

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: September 22, 2016

TEAM MANAGER: Lee Huntoon

APPLICANT	City of Lubbock
TYPE OF ASSISTANCE	\$35,000,000 Loan
LEGAL PLEDGE	Combination Tax and Surplus Revenues

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Consider approving by resolution, a request from the City of Lubbock (Lubbock County) for a \$35,000,000 loan from the Clean Water State Revolving Fund to finance the construction of its northwest drainage improvements project.

PROJECT

Northwest Drainage Improvements
Project Number 73734

BACKGROUND

The City of Lubbock (City) has historically experienced flooding in the areas along the Quaker Avenue corridor in the northern and northwest portions of the City. The flood prone nature of this area has affected residential and commercial structures including a major medical district.

The proposed project will construct a stormwater sewer network in order to drain the playa lakes down to a pre-rain condition. Doing so will restore capacity within the lakes for future rainfall events when they occur. The proposed project is Phase 2 of a three-phase project. Phase 1 consisted of the downstream half of the trunk line, one inlet, and an outfall. Construction of Phase 1 is complete. Phase 2 will construct the upstream half of the trunk line and the upstream inlet. Phase 3 will consist of small diameter lateral lines that will tie to the trunk line. Phase 3 does not have a definite planned date at this time; however, it is currently programmed into the City's five-year Capital Improvement Plan.

FINANCIAL

Key Issues

None.

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE ON SEPTEMBER 30, 2017

Pledge and Repayment

The City is pledging ad valorem tax and surplus revenue of the water and sewer system to repay the proposed loan. The City has \$87,480,157 in surplus revenue from the water and sewer system available for debt service which is sufficient and will be used to repay the proposed debt service. The coverage ratio for the first year of the proposed debt will be 1.22x and will increase for each year of the proposed loan.

Cost Savings

Based on a 20-year maturity and current interest rates, the City could save approximately \$6,299,578 over the life of the loan by utilizing the Clean Water State Revolving Fund program.

Internal Risk Score

Staff assigns a 2B to the City and the proposed project to be funded by the Texas Water Development Board (TWDB). This means that the City's repayment capacity is adequate.

The City has strong financial sustainability indicators overall and is especially strong on debt service coverage and the cash balance ratio. The City's reinvestment in assets of the utility system is adequate with an infrastructure estimated at approximately 19 years of useful life.

The City's socioeconomic indicators are adequate. The City's median household income is 84% of the State as a whole and the projected household cost factor is 2.4%, which is higher than the 2% benchmark. This indicates higher costs for water and wastewater service. Stable sales tax revenues, population growth, and a 3% unemployment rate that is lower than the State rate are positive indicators. Debt per capita is high at \$4,417 for a city of this size and becomes only slightly higher at \$4,565 with the proposed debt included.

Strong liquidity of the City's utility system is supported by approximately 161 days of cash on hand. This indicates that operating expenses could be financed with existing cash, receivables, and short term investments should any short-term, unplanned needs arise.

The City has a low level of self supporting debt as compared to operating revenues of the water and wastewater system and does not rely on ad valorem tax revenues for repayment. If needed, the City has additional capacity to issue debt supported by ad valorem taxes based on a low net direct debt per taxable assessed valuation indicator of 1.28%.

With adequate financial sustainability, good socioeconomic indicators, and strong liquidity and debt management, the City is assigned a risk score of 2B.

LEGAL

Key Issues

None.

CONDITIONS

Standard CWSRF, tax-exempt, tax and surplus revenue conditions.

