

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: January 29, 2015

PRESENTED BY: Brenner Brown

APPLICANT	City of Weinert
TYPE OF ASSISTANCE	\$110,000 Loan Forgiveness
LEGAL PLEDGE	N/A; 100% Loan Forgiveness

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve by resolution, a request from the **City of Weinert (Haskell County)** for \$110,000 in loan forgiveness from the Drinking Water State Revolving Fund to finance design and construction of a pump station to address an urgent need related to drought.

PROJECT

New Pump station
Project Number 62670

FINANCIAL SUMMARY

Risk Score:	N/A
Pledge for Repayment:	N/A
Proposed Repayment Method:	N/A
Average Monthly Water and Wastewater Bill:	\$84.00

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE ON JANUARY 31, 2016

FINANCIAL

Key Issues

The City of Weinert (City) does not currently have an audit. The City has informed staff that their audit will be complete before by the end of this month. The City has received a grant from the Texas Department of Agriculture in the amount of \$315,000.

Principal Forgiveness

The City is seeking \$110,000 in loan forgiveness, from the Drinking Water State Revolving Fund Urgent Need funding. The recommendation for urgent need funding is supported based on the Governor's Emergency Disaster proclamation certifying exceptional drought conditions in specified counties in Texas. The Governor of the State of Texas issued an Emergency Disaster Proclamation on July 5, 2011, which was renewed on January 18, 2015. The proclamation includes Haskell County, where the City of Weinert is located.

Cost Savings

Based on a 30-year maturity schedule, current interest rates and the loan forgiveness funds, the City could save approximately \$182,718 over the life of the financing by utilizing Texas Water Development Board (TWDB) funding.

Internal Risk Score

The funding being provided by the TWDB is in the form of 100% loan forgiveness and therefore is not subject to the risk score. For Drinking Water State Revolving Fund loan forgiveness monies, TWDB staff reviews audited financial information and other documentation to assess the entity's ability to manage existing obligations and business practices. Based on this analysis, staff believes the City has adequate capabilities to manage its obligations.

LEGAL

Key Issues

None.

CONDITIONS

Standard Drinking Water State Revolving Fund, tax-exempt conditions, and further conditioned as follows:

- Executed loan forgiveness agreement;
- Pre-design funding; and
- Return surplus loan forgiveness funds.

Attachments: 1. Project Data Summary
2. Engineering/Environmental Review
3. Project Budget
4. Resolution (15-)
5. Location Map

Project Data Summary

Authority	City of Weinert
Program	Drinking Water State Revolving Fund
Commitment Code	LF1000402
Project Number	62670
Intended Use Plan Year	2015
Fund Number	951
Type of Pledge	N/A
Revenue Pledge Level	N/A
Legal Description	\$110,000 Loan Forgiveness
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow
Population	153
Rural	Yes
Water Connections	101
Wastewater Connections	101
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	N/A
Financial Managerial & Technical Complete	No
Funding Phase Code	Design and Construction
Pre-Design	Yes
Project Consistent with Water Plan	Yes
Water Conservation Plan	Adopted
Water Rights Certification Required	No
Internal Risk Score	N/A
External Ratings (for SRF rates)	
Standard and Poor's	Non-Rated
Moody's	Non-Rated
Fitch	Non-Rated
Special Issues	None

Project Team

Team Manager	Brenner Brown
Financial Analyst	Dain Larsen
Engineering Reviewer	JoAnne Duncan
Environmental Reviewer	Nicki Hise
Attorney	Joe Reynolds

Weinert

Engineering and Environmental Review

Engineering:

Key Issues

The City has received a Texas Department of Agriculture (TDA) Disaster Relief Fund Grant in the amount of \$315,000. The funding requested from TWDB will allow the City to fully utilize the remaining grant funds to develop a solution to the issues of drought and high nitrates within the local groundwater.

Project Need / Description

Need: The City of Weinert (City) needs to address increasing nitrate levels in their existing groundwater supply and address declining supplies due to the on-going drought. Water levels within the City's three wells have dropped.

