



PROJECT FUNDING REQUEST

BOARD DATE: July 24, 2025

Team Manager: Nancy Richards

ACTION REQUESTED

Consider approving by resolution a request from Central Harris County Regional Water Authority (Harris County) to amend Texas Water Development Board Resolution No. 15-078, as amended, to authorize \$8,000,000 in financial assistance from the Texas Water Development Fund program to finance additional acquisition, design, and construction funding for the Transmission and Distribution Expansion project.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The Central Harris County Regional Water Authority (Authority) consists of 11 member districts, which operate 13 groundwater wells. The primary purpose of the Authority is to comply with the groundwater reduction plan established by the Harris-Galveston Subsidence District (Subsidence District). The plan requires entities within the Subsidence District's jurisdiction such as the Authority to limit groundwater withdrawal to a specified percentage of total water use in order to prevent further land surface subsidence. Although water demands are expected to increase with time, the current plan requires the Authority to reduce groundwater withdrawal within its territory to no more than 40 percent of the annual total water demand by 2025 and no more than 20 percent of the annual total water demand by 2035.

PROJECT NEED AND DESCRIPTION

In 2016 and 2023, the Texas Water Development Board committed funds for the Authority's internal distribution project to address the Subsidence District mandates to convert to surface water. The Authority is currently under construction to provide surface water to its member districts. Due to increased costs based on revised estimates, the Authority is seeking additional funds to complete the project.

The Authority is requesting planning, acquisition, design, and construction funds necessary to complete the expansion of the internal water distribution system. This funding primarily consists of 2 master meter stations and several 8 to 24-inch diameter transmission lines that will deliver the treated surface water to member district water plants.

PROJECT SCHEDULE

Task	Schedule Date
Closing	December 1, 2025
Design Phase Completion	December 31, 2026
Start of Construction	April 1, 2026
Construction Completion	December 31, 2027

COMMITMENT PERIOD: FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2025

KEY ISSUES

The Board has committed \$17,585,000 for this project since 2016. To date, there are two contracts under construction.

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (25-)
4. Water Conservation Review
5. Location Map

Financial Review

Central Harris County Regional Water Authority

Attachment 1

Risk Score: 2B

Audit Reviewed: FY 2024

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County 1.46%	State: 1.49%
Cash Balance Ratio	276.54%	10-15%
Median Household Income as % of State	97%	100%
Days of Cash on Hand (3-year Average)	6,594 days	30-149 days
Net Fixed Assets/ Annual Depreciation	26 years	12-24 years
Debt Service Coverage Ratio	0.65x	1.0x
Debt-to-Operating Revenues	13.44	4.00-5.99x
Unemployment Rate (April, 2025)	County: 4.00%	State: 3.70%
Working Capital Ratio	9.96	> 1.0

Key Risk Score Strengths

- The Authority's days of cash on hand is well above the benchmark, indicating that the Authority can pay operating expenses or debt service with the cash available.
- As a proactive measure, the Authority included capitalized interest and reserve funds in the proposed budget.
- A high working capital ratio provides the Authority with sufficient resources to cover short-term liabilities and shows a strong liquidity position.

Key Risk Score Concerns

- Debt-to-operating revenues ratio is above benchmark due to system revenues supporting all outstanding debt. The Authority does not have taxing authority.
- Based on the 2024 annual financial report, the Authority's debt service coverage is below 1.0X coverage. The Authority implemented rate increases in January and June 2025 totaling \$0.57 per 1,000 gallons for surface water and ground water fees. When considering the accumulated general fund balance available for debt service and the recent rate increases in 2025, the coverage meets the required debt service coverage ratio.

PLEDGE

Legal Pledge Name	First Lien on System Revenues
Type of Pledge	<input type="checkbox"/> Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

RATES AND CHARGES

Regional Water Rates	Annual Usage	Current Rates per 1,000 gallons (2024)	Projected Rates (2025)
Surface Water Fee	2,325	\$3.85	\$4.42
Groundwater Pumping Fee	3,133	\$3.51	\$4.08

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Authority could save approximately \$1,581,753 over the life of the financing.

Project Data Summary

Responsible Authority	Central Harris Co Regional WA
Program	WDF
Commitment Number	L1002202
Project Number	51043
List Year	2025
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$8,000,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2025
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low-Interest
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Nancy Richards	Chelsea Duran	Jose Garza	Britt Wilson	Marshall Walters

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Central Harris County Regional Water Authority