- Attachments:
1. Project Data Summary
 2. Debt Service Schedule
 3. Engineering/Environmental Review
 4. Project Budget
 5. Resolution (16-)
 6. Water Conservation Review
 7. Location Map

Project Data Summary

Authority	City of Lubbock
Program	Clean Water State Revolving Fund
Commitment Code	L1000549
Project Number	73734
Intended Use Plan Year	2016
Fund Number	651
Type of Pledge	3-Combo Tax and Surplus Rev
Revenue Pledge Level	Third
Legal Description	\$35,000,000 City of Lubbock, Texas, Tax and Waterworks System Surplus Revenue Certificates of Obligation, Proposed Series 2017A
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay < > Escrow Release
Population	236,868
Rural	No
Water Connections	77,962
Wastewater Connections	77,962
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	Equivalency
SWIFT Financing Type	N/A
SWIFT Project Type	N/A
Financial Managerial & Technical Complete	N/A
Funding Phase Code	Construction
Pre-Design	No
Project Consistent with Water Plan	Yes
Water Conservation Plan	Adopted
Water Rights Certification Required	No
Internal Risk Score	2B
External Ratings (for SRF rates)	
Standard and Poor's	AA+
Moody's	Aa2
Fitch	AA+
Special Issues	N/A

Project Team

Team Manager	Lee Huntoon
Financial Analyst	James Horan
Engineering Reviewer	Jesse Milonovich
Environmental Reviewer	Chris Caran
Attorney	Alexis Lorick

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Lubbock

\$35,000,000 City of Lubbock, Texas, Tax and Waterworks System Surplus Revenue Certificates of Obligation, Proposed Series 2016A

Dated Date: 12/15/2016
Delivery Date: 12/15/2016
First Interest: 6/15/2017
First Principal: 12/15/2017
Last Principal: 12/15/2036
Fiscal Year End: 09/30
Required Coverage: 1.1

Source: CWSRF-EQUIVALENCY
Rate: 0.34%
Insurance: NO
Case: N/A
Admin.Fee: \$635,739
Admin. Fee Payment Date: 12/15/2016
Total Assessed Valuation: \$15,016,804,511

FISCAL YEAR	EXISTING TAX RATE	TAX REVENUES WITH COLL. @ 90%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	\$35,000,000 ISSUE		TOTAL DEBT SERVICE	COVERAGE	
								INTEREST PAYMENT	TOTAL PAYMENT			
2017	0.123	16,623,603	70,856,554	87,480,157	70,001,155	1,695,000	0.34%	119,000	1,814,000	71,815,155	1.22	
2018	0.123	16,623,603	70,856,554	87,480,157	69,365,440	1,700,000	0.34%	113,237	1,813,237	71,178,677	1.23	
2019	0.123	16,623,603	70,856,554	87,480,157	68,964,629	1,705,000	0.34%	107,457	1,812,457	70,777,086	1.24	
2020	0.123	16,623,603	70,856,554	87,480,157	65,890,581	1,710,000	0.34%	101,660	1,811,660	67,702,241	1.29	
2021	0.123	16,623,603	70,856,554	87,480,157	63,812,563	1,715,000	0.34%	95,846	1,810,846	65,623,409	1.33	
2022	0.123	16,623,603	70,856,554	87,480,157	58,769,259	1,725,000	0.34%	90,015	1,815,015	60,584,274	1.44	
2023	0.123	16,623,603	70,856,554	87,480,157	56,965,865	1,730,000	0.34%	84,150	1,814,150	58,780,015	1.49	
2024	0.123	16,623,603	70,856,554	87,480,157	54,783,658	1,735,000	0.34%	78,268	1,813,268	56,596,926	1.55	
2025	0.123	16,623,603	70,856,554	87,480,157	52,742,008	1,740,000	0.34%	72,369	1,812,369	54,554,377	1.60	
2026	0.123	16,623,603	70,856,554	87,480,157	49,995,780	1,745,000	0.34%	66,453	1,811,453	51,807,233	1.69	
2027	0.123	16,623,603	70,856,554	87,480,157	46,230,112	1,755,000	0.34%	60,520	1,815,520	48,045,632	1.82	
2028	0.123	16,623,603	70,856,554	87,480,157	43,664,583	1,760,000	0.34%	54,553	1,814,553	45,479,136	1.92	
2029	0.123	16,623,603	70,856,554	87,480,157	36,557,794	1,765,000	0.34%	48,569	1,813,569	38,371,363	2.28	
2030	0.123	16,623,603	70,856,554	87,480,157	35,879,939	1,770,000	0.34%	42,568	1,812,568	37,692,507	2.32	
2031	0.123	16,623,603	70,856,554	87,480,157	21,898,763	1,775,000	0.34%	36,550	1,811,550	23,710,313	3.69	
2032	0.123	16,623,603	70,856,554	87,480,157	15,014,923	1,785,000	0.34%	30,515	1,815,515	16,830,438	5.20	
2033	0.123	16,623,603	70,856,554	87,480,157	12,424,725	1,790,000	0.34%	24,446	1,814,446	14,239,171	6.14	
2034	0.123	16,623,603	70,856,554	87,480,157	9,638,550	1,795,000	0.34%	18,360	1,813,360	11,451,910	7.64	
2035	0.123	16,623,603	70,856,554	87,480,157	6,191,400	1,800,000	0.34%	12,257	1,812,257	8,003,657	10.93	
2036	0.123	16,623,603	70,856,554	87,480,157	-	1,805,000	0.34%	6,137	1,811,137	1,811,137	48.30	
					\$ 1,749,603,132	\$ 838,791,727	\$ 35,000,000		\$ 1,262,930	\$ 36,262,930	\$ 875,054,657	

