

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: April 10, 2019

TEAM MANAGER: Dain Larsen

APPLICANT	City of Dripping Springs
TYPE OF ASSISTANCE	\$43,395,000 Financing \$1,000,000 Principal forgiveness
LEGAL PLEDGE	Ad valorem taxes and surplus revenues

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve by resolution a request from the City of Dripping Springs (Hays County) for \$44,395,000 in financial assistance consisting of \$43,395,000 in financing and \$1,000,000 in principal forgiveness from the Clean Water State Revolving Fund for planning, acquisition, design and construction of a wastewater system expansion project.

PROJECT

South Regional Wastewater Facilities Expansion
Project Number 73819

BACKGROUND

The City of Dripping Springs (City) is in Hays County in the Austin-Round Rock Metropolitan Statistical Area, a 5-county region with a population of over 2 million. In 2017 Hays County was the fourth fastest growing county in the nation.

The City's current population is estimated to be 3,876, and approximately 1,700 receive wastewater service from the City. The remainder are on septic systems. The Dripping Springs Water Supply Corporation (WSC) provides water service to the city and a larger surrounding area with an estimated population of approximately 9,000. The City plans to expand its wastewater service to include the WSC's service area, which is projected to have a population of 18,500 by 2030. To serve this area the City's wastewater system capacity would be exceeded by 2022.

Multi-Year Commitment	Expiration Date
\$23,500,000 Proposed Series 2019	October 31, 2019
\$1,000,000 Principal Forgiveness	October 31, 2019
\$9,500,000 Proposed Series 2020	April 30, 2020
\$10,395,000 Proposed Series 2021	April 30, 2021

The City projects that there will be 4,640 additional living unit equivalents (LUE) added to the City's service area by 2028. The City currently has executed wastewater utility agreements with developers for 75 percent of these LUEs and has pending agreements for additional developments that represent an additional 13 percent of the total LUEs to be added by 2028.

To meet the increased demand for wastewater service the City is requesting a multi-year commitment to finance the construction of a new wastewater treatment plant, upgrades and expansion of its existing wastewater treatment plant, and expansion of its collection system to serve developments in and around the City. In addition, the project includes construction of a new water treatment plant and distribution system to provide direct potable reuse water. The City has contracts to provide future water to several developing areas and has an agreement with the WSC to do so.

FINANCIAL

Key Issues

The proposed project will provide capacity to meet the area's projected population growth. The City has planned for this growth with the assessment of impact fees, accumulation of cash reserves, and a 13-year policy of transferring 20 percent of the City's sales tax revenues to the utility system. The financial review and internal risk score were performed according to standard assumptions of no growth in connections or transfers of unpledged revenues. However, due to the historical and projected growth in the area, and practice of long-term transfers, a scenario that considers both is included below.

The City is requesting a multi-year commitment with closing amounts of \$23,500,000 in 2019, \$9,500,000 in 2020, and \$10,395,000 in 2021 to align their financing needs with their construction schedule. The multi-year commitment allows the City to reduce its total interest cost and allocates some of the debt service to future ratepayers. The City's repayment capacity is evaluated prior to closing on each funding series.

Pledge and Repayment

The City is pledging ad valorem taxes and surplus net revenues of the wastewater system for the repayment of the proposed financing. The current average monthly wastewater bill is \$45.27. The City has historically transferred funds from the general fund to the utility and used impact fees to pay debt service. Currently, the City has approximately \$1.8 million in impact fees and \$757,850 in its debt reserve fund.

The utility system produced positive net revenues of \$211,904 in 2015 after removing expenses related to the permitting and legal costs of the proposed project. In 2016 and 2017 these costs increased to over \$250,000 annually, resulting in an operating loss of \$54,066 in 2017. However, these were project related costs and the City does not expect to incur these costs in the future. For purposes of the financial review, the utility system was assumed to be operating at break-even prior to any potential system rate increases or transfers into the system.

The City does not currently levy a debt service tax rate but indicates it will in the future to the extent that impact fees, sales tax, revenue from other fees, and revenue from new customers are insufficient. Net taxable assessed property valuation for 2018 is \$559 million. Based on current conditions and assuming a no-growth scenario, the City has stated it could levy a \$0.45 interest and sinking fund tax rate by 2022, which would generate approximately \$2.2 million in revenues for debt service, compared to an estimated average annual debt service payment of \$2.6 million over the life of the proposed loans. Utilizing the \$0.45 tax rate and existing impact fees, the City would also need increases to the average monthly bill of \$41 in 2020 and \$100 in 2021, resulting in an estimated monthly bill of \$186.

