

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: January 16, 2020

TEAM MANAGER: Joe Koen

APPLICANT	City of Fort Worth
TYPE OF ASSISTANCE	\$62,825,000 Financing
LEGAL PLEDGE	First Lien on Net System Revenues

STAFF RECOMMENDATION

Approve No Action

ACTION REQUESTED

Approve by resolution a request from the City of Fort Worth (Tarrant, Denton, Parker, Wise Counties) for \$62,825,000 in financing from the Clean Water State Revolving Fund for the planning, design, and construction of a biosolids dewatering and processing facility.

PROJECT

Biosolids Dewatering and Processing Facility
Project Number 73849

BACKGROUND

The City of Fort Worth (City) is the fifth largest city in the state of Texas and the thirteenth largest city in the United States. It is the county seat of Tarrant County, and covers three other counties: Denton, Parker, and Wise.

The City is proposing a long term biosolids reuse plan for its Village Creek Water Reclamation Facility (VCWRF). The City currently has a biosolids contract to dewater and land apply municipal biosolids to farmland with North Central Texas. The plant produces Texas Commission on Environmental Quality Class AB biosolids for pathogens and reduced vector attraction through pathogen testing and line addition to dewater the sludge. The City would like to construct a new biosolids processing facility at the Village Creek Water Reclamation Plant that will produce a more marketable end-product.

The City plans to construct a new biosolids processing facility at the VCWRF in an effort to meet current and future regulatory requirements, and to produce a dry pelletized Class A Bio-Solids Product. The Class A Bio-Solids produces less odor than the Class AB Bio-Solids currently produced at the plant, and is better suited for land application.

COMMITMENT PERIOD: ONE (1) YEAR TO EXPIRE JANUARY 31, 2021.

FINANCIAL

Key Issues

The City is requesting to use bond proceeds to fully fund the bond reserve fund.

Pledge and Repayment

The City is pledging first lien net system revenues for the repayment of the proposed financing. The City's current combined average monthly water and wastewater rate is \$64.91.

Cost Savings

Based on a 20-year maturity and current interest rates, the City could save approximately \$7,978,641 over the life of the financing.

Internal Risk Score

Staff assigns a 2A 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 strong.

The results of the City's financial sustainability indicators are strong. These more heavily weighted risk score indicators show the City's short-term and long-term ability to repay the debt. The revenues available for debt service provide a high coverage ratio, representing 1.91 times the current and proposed debt service in the first year of principal repayment. In addition, the City's level of reinvestment in the assets of the utility's infrastructure is high with an asset condition ratio of 35 years. An asset condition ratio of 12 to 24 years is considered typical.

The City's socioeconomic indicators are on par with the state overall. The City's population has increased at an average annual rate of 1.72 percent since 2010, compared to an increase at an annual rate of 1.24 percent for the population of the state overall. The City's median household income is \$57,309 percent, which is 100 percent of the median for the state overall. The average, unadjusted, unemployment rate for City was 3.3 percent in October 2019, compared to 3.3 percent in the state overall, and the national rate of 3.6 percent.

The household cost factor compares the annual cost of water and wastewater services, including any anticipated rate increases required to pay the proposed debt, to the median household income for the service area. The City's household cost factor is 1.36 percent. The industry benchmark for the household cost factor is 2 percent for two services.

About half of the City's debt is supported by the utility system. The utility system self-supporting debt compared to operating revenues, including the proposed loan, is low at 2.00. A debt to operating revenues ratio of 4 to 6 is considered typical for utility systems. The system does maintain moderate reserves with unrestricted cash and short-term investments of approximately 138 days of the operating expenses of the utility system. Any amount between 30 and 150 days is considered to be a moderate level of liquidity.

The financial management of the utility system is strong. The City maintains a high debt service coverage ratio that ensures the capability to repay debt. The City also maintains a low level of self-supporting debt to operating revenues, which shows that the City still has the capability to take on more debt without it impacting the system. The City's strong financial sustainability indicators, low levels of debt, and strong debt service coverage ratio further solidify the assigned score of a 2A.

LEGAL

Key Issues

None.

Conditions

Standard Clean Water State Revolving Fund, tax-exempt, and first lien revenue conditions.