AVERAGE (MATURITY) LIFE	10.61 YEARS
NET INTEREST RATE	0.340%
COST SAVINGS	\$ 6,299,578
AVERAGE ANNUAL REQUIREMENT	\$43,752,733

Lubbock
73734 Northwest Drainage Improvements
Engineering and Environmental Review

Engineering:

Key Issues:

None known at this time.

Project Need/Description

Need: The areas along the Quaker Avenue corridor in the northern and northwest portions of the City of Lubbock (City) have been historically flood prone, affecting residential and commercial structures including a major medical district.

Project Description: The City proposes to construct the upstream half of a trunk line and the upstream inlet of their stormwater sewer system to maintain playa lakes at a pre-rain condition. This would restore capacity within the playa lakes, thereby, reducing the risk of flooding during future rainfall events.

Project Schedule:

Project Task	Schedule Date
Closing	12/15/2016
Start of Construction	2/1/2017
Construction Completion	1/31/2019

Environmental Section:

Key Issues:

None known at this time.

Environmental Summary:

Pursuant to the requirements of 31 Texas Administrative Code § 375, Subchapter E, all financial assistance shall be conditioned that funding for construction of specific project elements will not be released until the environmental review has been completed and a favorable environmental determination has been issued.



Project Budget Summary
Lubbock
73734 - Northwest Drainage Improvements

Budget Items	TWDB Funds	Local and Other Funds	Total
Construction			
Construction	\$30,250,000.00	\$0.00	\$30,250,000.00
Subtotal for Construction	\$30,250,000.00	\$0.00	\$30,250,000.00
Basic Engineering Services			
Construction Engineering	\$2,642,500.00	\$0.00	\$2,642,500.00
Subtotal for Basic Engineering Services	\$2,642,500.00	\$0.00	\$2,642,500.00
Special Services			
Testing	\$621,765.00	\$0.00	\$621,765.00
Subtotal for Special Services	\$621,765.00	\$0.00	\$621,765.00
Fiscal Services			
Bond Counsel	\$0.00	\$46,500.00	\$46,500.00
Financial Advisor	\$0.00	\$62,250.00	\$62,250.00
Loan Origination Fee	\$635,739.00	\$0.00	\$635,739.00
Subtotal for Fiscal Services	\$635,739.00	\$108,750.00	\$744,489.00
Contingency			
Contingency	\$849,996.00	\$0.00	\$849,996.00
Subtotal for Contingency	\$849,996.00	\$0.00	\$849,996.00
Total	\$35,000,000.00	\$108,750.00	\$35,108,750.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
 APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
 \$35,000,000 TO THE CITY OF LUBBOCK
 FROM THE CLEAN WATER STATE REVOLVING FUND
 THROUGH THE PROPOSED PURCHASE OF
 \$35,000,000 CITY OF LUBBOCK, TEXAS, TAX AND WATERWORKS SYSTEM
 SURPLUS REVENUE CERTIFICATES OF OBLIGATION, PROPOSED SERIES 2017A,