The attached pro forma (Attachment 2A) illustrates a no-growth scenario and only pledged revenues for debt service repayment, which includes tax revenues from a proposed \$0.45 debt service tax rate, the estimated rate increases, and \$1.8 million in impact fees currently held as restricted cash reserves and shown to be utilized in equal amounts in 2020 and 2021 for the payment of debt service.

The no-growth scenario does not include unpledged revenues, which the City has historically transferred into the utility system, or additional revenues from new customers. The City transfers more than \$1 million annually into the utility system, including approximately \$460,000 in sales tax revenues. The attached pro forma (Attachment 2B) illustrates a projected growth scenario that includes the City's projected growth in LUEs. The City's projected growth in LUEs averages approximately 205 annually until 2021, and then averages 559 new LUEs annually through 2028. This compares to the City's addition of approximately 200 new customers in 2018. This scenario includes annual transfers into the utility system, conservatively estimated at \$785,000, and only impact fees currently held in cash reserves. Future impact fees that the City would collect from the projected growth in LUEs were excluded. The projected growth scenario would require a \$56 increase to the average monthly bill by 2021, and no tax rate would be needed after 2026.

Principal Forgiveness

The City qualifies for \$1,000,000 in principal forgiveness as a green project for the direct potable reuse portion of the project.

Cost Savings

Based on a 20-year maturity and current interest rates, the City could save approximately \$4,436,198, over the life of the Series 2019 \$23,500,000 financing. The City is also saving \$1,000,000 in principal forgiveness.

Internal Risk Score

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

The results of the City's financial sustainability indicators are mixed. While current revenues available for debt service are insufficient to cover debt service throughout the life of the total financing, indicators of total assessed valuation and infrastructure investment

are strong. The total assessed valuation per capita is currently \$202,284. A moderate per capita amount is between \$30,000 and \$64,999. The City's total assessed valuation per capita has increased at an average annual rate of 16 percent since 2014. In addition, the City's level of reinvestment in the assets of the utility's infrastructure is typical, with an asset condition ratio of 14 years. An asset condition ratio of 12 to 24 years is considered typical.

The results of the City's socioeconomic indicators are strong compared to the state's overall. Unemployment in the City was 2.9 percent in December 2018, compared to 3.6 percent in the state. The City's median household income is \$68,750, which is 126 percent of the median for the state. The City's population has increased at an average annual rate of 6.42 percent since 2010, compared to an increase at an annual rate of 1.24 percent for the population of the state.

The household cost factor compares the annual cost of water and wastewater services, and any rate increases, if required, to pay the proposed debt, to the median household income for the service area. Under the standard no-growth scenario with a projected monthly bill of \$186, the City's household cost factor could be 3.25 percent for wastewater services. The industry benchmark for the household cost factor is 1.0 percent for one service.

The City's debt level will be high with the proposed financing. In a no-growth scenario in which the City levies a \$0.45 debt service tax rate, the amount of utility system debt that would be self-supporting debt compared to operating revenues, including the proposed financing, would be 27.98. A ratio greater than 9 is considered high for utility systems. In this scenario net direct debt to total assessed valuation would have a 6.79 percent ratio. The typical range for this ratio is between 2 and 4.99 percent. The City does not currently have any debt supported by tax revenues.

The system maintains a high level of reserves with unrestricted cash and short-term investments equal to approximately 1,564 days of the operating expenses of the utility system. An amount over 250 days is considered a high level of liquidity.

The City's current combined tax and utility rates are insufficient to meet existing and proposed debt service requirements, necessitating increases in both. However, the City's strong socioeconomic indicators, including strong projected population growth, and high cash reserves partially mitigate this factor. While the amount of debt the City expects to fund with utility system revenues is high, the City has the capacity to pay for more of the proposed debt service with tax revenues. This does not eliminate the anticipated high level of self-supporting debt, but it provides an additional revenue source. The overall risk score, based on standard weighting of the indicators used, is 2B.

LEGAL

Key Issues

None.