\$8,000,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2025

Dated Date: 12/1/2025	Source: SWIFT-LOW-30YR
Delivery Date: 12/1/2025	Rate: 4.35%
First Interest: 2/1/2026	IUP Year: 2025
First Principal: 8/1/2027	Case: Revenues
Last Principal: 8/1/2055	Admin.Fee: \$0
Fiscal Year End: 12/31	Admin. Fee Payment Date: N/A
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$8,000,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2026	\$4,974,341	\$4,757,508	\$0	-	\$216,833	\$216,833	\$4,974,341	1.00
2027	5,246,570	4,756,320	165,000	2.77%	325,250	490,250	5,246,570	1.00
2028	5,502,013	5,011,333	170,000	2.78%	320,680	490,680	5,502,013	1.00
2029	5,916,874	5,430,920	170,000	2.80%	315,954	485,954	5,916,874	1.00
2030	5,916,874	4,149,009	175,000	2.85%	311,194	486,194	4,635,203	1.28
2031	5,916,874	4,161,295	180,000	2.92%	306,206	486,206	4,647,501	1.27
2032	5,916,874	4,157,972	185,000	2.99%	300,950	485,950	4,643,922	1.27
2033	5,916,874	4,160,523	195,000	3.05%	295,419	490,419	4,650,941	1.27
2034	5,916,874	4,168,645	200,000	3.17%	289,471	489,471	4,658,116	1.27
2035	5,916,874	4,158,042	205,000	3.26%	283,131	488,131	4,646,173	1.27
2036	5,916,874	4,169,630	210,000	3.46%	276,448	486,448	4,656,078	1.27
2037	5,916,874	4,171,206	220,000	3.57%	269,182	489,182	4,660,388	1.27
2038	5,916,874	4,174,002	225,000	3.69%	261,328	486,328	4,660,330	1.27
2039	5,916,874	4,177,906	235,000	3.80%	253,026	488,026	4,665,931	1.27
2040	5,916,874	4,188,257	245,000	3.90%	244,096	489,096	4,677,352	1.27
2041	5,916,874	4,198,079	255,000	4.01%	234,541	489,541	4,687,619	1.26
2042	5,916,874	4,198,521	265,000	4.12%	224,315	489,315	4,687,836	1.26
2043	5,916,874	4,194,545	275,000	4.23%	213,397	488,397	4,682,942	1.26
2044	5,916,874	4,201,500	285,000	4.29%	201,765	486,765	4,688,265	1.26
2045	5,916,874	4,218,806	300,000	4.37%	189,538	489,538	4,708,344	1.26
2046	5,916,874	3,651,312	310,000	4.55%	176,428	486,428	4,137,740	1.43
2047	5,916,874	3,203,112	325,000	4.55%	162,323	487,323	3,690,435	1.60
2048	5,916,874	1,810,545	340,000	4.55%	147,536	487,536	2,298,081	2.57
2049	5,916,874	1,317,086	355,000	4.55%	132,066	487,066	1,804,152	3.28
2050	5,916,874	499,373	375,000	4.55%	115,913	490,913	990,286	5.97
2051	5,916,874	283,520	390,000	4.63%	98,851	488,851	772,370	7.66
2052	5,916,874	282,845	410,000	4.63%	80,794	490,794	773,638	7.65
2053	5,916,874	286,743	425,000	4.63%	61,811	486,811	773,553	7.65
2054	5,916,874	-	445,000	4.63%	42,133	487,133	487,133	12.15
2055	5,916,874	-	465,000	4.63%	21,530	486,530	486,530	12.16
		\$98,138,548	\$8,000,000		\$6,372,102	\$14,372,102	\$112,510,651	

AVERAGE (MATURITY) LIFE	18.33 YEARS
NET INTEREST RATE	4.345%
COST SAVINGS	\$1,581,753
AVERAGE ANNUAL REQUIREMENT	\$479,070

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be set.



Project Budget Summary

Central Harris Co Regional WA

51043 - Central Harris County Regional Water Authority
Transmission and Distribution Expansion

Budget Items	Previous Commitments	This Commitment	Total
Construction			
Construction	\$12,370,132.74	\$5,255,000.00	\$17,625,132.74
Subtotal for Construction	\$12,370,132.74	\$5,255,000.00	\$17,625,132.74
Basic Engineering Services			
Construction Engineering	\$0.00	\$408,000.00	\$408,000.00
Design	\$180,000.00	\$300,000.00	\$480,000.00
Subtotal for Basic Engineering Services	\$180,000.00	\$708,000.00	\$888,000.00
Special Services			
Application	\$40,215.23	\$20,000.00	\$60,215.23
Environmental	\$49,597.86	\$0.00	\$49,597.86
Geotechnical	\$133,800.00	\$0.00	\$133,800.00
Permits	\$0.00	\$40,000.00	\$40,000.00
Subtotal for Special Services	\$223,613.09	\$60,000.00	\$283,613.09
Fiscal Services			
Bond Counsel	\$416,067.35	\$200,000.00	\$616,067.35
Bond Reserve Fund	\$449,109.64	\$487,000.00	\$936,109.64
Capitalized Interest	\$1,183,827.94	\$720,000.00	\$1,903,827.94
Financial Advisor	\$187,683.02	\$85,000.00	\$272,683.02
Fiscal/Legal	\$14,143.76	\$5,000.00	\$19,143.76
Issuance Costs	\$46,429.49	\$35,000.00	\$81,429.49
Subtotal for Fiscal Services	\$2,297,261.20	\$1,532,000.00	\$3,829,261.20
Other			
Land/Easements Acquisition	\$2,513,500.00	\$25,000.00	\$2,538,500.00
Other (Administration)	\$492.97	\$0.00	\$492.97
Project Legal Expenses	\$0.00	\$20,000.00	\$20,000.00
Subtotal for Other	\$2,513,992.97	\$45,000.00	\$2,558,992.97
Contingency			
Contingency	\$0.00	\$400,000.00	\$400,000.00
Subtotal for Contingency	\$0.00	\$400,000.00	\$400,000.00
Total	\$17,585,000.00	\$8,000,000.00	\$25,585,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD AMENDING TEXAS
WATER DEVELOPMENT BOARD RESOLUTION NO. 16-081 TO PROVIDE FINANCIAL
ASSISTANCE TO
THE CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY
IN THE AMOUNT OF \$8,000,000
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$8,000,000 CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY
REVENUE BONDS,
PROPOSED SERIES 2025