(16-)

WHEREAS, the City of Lubbock (City) has filed an application for financial assistance in the amount of \$35,000,000 from the Clean Water State Revolving Fund (CWSRF) to finance the construction of certain stormwater system improvements including the construction of a storm sewer network identified as Project No. 73734; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$35,000,000 City of Lubbock, Texas, Tax and Waterworks System Surplus Revenue Certificates of Obligation, Proposed Series 2017A (together with all authorizing documents, (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the City has offered a pledge of ad valorem taxes on the City's taxable property and surplus revenues of the City's waterworks system as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the City has adopted and implemented a water conservation program 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; and

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

A commitment is made by the TWDB to the City of Lubbock for financial assistance in the amount of \$35,000,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$35,000,000 City of Lubbock, Texas, Tax and Waterworks System Surplus Revenue Certificates of Obligation, Proposed Series 2017A. This commitment will expire on September 30, 2017.

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 all of the requirements of the laws under which said Obligations were issued have been complied with; 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 compliance with all applicable requirements contained in 31 TAC Chapter 375;
4. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which 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;
5. 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;
6. the Obligations must contain a provision requiring the City to levy a tax and 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;
7. the Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) to redeem, in inverse annual order, the Obligations owned by the TWDB; (2) deposit into the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Obligations owned by the TWDB; or (3) eligible project costs as authorized by the Executive Administrator;

8. 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;
9. loan 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;
10. 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 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 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;
11. 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;
12. 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;
13. 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;
14. the Executive Administrator may require that the City execute a separate financing agreement in form and substance acceptable to the Executive Administrator;

Conditions Related to Tax-Exempt Status

15. 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;

16. the City's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the City when rendering this opinion;
17. the Obligations must include a provision prohibiting the City from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
18. the Obligations must provide that no portion of the proceeds of the loan 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 which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (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;
19. 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 loan 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 loan, 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 the making of the loan, and in order to induce the making of the loan 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;
20. 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;
 21. 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;
 22. 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;
 23. the transcript must include evidence that the information reporting requirements of § 149(e) of the 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;
 24. 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;

State Revolving Fund Conditions

25. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;

26. the Obligations 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 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;
27. the Obligations 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 which the Obligations are outstanding;
28. the Obligations 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;
29. the Obligations 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;
30. the Obligations must contain language detailing compliance with the requirements set forth in 33 U.S.C. § 1382 *et seq.* related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets;
31. the City shall submit, prior to the release of funds, a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the project, as determined by the schedule;

Clean Water State Revolving Fund Conditions

32. prior to or at closing, the City shall pay a 1.85% origination fee to the TWDB calculated pursuant 31 TAC Chapter 375;
33. at the TWDB's option, the TWDB may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. 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;

34. 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;
35. prior to release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)(C), the City must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq.*

Pledge Conditions for the Loan

36. the Obligations must contain a provision that provides as follows:
 - a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
 - b. if surplus revenues are based upon budgeted amounts:
 - i. the Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until such time as an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;
 - ii. the Obligations must include a requirement that for each year the Obligations are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues and/or tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget,

or a combination thereof, into the Interest and Sinking Fund for the repayment of the Obligations; and

- iii. the Obligations must include a requirement that the City shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than **1.10** times debt service requirements of all outstanding Obligations of the City and other obligations of the City which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of such Obligations, or the City shall provide documentation which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

APPROVED and ordered of record this 22nd day of September, 2016.

TEXAS WATER DEVELOPMENT BOARD

Bech K. Bruun, Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker
Executive Administrator

WATER CONSERVATION REVIEW

Entity: _____

Review date: _____

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

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

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 :						
If population ≤ 10K, connections/mile ≥ 32 :						
If population > 10K :						

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.