Conditions

Standard Clean Water State Revolving Fund, tax-exempt, and tax and surplus revenue conditions, principal forgiveness conditions, and further conditions as follows:

- Executed principal forgiveness agreement;
- Return of surplus principal forgiveness funds.

- Attachments:
1. Project Data Summary
 - 2A. Debt Service Schedule
 - 2B. Projected Growth Scenario
 3. Engineering/Environmental Review
 4. Project Budget
 5. Resolution (19-)
 6. Water Conservation Review
 7. Project Map

Project Data Summary

Responsible Authority	City of Dripping Springs
Program	Clean Water State Revolving Fund
Commitment Code	LM19993 LM20993 LM21993 LF1000993
Project Number	73819
Intended Use Plan Year	2019
Type of Pledge	3- Combo Tax and Rev
Revenue Pledge Level	Third
Legal Description	\$23,500,000 City of Dripping Springs, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2019 \$9,500,000, Proposed Series 2020 \$10,395,000, Proposed Series 2021 \$1,000,000 Principal Forgiveness Agreement
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow
Population	3,876 (City) 1,700 (estimate of current service area)
Rural	No
Water Connections	0 (water service provided by water supply corporation)
Wastewater Connections	553
Qualifies as Disadvantaged	No
Disadvantaged Level	9
Clean Water State Revolving Fund Type	Equivalency
SWIFT Financing Type	N/A
SWIFT Characteristic	N/A
Financial Managerial & Technical Complete	N/A
Funding Phase Code	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
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	Non-Rated
Moody's	Non-Rated
Fitch	Non-Rated
Special Issues	None

Project Team

Team Manager	Dain Larsen
Financial Analyst	Hector Estrada
Engineering Reviewer	Hiwa Majeed
Environmental Reviewer	Kristin Miller
Attorney	Alexis Lorick

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Dripping Springs

\$23,500,000 Combination Tax & Revenue Certificates of Obligation, Proposed Series 2019

Dated Date: 6/1/2019
Delivery Date: 6/1/2019
First Interest: 12/1/2019
First Principal: 6/1/2021
Last Principal: 6/1/2040

Fiscal Year End: 09/30
Required Coverage: 1.1

Source: CWSRF-EQUIVALENCY
Rate: 2.05%
IUP Year: 2019
Case: Tax and Revenue
Admin.Fee: \$404,177

Admin. Fee Payment Date: 6/1/2019
Total Assessed Valuation: \$ 559,113,091

\$9,500,000 Combination Tax & Revenue Certificates of Obligation, Proposed Series 2020

Dated Date: 6/1/2020
Delivery Date: 6/1/2020
First Interest: 12/1/2020
First Principal: 6/1/2022
Last Principal: 6/1/2041

Fiscal Year End: 9/30
Required Coverage: 1.1

Source: CWSRF-EQUIVALENCY
Rate: 2.11%
IUP Year: 2019
Case: Tax and Revenue
Admin.Fee: \$163,391
Admin. Fee
Payment Date: 6/1/2020

