



PROJECT FUNDING REQUEST

BOARD DATE: April 10, 2025

Team Manager: David Firgens

ACTION REQUESTED

Consider approving by resolution a request from the City of Brady (McCulloch County) for \$4,226,000 in grant funding from the Rural Water Assistance Fund for planning, design, and construction of water system improvements.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The City of Brady (City) is located 130 miles northwest of Austin. The City provides water and wastewater services to a population of approximately 5,371 residents and approximately 2,890 water and wastewater connections.

PROJECT NEED AND DESCRIPTION

The City's water distribution system has frequent water leaks and water loss due to aging infrastructure. The City proposes to replace 10,500 feet of water lines, 15 fire hydrants, 60 isolation valves, and repair asphalt where the lines are replaced.

PROJECT SCHEDULE

Task	Schedule Date
Closing	July 31, 2025
Engineering Feasibility Report Completion (End of Planning Phase)	December 31, 2025
Design Phase Completion	January 30, 2026
Start of Construction	April 17, 2026
Construction Completion	May 14, 2027

KEY ISSUES

The City qualifies for \$4,226,000 in grant funding as an applicant with a population between 1,001 and 10,000 for a water loss mitigation project. The City is contributing \$475,000 in local funds to the project to meet its match requirement.

The City has not completed its fiscal year 2024 financial audit. The commitment will be conditioned on the City submitting its financial audit prior to closing on funds.

The funding is provided in the form of a 100 percent grant and therefore is not subject to the Texas Water Development Board's internal risk score analysis that is applied to loans. Staff reviewed the most recent audited financial statements to assess the applicant's ability to manage existing obligations and business practices. Based on this analysis, staff have determined that the applicant has adequate capabilities to manage its obligations.

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE OCTOBER 31, 2025

LEGAL/SPECIAL CONDITIONS

- Audited 2024 financial statements approved prior to closing

Attachments:

1. Project Data Summary
2. Project Budget
3. Resolution (25-)
4. Water conservation review
5. Location Map

Responsible Authority	Brady
Program	RWAF
Commitment Number	G1001980
Project Number	21852
List Year	2024
Type of Pledge	N/A
Pledge Level (if applicable)	N/A
Legal Description	\$4,226,000 Grant Agreement
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	N/A

PROJECT TEAM				
Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
David Firgens	Kyle DuQuesnay	Grace Davila	Chris Caran	Breann Hunter



Project Budget Summary
City of Brady
21852 - 2024 Water System Improvements

Budget Items	TWDB Funds	Local and Other Funds	Total
Construction			
Construction	\$2,878,200.00	\$319,800.00	\$3,198,000.00
Subtotal for Construction	\$2,878,200.00	\$319,800.00	\$3,198,000.00
Basic Engineering Services			
Construction Engineering	\$65,000.00	\$0.00	\$65,000.00
Design	\$107,000.00	\$0.00	\$107,000.00
Planning	\$52,000.00	\$0.00	\$52,000.00
Subtotal for Basic Engineering Services	\$224,000.00	\$0.00	\$224,000.00
Special Services			
Application	\$10,000.00	\$0.00	\$10,000.00
Environmental	\$50,000.00	\$0.00	\$50,000.00
Geotechnical	\$20,000.00	\$0.00	\$20,000.00
Inspection	\$250,000.00	\$0.00	\$250,000.00
O&M Manual	\$10,000.00	\$0.00	\$10,000.00
Permits	\$25,000.00	\$0.00	\$25,000.00
Project Management (by engineer)	\$25,000.00	\$0.00	\$25,000.00
Surveying	\$40,000.00	\$0.00	\$40,000.00
Testing	\$40,000.00	\$0.00	\$40,000.00
Subtotal for Special Services	\$470,000.00	\$0.00	\$470,000.00
Fiscal Services			
Bond Counsel	\$10,000.00	\$12,500.00	\$22,500.00
Financial Advisor	\$20,000.00	\$16,000.00	\$36,000.00
Fiscal/Legal	\$0.00	\$750.00	\$750.00
Issuance Costs	\$750.00	\$1,500.00	\$2,250.00
Subtotal for Fiscal Services	\$30,750.00	\$30,750.00	\$61,500.00
Contingency			
Contingency	\$623,050.00	\$124,450.00	\$747,500.00
Subtotal for Contingency	\$623,050.00	\$124,450.00	\$747,500.00
Total	\$4,226,000.00	\$475,000.00	\$4,701,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
CITY OF BRADY
FROM THE RURAL WATER ASSISTANCE FUND
IN AN AMOUNT OF \$4,226,000 THROUGH THE EXECUTION OF A GRANT
AGREEMENT IN THE AMOUNT OF \$4,226,000