Project Description: The City is proposing to complete an inter-connect with North Central Texas Municipal Water Authority (NCTMWA) for an additional water source to blend with the high nitrate groundwater and to address supply issues. The City has already completed the actual connection to North Central Texas Municipal Water Authority's (NCTMWA) nearby pipeline and installed a 4-inch pipeline to the City using Texas Department of Agriculture (TDA) grant funds. The City will use the combined TWDB and TDA funds to complete the construction of a new 25,000 gallon ground storage tank; a new pump station, and hydro-pneumatic tank with all necessary valves, controls, etc. which will allow blending of the NCTMWA's surface water with the City's existing groundwater supplies.

Project Schedule

Project Task	Schedule Date
Closing	2/27/2015
Engineering Feasibility Report Completion (End of Planning Phase)	3/5/2015
Design Phase Complete	3/5/2015
Start of Construction	4/1/2015
Construction Completion	11/30/2015

Environmental:

Key Issues

None known at this time.

Environmental Summary

A Categorical Exclusion (CE) for this project has been proposed. Pursuant to the requirements of 31 Texas Administrative Code (TAC) §371.41, all financial assistance shall be conditioned to read that funding for design and construction costs for specific project elements will not be released until the environmental review has been completed and a favorable CE has been issued by the Director of Regional Water Planning & Development.

**Weinert
62670 - Weinert Pump Station**

Budget Items	TWDB Funds	Total Cost
Construction		
Construction	\$100,000	\$100,000
Construction Total	\$100,000	\$100,000
Basic Engineering Services		
Design	\$6,000	\$6,000
Basic Engineering Services Total	\$6,000	\$6,000
Contingency		
Contingency	\$3,000	\$3,000
Contingency Total	\$3,000	\$3,000
Fiscal Services		
Financial Advisor	\$1,000	\$1,000
Fiscal Services Total	\$1,000	\$1,000
Grand Total	\$110,000	\$110,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE
TO CITY OF WEINERT
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH A LOAN IN THE AMOUNT OF \$110,000
WITH 100% LOAN FORGIVENESS

(15-)

WHEREAS, the City of Weinert, located in Haskell County, Texas, (City) has filed an application for financial assistance in the amount of \$110,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the design and construction of certain water system improvements identified as Project No. 62670; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$110,000 with 100% to be forgiven, as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the TWDB hereby finds:

1. that no debt obligations are to be assumed by the City for the loan and no taxes or revenues are required to be pledged by the City;
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 City 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); and
5. that the project is considered an Urgent Need Project under the current Intended Use Plan, and is therefore eligible for an additional subsidy through the DWSRF.

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

A commitment is made by the TWDB to the CITY OF WEINERT for financial assistance in the amount of \$110,000 from the Drinking Water State Revolving Fund with 100% of the loan forgiven. This commitment will expire on January 31, 2016.

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 City's compliance with all applicable requirements contained in 31 TAC Chapter 371;
3. the Loan 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 Loan Forgiveness Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
4. loan proceeds are public funds and, as such, the Loan 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;
5. loan 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 Loan Forgiveness Agreement 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 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;
6. prior to closing, and if not previously provided with the application, the City 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;
7. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the City 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;
8. the Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;

State Revolving Fund Conditions

9. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
10. the Loan 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 City, all contractors, and all subcontractors 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;
11. the Loan Forgiveness Agreement must include a provision stating that the City 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 City 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 Loan Forgiveness Agreement;
12. the Loan Forgiveness Agreement shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the City will adhere to the approved project schedule;
13. the Loan Forgiveness Agreement must contain a covenant that the City 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 the 2014 Federal Appropriations Act and related State Revolving Fund Policy Guidelines;

Drinking Water State Revolving Fund Conditions

14. 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 City has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Loan Forgiveness Agreement; and
15. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City 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:

1. the loan is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC Chapter 371;
2. prior to closing, the City shall execute a Loan Forgiveness Agreement in a form and substance acceptable to the Executive Administrator; and
3. the Loan Forgiveness Agreement must include a provision stating that the City shall return any loan forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.