FISCAL YEAR	REQUIRED TAX	REQUIRED TAX REVENUES WITH COLL. @ 90%	PROJECTED NET SYSTEM REVENUES	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$23,500,000 ISSUE			\$9,500,000 ISSUE			\$10,395,000 ISSUE Series 2021		DEBT SERVICE	ACTUAL COVERAGE	
						PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT			TOTAL PAYMENT
2020	0.000	-	\$1,407,014	\$1,407,014	\$797,354	\$0	-	\$481,750	\$481,750	-	-	\$0	\$0	-	\$1,279,104	1.10
2021	0.000	-	2,600,104	2,600,104	806,531	875,000	2.05%	481,750	1,356,750	-	-	200,450	200,450	-	2,363,731	1.10
2022	0.450	2,264,408	1,679,448	3,943,856	819,290	900,000	2.05%	463,813	1,363,813	355,000	2.11%	200,450	555,450	\$223,493	2,962,045	1.33
2023	0.450	2,264,408	1,679,448	3,943,856	825,698	925,000	2.05%	445,363	1,370,363	365,000	2.11%	192,960	557,960	\$608,493	3,362,513	1.17
2024	0.450	2,264,408	1,679,448	3,943,856	800,737	955,000	2.05%	426,400	1,381,400	375,000	2.11%	185,258	560,258	615,215	3,357,610	1.17
2025	0.450	2,264,408	1,679,448	3,943,856	790,099	985,000	2.05%	406,823	1,391,823	385,000	2.11%	177,346	562,346	616,615	3,360,882	1.17
2026	0.450	2,264,408	1,679,448	3,943,856	773,388	1,015,000	2.05%	386,630	1,401,630	400,000	2.11%	169,222	569,222	622,800	3,367,040	1.17
2027	0.450	2,264,408	1,679,448	3,943,856	760,781	1,045,000	2.05%	365,823	1,410,823	410,000	2.11%	160,782	570,782	623,663	3,366,048	1.17
2028	0.450	2,264,408	1,679,448	3,943,856	92,055	1,075,000	2.05%	344,400	1,419,400	420,000	2.11%	152,131	572,131	629,310	2,712,896	1.45
2029	0.450	2,264,408	1,679,448	3,943,856	88,528	1,110,000	2.05%	322,363	1,432,363	435,000	2.11%	143,269	578,269	629,635	2,728,795	1.45
2030	0.450	2,264,408	1,679,448	3,943,856	-	1,140,000	2.05%	299,608	1,439,608	450,000	2.11%	134,091	584,091	634,745	2,658,443	1.48
2031	0.450	2,264,408	1,679,448	3,943,856	-	1,175,000	2.05%	276,238	1,451,238	460,000	2.11%	124,596	584,596	639,533	2,675,366	1.47
2032	0.450	2,264,408	1,679,448	3,943,856	-	1,210,000	2.05%	252,150	1,462,150	475,000	2.11%	114,890	589,890	643,998	2,696,037	1.46
2033	0.450	2,264,408	1,679,448	3,943,856	-	1,245,000	2.05%	227,345	1,472,345	490,000	2.11%	104,867	594,867	648,140	2,715,352	1.45
2034	0.450	2,264,408	1,679,448	3,943,856	-	1,285,000	2.05%	201,823	1,486,823	505,000	2.11%	94,528	599,528	651,960	2,738,311	1.44
2035	0.450	2,264,408	1,679,448	3,943,856	-	1,325,000	2.05%	175,480	1,500,480	520,000	2.11%	83,873	603,873	655,458	2,759,810	1.43
2036	0.450	2,264,408	1,679,448	3,943,856	-	1,360,000	2.05%	148,318	1,508,318	535,000	2.11%	72,901	607,901	663,633	2,779,851	1.42
2037	0.450	2,264,408	1,679,448	3,943,856	-	1,405,000	2.05%	120,438	1,525,438	550,000	2.11%	61,612	611,612	666,378	2,803,427	1.41
2038	0.450	2,264,408	1,679,448	3,943,856	-	1,445,000	2.05%	91,635	1,536,635	565,000	2.11%	50,007	615,007	668,800	2,820,442	1.40
2039	0.450	2,264,408	1,679,448	3,943,856	-	1,490,000	2.05%	62,013	1,552,013	585,000	2.11%	38,086	623,086	675,900	2,850,998	1.38
2040	0.450	2,264,408	1,679,448	3,943,856	-	1,535,000	2.05%	31,468	1,566,468	600,000	2.11%	25,742	625,742	682,570	2,874,780	1.37
2041	0.450	2,264,408	1,679,448	3,943,856	-	-	-	-	-	620,000	2.11%	13,082	633,082	688,810	1,321,892	2.98
2042	0.450	2,264,408	-	2,264,408	-	-	-	-	-	-	-	-	-	694,620	694,620	3.26
		\$47,552,568		\$85,148,649	\$6,554,461	\$23,500,000		\$6,011,625	\$29,511,625	\$9,500,000		\$2,500,139	\$12,000,139	\$13,183,765	\$61,249,990	

\$23,500,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	12.48 YEARS
NET INTEREST RATE	2.050%
COST SAVINGS	\$ 5,906,468
AVERAGE ANNUAL REQUIREMENT	\$1,341,438

\$9,500,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	12.47 YEARS
NET INTEREST RATE	2.110%
COST SAVINGS	\$ -
AVERAGE ANNUAL REQUIREMENT	\$545,461

TOTAL AVERAGE ANNUAL REQUIREMENTS
\$2,663,043

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.