- Attachments:
1. Project Data Summary
 2. Debt Service Schedule
 3. Engineering/Environmental Review
 4. Project Budget
 5. Resolution (20-)
 6. Water Conservation Review
 7. Location Map

Project Data Summary

Responsible Authority	City of Fort Worth
Program	Clean Water State Revolving Fund
Commitment Code	L1001056
Project Number	73849
Intended Use Plan Year	2019
Type of Pledge	2- Revenue
Revenue Pledge Level	First
Legal Description	\$62,825,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2020
Tax-exempt or Taxable	Tax-exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow
Population	1,269,454
Rural	No
Water Connections	254,000
Wastewater Connections	243,000
Qualifies as Disadvantaged	No
Clean Water State Revolving Fund Type	Non-Equivalency
SWIFT Financing Type	N/A
SWIFT Characteristic	N/A
Financial Managerial & Technical Complete	N/A
Funding Phase Code	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with Water Plan	Yes
Water Conservation Plan	Adopted
Water Rights Certification Required	No
Internal Risk Score	2A
External Ratings (for SRF rates)	
Standard and Poor's	AA+
Moody's	Aa1
Fitch	AA
Special Issues	The bond reserve fund funded by proceeds.

Project Team

Team Manager	Joe Koen
Financial Analyst	Arnoldo Rubio
Engineering Reviewer	Michael Brooks
Environmental Reviewer	Rachel Forster
Attorney	Ashley Nwonuma

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Fort Worth

\$62,825,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2020

Dated Date: 3/10/2020	Source: CWSRF-NON-EQUIVALENCY
Delivery Date: 3/10/2020	Rate: 0.71%
First Interest: 8/15/2020	IUP Year: 2019
First Principal: 2/15/2021	Case: First Lien Revenue
Last Principal: 2/15/2040	Admin.Fee: \$1,080,528
Fiscal Year End: 09/30	Admin. Fee Payment Date: 3/10/2020
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$62,825,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2020	\$176,897,000	\$92,776,788	-	-	\$192,053	\$192,053	\$92,968,841	1.90
2021	176,897,000	89,102,381	\$3,000,000	0.71%	435,408	3,435,408	92,537,788	1.91
2022	176,897,000	85,409,300	3,005,000	0.71%	414,090	3,419,090	88,828,390	1.99
2023	176,897,000	82,376,307	3,010,000	0.71%	392,737	3,402,737	85,779,044	2.06
2024	176,897,000	80,249,837	3,020,000	0.71%	371,330	3,391,330	83,641,167	2.11
2025	176,897,000	78,650,563	3,025,000	0.71%	349,870	3,374,870	82,025,433	2.16
2026	176,897,000	71,055,709	3,035,000	0.71%	328,357	3,363,357	74,419,066	2.38
2027	176,897,000	71,058,770	3,050,000	0.71%	306,756	3,356,756	74,415,526	2.38
2028	176,897,000	53,815,897	3,060,000	0.71%	285,065	3,345,065	57,160,962	3.09
2029	176,897,000	53,819,906	3,075,000	0.71%	263,286	3,338,286	57,158,192	3.09
2030	176,897,000	53,719,925	3,095,000	0.71%	241,382	3,336,382	57,056,308	3.10
2031	176,897,000	44,398,228	3,115,000	0.71%	219,337	3,334,337	47,732,565	3.71
2032	176,897,000	37,401,145	3,140,000	0.71%	197,132	3,337,132	40,738,277	4.34
2033	176,897,000	32,656,946	3,165,000	0.71%	174,749	3,339,749	35,996,695	4.91
2034	176,897,000	32,631,998	3,195,000	0.71%	152,171	3,347,171	35,979,169	4.92
2035	176,897,000	22,132,320	3,225,000	0.71%	129,380	3,354,380	25,486,700	6.94
2036	176,897,000	16,418,551	3,255,000	0.71%	106,376	3,361,376	19,779,927	8.94
2037	176,897,000	16,421,599	3,285,000	0.71%	83,159	3,368,159	19,789,758	8.94
2038	176,897,000	16,423,455	3,320,000	0.71%	59,711	3,379,711	19,803,166	8.93
2039	176,897,000	16,422,940	3,355,000	0.71%	36,015	3,391,015	19,813,955	8.93
2040	176,897,000	16,420,033	3,395,000	0.71%	12,052	3,407,052	19,827,086	8.92
		\$1,063,362,599	\$62,825,000		\$4,750,412	\$67,575,412	\$1,130,938,011	

AVERAGE (MATURITY) LIFE	10.65 YEARS
NET INTEREST RATE	0.710%
COST SAVINGS	\$7,978,641
AVERAGE ANNUAL REQUIREMENT	\$53,854,191

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.

**Fort Worth
73849 Biosolids Dewatering and Processing
Facility
Engineering and Environmental Review**

Engineering:

Key Issues:

The City of Fort Worth will utilize a Design-Build-Operate contract to construct and operate the facilities. CWSRF funds will only be used for design and construction of the facilities. The City will fund operation of the facilities with local funds.