(25-)

Recitals:

At its July 23, 2015, meeting the Texas Water Development Board (TWDB), through TWDB Resolution No. 15-078, made a multi-year commitment to provide financial assistance to Central Harris County Regional Water Authority (Authority) through the TWDB's purchase of \$41,630,000 Central Harris County Regional Water Authority Revenue Bonds Proposed Series 2015 through 2020 for Project Nos. 51023, 51021, and 51009, all as is more specifically set forth in TWDB Resolution No. 15-078 and accompanying documentation, to which documents express reference is made.

At its July 21, 2016, meeting, the TWDB, through TWDB Resolution No. 16-081, made a commitment to provide additional financial assistance for Project No. 51021 and to provide financial assistance for Project No. 51043 through the purchase of \$15,490,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2016 through 2020, all as is more specifically set forth in TWDB Resolution No. 16-081 and accompanying documentation, to which documents express reference is made.

At its July 20, 2017, meeting, the TWDB through TWDB Resolution No. 17-081, made a commitment to provide additional financial assistance for Project No. 51023 through the purchase of \$4,900,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2017, all as is more specifically set forth in TWDB Resolution No. 17-081 and accompanying documentation, to which documents express reference is made.

At its July 26, 2018, meeting, the TWDB through TWDB Resolution No. 18-088, made a commitment for additional financial assistance for Project No. 51023 and to provide financial assistance for Project No. 51008 through the purchase of \$9,085,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2018 through 2019, all as is more specifically set forth in TWDB Resolution No. 18-088 and accompanying documentation, to which documents express reference is made.

At its June 4, 2020, meeting, the TWDB adopted Resolution No. 20-054 providing the Executive Administrator of the TWDB with the authority to approve the transfer of funds between the Authority's Project Nos. 51008, 51009, 51021, 51023 and 51043.

At its July 25, 2023, meeting, the TWDB through TWDB Resolution No. 23-062, made a commitment for additional financial assistance for Project No. 51043 through the purchase of \$5,000,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2023, all as is more specifically set forth in TWDB Resolution No. 23-062 and accompanying documentation, to which documents express reference is made.

The Authority now seeks an amendment to TWDB Resolution No. 16-081, as amended, for additional financial assistance for Project No. 51043 through the TWDB's proposed purchase of \$8,000,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2025, (together with all authorizing documents, "Obligations") all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff.

The Authority has offered a pledge of net system revenue as sufficient security for the repayment of the Obligations.

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The Authority has submitted and implemented a water conservation plan in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
5. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).
6. The amendment to increase the commitment in the amount of \$8,000,000 for Project No. 51043 is reasonable and in the public interest and will serve a public purpose.
7. Before closing, the City shall Submit to the escrow agent a closing memo signed by the Executive Administrator.
8. All other terms and conditions of TWDB Resolution No. 16-081, as amended, shall remain in full force and effect as related to Project No. 51043.

NOW THEREFORE, based on these findings, the TWDB commits to the following:

The commitment made through Resolution No. 16-081, as amended, to provide financial assistance to the Central Harris County Regional Water Authority is

amended to include financial assistance from the Financial Assistance Account of the Texas Water Development Fund II to be evidenced by the TWDB's proposed purchase of \$8,000,000 Central Harris County Regional Water Authority Revenue Bonds, Proposed Series 2025. This commitment will expire on December 31, 2025.

All other terms and conditions of TWDB Resolution 16-081, as amended, shall remain in full force and effect.

APPROVED and ordered of record this, the 24th day of July 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:

Validation Required:

Validation Performed:

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.



**Central Harris County
Regional Water Authority
Harris County**