Attachment 2B: Projected Growth Scenario

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Dripping Springs

\$23,500,000 Combination Tax & Revenue Certificates of Obligation, Proposed Series 2019

Dated Date: 6/1/2019
Delivery Date: 6/1/2019
First Interest: 12/1/2019
First Principal: 6/1/2021
Last Principal: 6/1/2040

Fiscal Year End: 09/30
Required Coverage: 1.1

Source: CWSRF-EQUIVALENCY
Rate: 2.05%
IUP Year: 2019
Case: Tax and Revenue
Admin.Fee: \$404,177

Admin. Fee Payment Date: 6/1/2019
Total Assessed Valuation: \$ 559,113,091

\$9,500,000 Combination Tax & Revenue Certificates of Obligation, Proposed Series 2020

Dated Date: 6/1/2020
Delivery Date: 6/1/2020
First Interest: 12/1/2020
First Principal: 6/1/2022
Last Principal: 6/1/2041

Fiscal Year End: 9/30
Required Coverage: 1.1

Source: CWSRF-EQUIVALENCY
Rate: 2.11%
IUP Year: 2019
Case: Tax and Revenue
Admin.Fee: \$163,391
Admin. Fee
Payment Date: 6/1/2020

FISCAL YEAR	REQUIRED TAX	REQUIRED TAX REVENUES WITH COLL. @ 90%		PROJECTED NET SYSTEM REVENUES *	PROJECTED TOTAL REVENUES	CURRENT DEBT SERVICE	\$23,500,000 ISSUE			\$9,500,000 ISSUE			\$10,395,000 ISSUE Series 2021		DEBT SERVICE	ACTUAL COVERAGE
		PRINCIPAL PAYMENT	INTEREST RATE				INTEREST PAYMENT	TOTAL PAYMENT	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PAYMENT			
		2020	0.000				-	\$1,705,698	\$1,705,698	\$797,354	\$0	\$481,750	\$481,750	-		
2021	0.000	-	2,600,104	2,600,104	806,531	875,000	481,750	1,356,750	-	-	200,450	200,450	200,450	2,363,731	1.10	
2022	0.277	1,393,752	1,864,498	3,258,249	819,290	900,000	463,813	1,363,813	355,000	2.11%	200,450	555,450	\$223,493	2,962,045	1.10	
2023	0.323	1,627,091	2,071,673	3,698,764	825,698	925,000	445,363	1,370,363	365,000	2.11%	192,960	557,960	\$608,493	3,362,513	1.10	
2024	0.262	1,315,964	2,377,407	3,693,371	800,737	955,000	426,400	1,381,400	375,000	2.11%	185,258	560,258	615,215	3,357,610	1.10	
2025	0.185	929,350	2,767,620	3,696,970	790,099	985,000	406,823	1,391,823	385,000	2.11%	177,346	562,346	616,615	3,360,882	1.10	
2026	0.072	362,202	3,341,542	3,703,744	773,388	1,015,000	386,630	1,401,630	400,000	2.11%	169,222	569,222	622,800	3,367,040	1.10	
2027	0.000	-	3,768,631	3,768,631	760,781	1,045,000	365,823	1,410,823	410,000	2.11%	160,782	570,782	623,663	3,366,048	1.12	
2028	0.000	-	4,176,946	4,176,946	92,055	1,075,000	344,400	1,419,400	420,000	2.11%	152,131	572,131	629,310	2,712,896	1.54	
2029	0.000	-	4,176,946	4,176,946	88,528	1,110,000	322,363	1,432,363	435,000	2.11%	143,269	578,269	629,635	2,728,795	1.53	
2030	0.000	-	4,176,946	4,176,946	-	1,140,000	299,608	1,439,608	450,000	2.11%	134,091	584,091	634,745	2,658,443	1.57	
2031	0.000	-	4,176,946	4,176,946	-	1,175,000	276,238	1,451,238	460,000	2.11%	124,596	584,596	639,533	2,675,366	1.56	
2032	0.000	-	4,176,946	4,176,946	-	1,210,000	252,150	1,462,150	475,000	2.11%	114,890	589,890	643,998	2,696,037	1.55	
2033	0.000	-	4,176,946	4,176,946	-	1,245,000	227,345	1,472,345	490,000	2.11%	104,867	594,867	648,140	2,715,352	1.54	
2034	0.000	-	4,176,946	4,176,946	-	1,285,000	201,823	1,486,823	505,000	2.11%	94,528	599,528	651,960	2,738,311	1.53	
2035	0.000	-	4,176,946	4,176,946	-	1,325,000	175,480	1,500,480	520,000	2.11%	83,873	603,873	655,458	2,759,810	1.51	
2036	0.000	-	4,176,946	4,176,946	-	1,360,000	148,318	1,508,318	535,000	2.11%	72,901	607,901	663,633	2,779,851	1.50	
2037	0.000	-	4,176,946	4,176,946	-	1,405,000	120,438	1,525,438	550,000	2.11%	61,612	611,612	666,378	2,803,427	1.49	
2038	0.000	-	4,176,946	4,176,946	-	1,445,000	91,635	1,536,635	565,000	2.11%	50,007	615,007	668,800	2,820,442	1.48	
2039	0.000	-	4,176,946	4,176,946	-	1,490,000	62,013	1,552,013	585,000	2.11%	38,086	623,086	675,900	2,850,998	1.47	
2040	0.000	-	4,176,946	4,176,946	-	1,535,000	31,468	1,566,468	600,000	2.11%	25,742	625,742	682,570	2,874,780	1.45	
2041	0.000	-	4,176,946	4,176,946	-	-	-	-	620,000	2.11%	13,082	633,082	688,810	1,321,892	3.16	
2042	0.000	-	4,176,946	4,176,946	-	-	-	-	-	-	-	694,620	694,620	694,620	6.01	
		\$5,628,360		\$88,779,727	\$6,554,461	\$23,500,000		\$6,011,625	\$29,511,625	\$9,500,000		\$2,500,139	\$12,000,139	\$13,183,765	\$61,249,990	