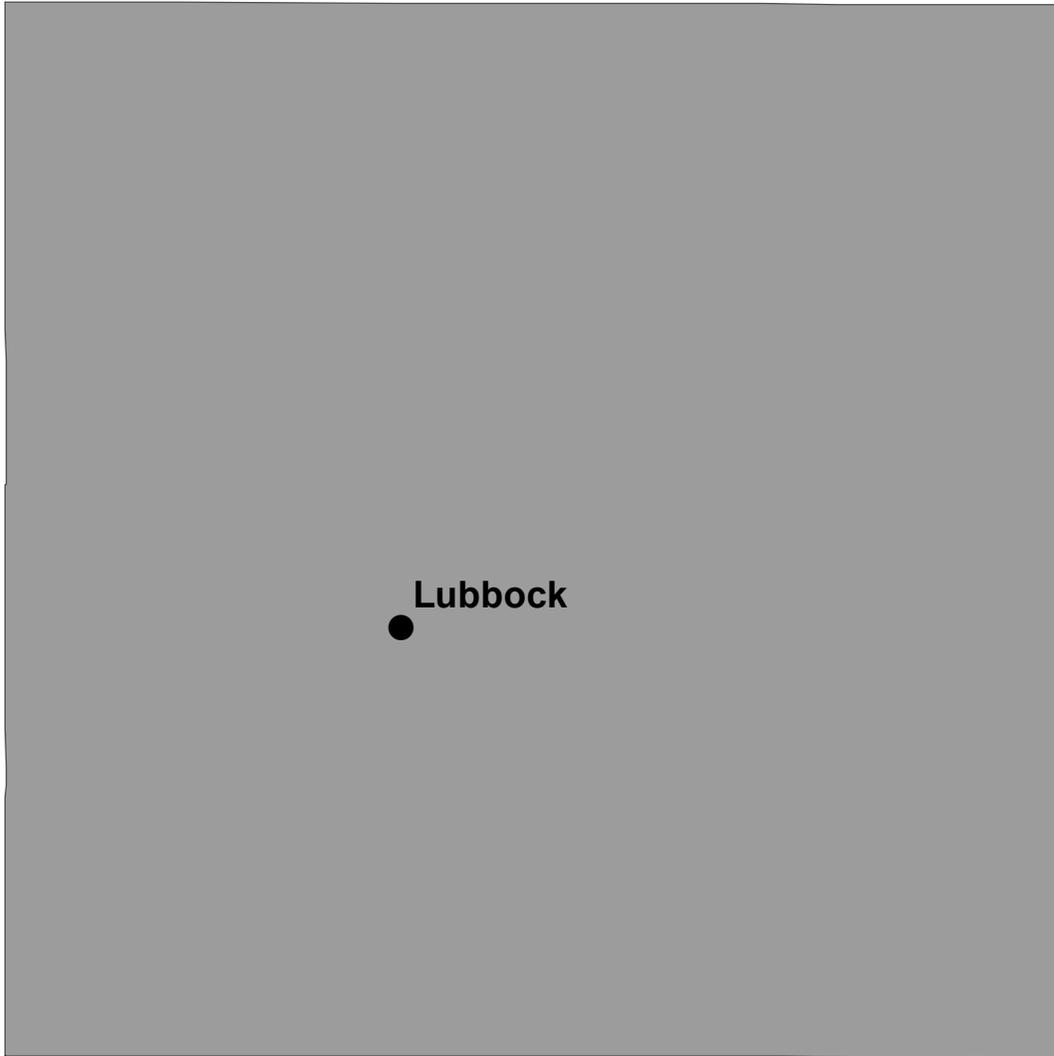
Total baseline GPCD is the amount of all water purchased or produced by the utility divided by the service area population and then divided by 365.

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.

City of Lubbock, Lubbock County



● Lubbock