APPROVED and ordered of record this 29th day of January, 2015.

TEXAS WATER DEVELOPMENT BOARD

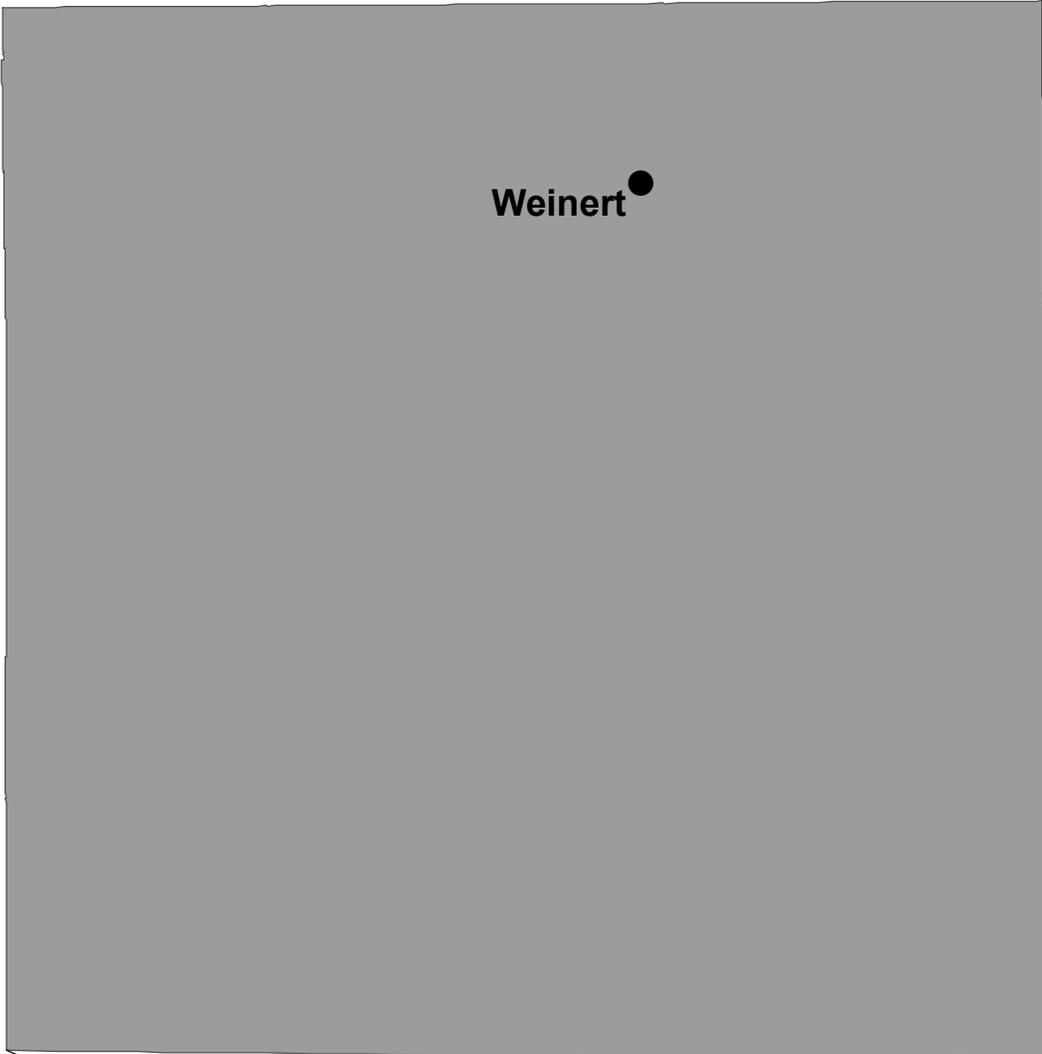
Carlos Rubinstein, Chairman

DATE SIGNED: _____

ATTEST:

Kevin Patteson
Executive Administrator

**City of Weinert,
Haskell County**



Weinert ●