\$23,500,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	12.48 YEARS
NET INTEREST RATE	2.050%
COST SAVINGS	\$ 5,906,468
AVERAGE ANNUAL REQUIREMENT	\$1,341,438

\$9,500,000 ISSUANCE	
AVERAGE (MATURITY) LIFE	12.47 YEARS
NET INTEREST RATE	2.110%
COST SAVINGS	\$ -
AVERAGE ANNUAL REQUIREMENT	\$545,461

TOTAL AVERAGE ANNUAL REQUIREMENTS
\$2,663,043

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.

*** Components of Projected Net System Revenues**

- 1) Cash reserves of \$920,690 annually in 2020 and 2021 (impact fees)
- 2) \$785,000 annually in transfers into utility system
- 3) Additional customers, consistent with population projections for area

**Dripping Springs
73819 South Regional Wastewater Facilities
Expansion
Engineering and Environmental Review**

Engineering:

Key Issues:

The City qualifies for \$28,069,299 in Green Project Reserve for categorically eligible direct potable reuse and is receiving \$1,000,000 in green subsidy.

Project Need/Description

Project Need: The City of Dripping Springs (City) population annual growth rate has exceeded 6 percent since 2010. The City's current population is estimated to be 3,876, and approximately 1,700 receive wastewater service from the City. The remainder are on septic systems. The Dripping Springs Water Supply Corporation provides water service to the city and a larger surrounding area with an estimated population of approximately 9,000. The City plans to expand its sewer service to include the WSC's service area, which has a population that is projected to double from 2018 to 2030 to approximately 18,500. To serve this area the City's wastewater system capacity would be exceeded by 2022.

Project Description: To meet the increased demand for wastewater treatment, the City is proposing a project to expand the capacity of its collection system and wastewater treatment plant and construct new wastewater and water treatment plants. The City proposes to construct a new 500,000 gallons-per-day (gpd) wastewater treatment plant (WWTP) and increase capacity of the existing 315,500 gpd WWTP to 500,000 gpd. At the WWTPs site, the City will also construct an effluent holding pond and treated effluent pump station and abandon its existing drip irrigation fields and construct surface irrigation. To expand the capacity of its collection system, the City will extend an interceptor and 8-inch force main, improve a regional lift station, and construct a gravity wastewater line and interceptor. The City will also construct a 500,000 gpd water treatment plant for direct potable reuse of treated effluent from its proposed wastewater treatment plant.