(25 - __)

Recitals:

The City of Brady (City), located in McCulloch County, filed an application for financial assistance in the amount of \$4,226,000, from the Rural Water Assistance Fund (RWAFF) to finance certain water system improvements, identified as Project No. 21852.

The City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$4,226,000 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 § 363.16, 363.43 and 365.23.

The Board hereby authorizes the transfer of \$4,226,000 from the Texas Water Fund to the Rural Water Assistance Fund, as authorized by Texas Water Code § 15.504(a), to finance the Project.

In accordance with Texas Water Code § 15.995, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the project, the benefit of the project to the area, the relationship of the project to the overall statewide water needs, and the relationship of the project to the approved regional and state water plans.
2. The availability of revenue to the City from all sources for the ultimate repayment of the cost of the project, including all interest.

Findings:

1. The public interest is served by state assistance for the project, in accordance with Texas Water Code § 15.995(d).
2. No debt obligations are to be assumed by the City for the financial assistance and no taxes or revenues are required to be pledged by the City in accordance with Texas Water Code § 15.995(d).
3. 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.

4. A current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the City and filed with the TWDB in accordance with Texas Water Code § 16.053(j).

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

A commitment is made by the TWDB to the City of Brady for financial assistance in the amount of \$4,226,000 from the Rural Water Assistance Fund through a transfer from the Texas Water Fund to be evidenced by the execution of a Grant Agreement in the amount of 4,226,000. This commitment will expire October 31, 2025.

The commitment is conditioned as follows:

Standard Conditions:

1. The commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand.
2. The commitment is contingent upon the City's continued compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363 and 365.
3. This commitment is contingent on the City executing a Grant Agreement in a form and substance acceptable to the Executive Administrator.
4. The City must return any Grant funds that are determined to be surplus funds in a manner determined by the Executive Administrator.
5. The Grant Agreement must contain a provision that the City agrees to comply with all of the conditions set forth in this TWDB Resolution.
6. The Grant Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Grant Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
7. Grant funds are public funds and, as such, the Grant 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. Grant funds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Grant 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.

9. Before 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 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 City shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
11. The City must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).
12. Before release of funds for construction, the City must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements and rights-of-way have been completed or, with prior approval by the executive administrator if all acquisitions have not been completed, evidence that the applicant has the legal City necessary to complete the acquisitions.

The Following Conditions Must Be Included in the Grant Agreement:

13. The Grant Agreement must provide that the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.
14. The Grant Agreement must provide that the City will not begin construction for a portion of the Project until the environmental finding has been issued for that portion of the Project.
15. The Grant Agreement must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
16. The Grant Agreement must include a provision requiring a final accounting to be made of the total sources and authorized use of Project funds within 60 days of the completion of the Project.
17. The Grant Agreement must include a provision stating that the City shall return any Grant funds that are determined to be surplus funds remaining after completion of

the Project and completion of a final accounting, including any interest earned on the Grant funds in a manner approved by the executive administrator.

18. The Grant Agreement must contain a provision stating that the City shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G.

Special Condition:

19. Before closing, the City shall submit a 2024 audit, the form and substance of which is satisfactory to the Executive Administrator.

APPROVED and ordered of record this, the 10th day of April, 2025.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, 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:

Real Loss GMD:

WATER LOSS THRESHOLDS

Water Loss Project:

Waiver Requested:

Wholesale Adjusted:

Threshold Type:

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold

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.

GMD means gallons per mile 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 connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

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



**City of Brady
McCulloch County**

