

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** June 6, 2023

**Team Manager:** Dain Larsen

### ACTION REQUESTED

Consider approving by resolution a request from the Barksdale Water Supply Corporation (Edwards County) for: a) \$960,000 in principal forgiveness financing from the Drinking Water State Revolving Fund for planning, acquisition, design, and construction of water system improvements; and b) a waiver from the requirement to include funds to mitigate water loss as part of this project.

### STAFF RECOMMENDATION

Approve       No Action

### BACKGROUND

The Barksdale Water Supply Corporation (Corporation) serves the City of Barksdale located 125 miles west of San Antonio. The Corporation provides water service to a population of approximately 249 residents.

### PROJECT NEED AND DESCRIPTION

In February 2018, the Texas Commission on Environmental Quality (TCEQ) notified the Corporation that the water supply from its two alluvial wells are deemed to be Groundwater Under the Influence of Surface Water (GUI) and that enhanced treatment was required. Since a portion of the groundwater source's recharge is from surface water, the groundwater source is considered at risk of contamination from pathogens such as *Giardia lamblia* and viruses, which are not normally found in groundwater. In October 2019, TCEQ issued a violation for failure to provide enhanced treatment. In addition, the Corporation's water loss exceeds the threshold for apparent water loss. In October 2021, the Corporation received a Drinking Water State Revolving Fund commitment for enhanced filtration to its existing wells and to replace 89 existing manual meters. The Corporation recently received conditional approval of the plans and specifications for the filtration component of the project. The replacement of water meters has not yet occurred.

The proposed project is to increase the Corporation's water supply reliability by constructing a 0.144 million gallons per day non-GUI water well, a 100 gallons per minute water pump, 1,000 linear feet of 6-inch water transmission and distribution lines, and prepare an asset management plan.

<b>COMMITMENT PERIOD: FOUR (4) MONTHS TO EXPIRE OCTOBER 31, 2023</b>
--

## **PROJECT SCHEDULE**

<b>Task</b>	<b>Schedule Date</b>
Closing	September 15, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	April 30, 2024
Design Phase Completion	June 1, 2024
Start of Construction	September 1, 2024
Construction Completion	March 1, 2025

## **KEY ISSUES**

The funding being provided by the TWDB is in the form of 100 percent principal forgiveness and therefore is not subject to a risk score analysis. The Corporation's 2019 – 2022 IRS Form 990 tax forms and compiled financial statements were reviewed to assess the entity's ability to manage existing obligations and its business practices. The conclusion of this assessment is that the Corporation is able to manage its obligations and has adequate capabilities to maintain project commitments.

The Corporation received funding from a prior Drinking Water State Revolving Fund commitment that included the installation of 89 water meters to address water loss. An executed contract to install the water meters will be required prior to the release of planning and design funds, and installation of the water meters will be required prior to the release of construction funds for the proposed commitment.

## **LEGAL/SPECIAL CONDITIONS**

- Water Rights Certification
- Water Loss Waiver
- Conveyance and conversion
- Water meters installation prior to the release of funds

## **Attachments**

1. Project Data Summary
2. Project Budget
3. Resolution (23- )
4. Water Conservation Review
5. Water Loss Waiver Request
6. Location Map

<b>Responsible Authority</b>	Barksdale WSC
<b>Program</b>	DWSRF
<b>Commitment Number</b>	LF1001635
<b>Project Number</b>	62937
<b>List Year</b>	2023
<b>Type of Pledge</b>	N/A
<b>Pledge Level (if applicable)</b>	N/A
<b>Legal Description</b>	\$960,000 Principal Forgiveness Agreement
<b>Tax-exempt or Taxable</b>	Taxable
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	Yes
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	Yes
<b>Phases Funded</b>	Planning, Acquisition, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Approvable
<b>Overall Risk Score</b>	N/A

**PROJECT TEAM**

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
Dain Larsen	Caaren Skrobarczyk	Shubham Aggarwal	Kristin Miller	Marshall Walters