Project Schedule:

Project Task	Schedule Date
Closing	6/01/2019
Engineering Feasibility Report Completion (End of Planning Phase)	4/15/2019
Design Phase Complete	8/16/2019
Start of Construction	9/30/2019
Construction Completion	12/3/2024

Environmental Section:

Key Issues:

None.

Environmental Summary:

As set forth in the preliminary environmental information submitted by the applicant, there are no known environmental, social, or permitting issues that would preclude completion of the project. Based on this initial environmental review, it is not anticipated that the proposed project's primary environmental impacts should be significant or adverse, nor should they affect project implementation.

Because the proposed components are numerous, spread throughout a large area, and phased in order to allow the release of funds for various portions of the project in advance of others so that the components that require a full environmental review will not delay the release of funds for the others, the City plans to group them into

subprojects that will receive separate environmental reviews and environmental findings. For this reason, the environmental review will be segmented.

Consistent with the requirements of 31 Texas Administrative Code § 375.61, financial assistance shall be conditioned that funding for design, acquisition, and construction of specific project elements will not be released until an environmental review has been completed and a favorable environmental determination has been issued.



**Curent Budget Detail
Dripping Springs**

**73819 - South Regional Wastewater
Facilities Expansion**

Budget Items	TWDB Funds			Total
	CWSRF LM1000907 & LF1000993	CWSRF LM1000991	CWSRF LM1000992	
Construction				
Construction	\$16,145,000.00	\$7,695,000.00	\$7,675,000.00	\$31,515,000.00
Subtotal for Construction	\$16,145,000.00	\$7,695,000.00	\$7,675,000.00	\$31,515,000.00
Basic Engineering Services				
Construction Engineering	\$309,443.00	\$125,000.00	\$144,889.00	\$579,332.00
Design	\$2,633,657.00	\$70,875.00	\$878,361.00	\$3,582,893.00
Planning	\$282,600.00	\$7,875.00	\$119,250.00	\$409,725.00
Subtotal for Basic Engineering Services	\$3,225,700.00	\$203,750.00	\$1,142,500.00	\$4,571,950.00
Special Services				
Environmental	\$75,000.00	\$15,000.00	\$0.00	\$90,000.00
Geotechnical	\$150,000.00	\$25,000.00	\$0.00	\$175,000.00
O&M Manual	\$25,000.00	\$0.00	\$25,000.00	\$50,000.00
Permits	\$100,000.00	\$50,000.00	\$50,000.00	\$200,000.00
Pilot Testing	\$0.00	\$0.00	\$400,000.00	\$400,000.00
Project Management (by engineer)	\$75,000.00	\$75,000.00	\$50,000.00	\$200,000.00
Testing	\$50,000.00	\$25,000.00	\$0.00	\$75,000.00
Water Conservation Plan	\$7,500.00	\$0.00	\$0.00	\$7,500.00
Subtotal for Special Services	\$482,500.00	\$190,000.00	\$525,000.00	\$1,197,500.00
Fiscal Services				
Bond Counsel	\$76,500.00	\$46,500.00	\$48,290.00	\$171,290.00
Financial Advisor	\$84,000.00	\$53,500.00	\$55,790.00	\$193,290.00
Loan Origination Fee	\$404,177.00	\$163,391.00	\$178,784.00	\$746,352.00
Subtotal for Fiscal Services	\$564,677.00	\$263,391.00	\$282,864.00	\$1,110,932.00
Other				
Administration	\$75,000.00	\$50,000.00	\$50,000.00	\$175,000.00
Land/Easements Acquisition	\$267,050.00	\$0.00	\$0.00	\$267,050.00
Other - Asset Mg Plan	\$7,500.00	\$0.00	\$0.00	\$7,500.00
Subtotal for Other	\$349,550.00	\$50,000.00	\$50,000.00	\$449,550.00
Contingency				
Contingency	\$3,732,573.00	\$1,097,859.00	\$719,636.00	\$5,550,068.00
Subtotal for Contingency	\$3,732,573.00	\$1,097,859.00	\$719,636.00	\$5,550,068.00
Total	\$24,500,000.00	\$9,500,000.00	\$10,395,000.00	\$44,395,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE
IN THE TOTAL AMOUNT OF \$44,395,000
TO THE CITY OF DRIPPING SPRINGS
IN THE FORM OF A MULTI-YEAR COMMITMENT
FROM THE CLEAN WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$43,395,000 CITY OF DRIPPINGS SPRINGS, TEXAS
COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION,
PROPOSED SERIES 2019 THROUGH PROPOSED SERIES 2021
AND \$1,000,000 IN PRINCIPAL FORGIVENESS

