilot Testing	\$75,000.00	\$75,000.00
Surveying	\$15,000.00	\$15,000.00
Testing	\$15,000.00	\$15,000.00
Water Conservation Plan	\$5,000.00	\$5,000.00
<b>Subtotal for Special Services</b>	<b>\$225,000.00</b>	<b>\$225,000.00</b>
<b>Fiscal Services</b>		
Fiscal/Legal	\$2,500.00	\$2,500.00
<b>Subtotal for Fiscal Services</b>	<b>\$2,500.00</b>	<b>\$2,500.00</b>
<b>Contingency</b>		
Contingency	\$197,480.00	\$197,480.00
<b>Subtotal for Contingency</b>	<b>\$197,480.00</b>	<b>\$197,480.00</b>
<b>Total</b>	<b>\$2,450,980.00</b>	<b>\$2,450,980.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE  
TO THE MILLERSVIEW-DOOLE WATER SUPPLY CORPORATION  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH \$2,450,980 IN PRINCIPAL FORGIVENESS

(24 - )

Recitals:

The Millersview-Doole Water Supply Corporation (Corporation), located in Concho, McCulloch, Tom Green, and Runnels Counties, has filed an application for financial assistance in the amount of \$2,450,980 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, design, and construction of certain water system improvements identified as Project No. 62925.

The Corporation seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$2,450,980 with 100 percent to be forgiven, as is more specifically set forth in the application and in recommendations of the TWDB's staff.

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.

Findings:

1. No debt obligations are to be assumed by the Corporation for the financial assistance and no taxes or revenues are required to be pledged by the Corporation in accordance with Texas Water Code § 15.607.
2. The application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, and Pub. L. 117-58, 135 Stat. 1401-1402, as well as state law, in accordance with Texas Water Code § 15.607.
3. The Corporation has submitted a proposed program of water conservation for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules.
4. 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. The Corporation has completed a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 and filed it with the TWDB in accordance with Texas Water Code § 16.053(j).

6. The Corporation meets the definition of “Disadvantaged Community” in 31 TAC § 371.1(23) and is therefore eligible for principal forgiveness in the amount of \$1,715,686. The project qualifies as an Urgent Need project in accordance with the applicable Intended Use Plan and 31 TAC § 371.21(f) and is eligible for principal forgiveness in the amount of \$735,294. The Corporation is therefore eligible for principal forgiveness through the DWSRF in a total amount not to exceed \$2,450,980.

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

A commitment is made by the TWDB to the Millersview-Doole Water Supply Corporation for financial assistance in the amount of \$2,450,980 from the Drinking Water State Revolving Fund with 100 percent to be forgiven. This commitment will expire on May 31, 2024.

The 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 as determined by the TWDB. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution.
2. This commitment is contingent upon the Corporation’s compliance with all applicable requirements contained in 31 TAC Chapter 371.
3. This commitment is contingent on the Corporation executing a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
4. The Corporation shall return any principal forgiveness funds determined to be surplus funds in a manner determined by the Executive Administrator.
5. The Principal Forgiveness Agreement must contain a provision that the Corporation agrees to comply with all of the conditions set forth in the TWDB Resolution that incorporates those conditions.
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 be held at a

designated state depository institution or other properly chartered 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 shall not be used by the Corporation when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Principal Forgiveness Agreement must include a provision that states the Corporation is solely responsible for liability resulting from acts or omissions of the Corporation, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage, sludge, contaminated sediments, or contaminated media that may be generated by the Corporation, its contractors, consultants, agents, officials, or employees as a result of activities relating to the Project to the extent permitted by law.
9. Before closing, and if not previously provided with the application, the Corporation 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 under the contract, and acceptable to the Executive Administrator.
10. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the Corporation shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit the executed agreement to the TWDB.

State Revolving Fund Conditions:

11. The Corporation 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 Corporation, 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 in this commitment shall insert in full, in any contract in excess of \$2,000, the contract clauses as provided by the TWDB.
13. The Principal Forgiveness Agreement must include a provision stating that the Corporation 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 Corporation shall obtain a Unique Entity Identification Number and shall register with System for Award Management (SAM) and maintain current registration at all times during which the Obligations are outstanding.

14. The Principal Forgiveness Agreement shall provide that all financial assistance funds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the Corporation will adhere to the approved project schedule.
15. The Principal Forgiveness Agreement must contain a covenant that the Corporation 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.
16. The Principal Forgiveness Agreement must contain a covenant that the Corporation shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

Drinking Water State Revolving Fund Conditions:

17. Before 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 Corporation has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with these financial assistance funds.
18. Before release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Corporation 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.

Water Supply Corporation Conditions:

19. Before release of funds for construction, the Corporation must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the Corporation has the legal authority necessary to complete the acquisitions.

Special Conditions:

20. Before closing, the Corporation shall adopt and implement the water conservation program approved by the TWDB.



21. The Corporation must notify the Executive Administrator in writing, thirty (30) days before taking any action to alter its legal status in any manner.
22. The Principal Forgiveness Agreement must include a provision requiring that the Corporation notify the Executive Administrator in writing before taking any action to convey its financial assistance funds held by the TWDB to another entity, the conveyance and the assumption of the financial assistance funds must be approved by the TWDB.

APPROVED and ordered of record this 18th day of January 2024.

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 GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI<sup>1</sup>:

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

**WATER LOSS THRESHOLDS**

Water Loss Project:

Wholesale Adjusted:

Threshold Type:

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

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.

**GCD** means gallons per connection 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.

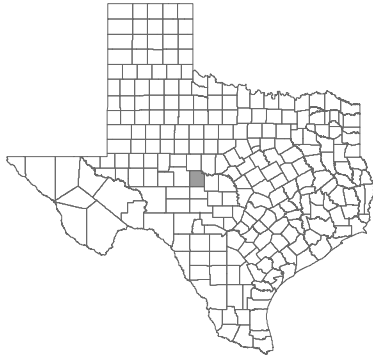
**Water loss** is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

**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.



## Millersview - Doole WSC Concho County