Project Need/Description

Project Need: The City of Fort Worth (City) is proposing a long term biosolids reuse plan for its Village Creek Water Reclamation Facility (VCWRF). The City currently has a biosolids contract to dewater and land apply municipal biosolids to farmland within North Central Texas. The plant produces Texas Commission on Environmental Quality Class AB biosolids for pathogens and reduced vector attraction through pathogen testing and lime addition to dewater the sludge. The City would like to construct a new biosolids processing facility at the VCWRF that will produce a more marketable end-product and will help reduce odor complaints from the public due to land application.

Project Description: The City plans to construct a new biosolids processing facility at the VCWRF in an effort to meet current and future regulatory requirements, and produce a dry pelletized Class A Bio-Solids Product, as opposed to the current Class AB process.

Project Schedule:

Project Task	Schedule Date
Closing	3/10/2020
Engineering Feasibility Report Completion (End of Planning Phase)	4/1/2020
Design Phase Complete	6/1/2020
Start of Construction	8/26/2020
Construction Completion	7/29/2022

Environmental Section:

Key Issues:

None.

Environmental Summary:

Consistent with the requirements of 31 Texas Administrative Code § 375.61, funding for planning, design, and construction of a biosolids dewatering and processing facility will not be released until an environmental review has been completed and a favorable environmental determination has been issued.



Project Budget Summary
Fort Worth
73849 - Biosolids Dewatering and
Processing Facility

Budget Items	TWDB Funds	Total
Construction		
Construction	\$55,500,000.00	\$55,500,000.00
Subtotal for Construction	\$55,500,000.00	\$55,500,000.00
Basic Engineering Services		
Design	\$4,000,000.00	\$4,000,000.00
Planning	\$500,000.00	\$500,000.00
Subtotal for Basic Engineering Services	\$4,500,000.00	\$4,500,000.00
Fiscal Services		
Bond Reserve Fund	\$1,712,098.00	\$1,712,098.00
Issuance Costs	\$32,374.00	\$32,374.00
Loan Origination Fee	\$1,080,528.00	\$1,080,528.00
Subtotal for Fiscal Services	\$2,825,000.00	\$2,825,000.00
Total	\$62,825,000.00	\$62,825,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$62,825,000 TO THE CITY OF FORT WORTH
FROM THE CLEAN WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$62,825,000 CITY OF FORT WORTH, TEXAS
WATER AND SEWER SYSTEM REVENUE BONDS,
PROPOSED SERIES 2020

(20 -)

WHEREAS, the City of Fort Worth (City), located in Tarrant, Denton, Johnson, Parker, and Wise Counties, has filed an application for financial assistance in the amount of \$62,825,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, design, and construction of certain wastewater system improvements identified as Project No. 73849; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$62,825,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2020 (together with all authorizing documents, (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the City has offered a pledge of the net revenues of the City's water and sewer 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/or taxes pledged by the City will be sufficient to meet all the Obligations assumed by the City, in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the City has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules; and
4. that the City has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007.

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

A commitment is made by the TWDB to the City of Fort Worth for financial assistance in the amount of \$62,825,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of \$62,825,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2020. This commitment will expire on January 31, 2021.

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 section 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 section 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 section 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 section 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 section 148(f) of the Code, section 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 section 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 section 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 section 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 sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;

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 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. the City shall pay at closing an origination fee approved by the Executive Administrator of 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;

Pledge Conditions for the Loan

37. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly

installments over the initial sixty (60) months following the issuance of the Obligations;

38. if the City has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
39. the Obligations must contain a provision providing that additional obligations (Parity Obligations) may only be incurred if the following conditions are met:
 - a. a designated financial officer shall deliver to the City a certificate stating that, to the best of his or her knowledge, the City is in compliance with all covenants contained in this Ordinance and any Supplement, is not in default in the performance and observance of any of the terms, provisions and conditions hereof and thereof, and the funds and accounts securing the Parity Obligations then outstanding as established in accordance with the terms of this ordinance and any supplement contain the amount then required to be therein; and
 - b. an accountant signs a written certificate to the effect that, in the opinion thereof, during either the next preceding fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Parity Obligations, the net revenues were at least equal to (A) 1.25 times the average annual debt service requirements of the Parity Obligations to be outstanding and (B) 1.10 times the Annual Debt Service Requirements of the Parity Obligations to be outstanding in the fiscal year during which such annual debt service requirements are scheduled to be the greatest, after the issuance of the then proposed Parity Obligations.

APPROVED and ordered of record this 16th day of January, 2020.

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.



City of Fort Worth Tarrant County