(19 -)

WHEREAS, the City of Dripping Springs (City), located in Hays County has filed an application for financial assistance in the amount of \$44,395,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, acquisition, design and construction of certain wastewater system improvements identified as Project No. 73819; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the form of a multi-year commitment through the TWDB's proposed purchase of \$43,395,000 City of Dripping Springs, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Series 2019 (together with all authorizing documents, (Obligations)), through Proposed Series 2021 and the execution of a Principal Forgiveness Agreement in an amount of \$1,000,000, 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 and surplus revenues of the City's proposed wastewater system as sufficient security for the repayment of the Obligations; and

WHEREAS, 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 § 375.14; 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;

4. that the City has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007;
5. that the TWDB has made a timely and concerted effort to solicit projects that address green infrastructure, water, or energy efficiency improvements and other environmentally innovative activities and has determined that the entire Project, or a portion of the Project, satisfies the EPA's criteria for Green Projects, and is eligible for principal forgiveness in the amount of \$1,000,000.

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

A commitment is made by the TWDB to the City of Dripping Springs, Texas for financial assistance in the amount of \$44,395,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$43,395,000 City of Dripping Springs, Texas Combination Tax and Surplus Certificates of Obligation as follows:

- a. \$23,500,000 City of Dripping Springs, Texas, Combination Tax and Surplus Revenue Certificates of Obligation Proposed Series 2019, to expire on October 31, 2019;
- b. \$9,500,000 City of Dripping Springs, Texas, Combination Tax and Surplus Revenue Certificates of Obligation Proposed Series 2020, to expire on April 30, 2020;
- c. \$10,395,000 City of Dripping Springs, Texas, Combination Tax and Surplus Revenue Certificates of Obligation Proposed Series 2021, to expire on April 30, 2021;
- d. and the execution of a Principal Forgiveness Agreement in the amount of \$1,000,000 set to expire on October 31, 2019.

The Executive Administrator is delegated the authority to adjust the schedule of proposed installments to the purchase of the City's Obligations as approved through this commitment.

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 City agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
5. the Obligations must provide that the Obligations can be called for early redemption 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;
6. 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;
7. the Obligations must contain a provision requiring the City to levy a tax and/or maintain and collect sufficient rates and charges, as applicable, to produce system funds 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;
8. the Obligations must include a provision requiring the City to use any loan proceeds from the Obligations that are determined to be remaining unused funds, which are those funds unspent after the original approved project is completed, for enhancements to the original project that are explicitly approved by the Executive Administrator or if no enhancements are authorized by the Executive Administrator, requiring the City to submit a final accounting and disposition of any unused funds;

9. 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 and completion of a final accounting in a manner as approved by the Executive Administrator;
10. 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;
11. 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;
12. 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;
13. prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. 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;
15. 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;

16. 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

17. 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;
18. 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;
19. 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);
20. 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;
21. 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;
22. 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;
 23. 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;
 24. 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;
 25. the Obligations must contain a provision that the City will refrain from using from using the proceeds provided by this TWDB commitment or the proceeds

of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

26. 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;
27. 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

28. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
29. 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 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;
30. 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;
31. 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;

32. the Obligations and/or Principal 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 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines;
33. 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;
34. 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 projected useful life of the project, as determined by the schedule;

Clean Water State Revolving Fund Conditions

35. for each proposed bond series as described in the commitment of this Resolution, the City shall pay at closing an origination fee approved by the Executive Administrator to the TWDB pursuant 31 TAC Chapter 375;
36. 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;
37. 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;
38. 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* and 33 U.S.C. § 1382(b)(14).

Pledge Conditions for the Loan

39. 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.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

- 40. prior to closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator; and
- 41. the Principal Forgiveness Agreement must include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.

APPROVED and ordered of record this 10th day of April, 2019.

TEXAS WATER DEVELOPMENT BOARD

Peter M. Lake, Chairman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Water
 Wastewater
 Other

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

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.



Dripping Springs Hays County