## Project Budget Summary

Barksdale WSC  
62937 - New Well

Budget Items	TWDB Funds	Total
<b>Construction</b>		
Construction	\$679,000.00	\$679,000.00
<b>Subtotal for Construction</b>	<b>\$679,000.00</b>	<b>\$679,000.00</b>
<b>Basic Engineering Services</b>		
Construction Engineering	\$5,000.00	\$5,000.00
Design	\$55,000.00	\$55,000.00
Planning	\$28,000.00	\$28,000.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$88,000.00</b>	<b>\$88,000.00</b>
<b>Special Services</b>		
Environmental	\$15,000.00	\$15,000.00
Geotechnical	\$2,000.00	\$2,000.00
Inspection	\$25,000.00	\$25,000.00
Project Management (by engineer)	\$4,000.00	\$4,000.00
Special Service Other (Water Well Design)	\$50,000.00	\$50,000.00
Surveying	\$5,000.00	\$5,000.00
Testing	\$2,000.00	\$2,000.00
<b>Subtotal for Special Services</b>	<b>\$103,000.00</b>	<b>\$103,000.00</b>
<b>Other</b>		
Land/Easements Acquisition	\$60,000.00	\$60,000.00
<b>Subtotal for Other</b>	<b>\$60,000.00</b>	<b>\$60,000.00</b>
<b>Contingency</b>		
Contingency	\$30,000.00	\$30,000.00
<b>Subtotal for Contingency</b>	<b>\$30,000.00</b>	<b>\$30,000.00</b>
<b>Total</b>	<b>\$960,000.00</b>	<b>\$960,000.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE  
TO THE BARKSDALE WATER SUPPLY CORPORATION  
FROM THE DRINKING WATER STATE REVOLVING FUND  
THROUGH \$960,000 IN PRINCIPAL FORGIVENESS

(23 - )

WHEREAS, the Barksdale Water Supply Corporation (Corporation), located in Edwards County, Texas, has filed an application for financial assistance in the amount of \$960,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, acquisition, design, and construction of certain water system improvements identified as Project No. 62937; and

WHEREAS, the Corporation seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$960,000 with 100 percent to be forgiven, as is more specifically set forth in the application and in recommendations of the TWDB's staff; 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 § 371.13; and

WHEREAS, the Corporation is requesting a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the Corporation's system water loss because the Corporation received previous funding from the TWDB for a customer meter replacement program; and

WHEREAS, the TWDB hereby finds:

1. that no debt obligations are to be assumed by the Corporation for the financial assistance and no taxes or revenues are required to be pledged by the Corporation in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the Corporation has submitted a proposed program of water conservation 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 TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j);

5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the Corporation and filed with the TWDB in accordance with Texas Water Code § 16.053(j);
6. that, based on the conditions as described above, the Corporation is satisfactorily addressing the Corporation's system water loss which supports a waiver of the requirement that a portion of the financial assistance received from the TWDB be used to mitigate the Corporation's system water loss in accordance with Texas Water Code § 16.0121(g); and
7. that the Corporation meets the definition of "Disadvantaged Community" in 31 TAC § 371.1(23) and is therefore eligible for principal forgiveness in the amount of \$960,000.

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

1. For the reasons stated above, the TWDB hereby waives the requirements of Texas Water Code § 16.0121(g); and
2. A commitment is made by the TWDB to the Barksdale Water Supply Corporation for financial assistance in the amount of \$960,000 from the Drinking Water State Revolving Fund with 100 percent to be forgiven. This commitment will expire on October 31, 2023.

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 as determined by the TWDB. 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;
2. this commitment is contingent upon the Corporation's compliance with all applicable requirements contained in 31 TAC Chapter 371;
3. this commitment is contingent on the Corporation executing a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
4. the Corporation shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator;
5. the Principal Forgiveness Agreement must contain a provision that the Corporation agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;

6. the Principal Forgiveness Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Principal Forgiveness Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
7. financial assistance funds are public funds and, as such, the Principal Forgiveness Agreement must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
8. financial assistance funds shall not be used by the Corporation 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 Corporation 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 Corporation, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
9. prior to closing, and if not previously provided with the application, the Corporation shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed under the contract, and acceptable to the Executive Administrator;
10. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Corporation 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;

State Revolving Fund Conditions:

11. the Corporation shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
12. the Principal Forgiveness Agreement 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 Corporation, 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;

13. the Principal Forgiveness Agreement must include a provision stating that the Corporation 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 Corporation shall obtain a Unique Entity Identification Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;
14. the Principal Forgiveness Agreement 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 Corporation will adhere to the approved project schedule;
15. the Principal Forgiveness Agreement must contain a covenant that the Corporation 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 § 371.4 and related State Revolving Fund Policy Guidelines;
16. the Principal Forgiveness Agreement must contain a covenant that the Corporation will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58;
17. the Principal Forgiveness Agreement must contain a covenant that the Corporation shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216;

Drinking Water State Revolving Fund Conditions:

18. prior to closing, the Texas Commission on Environmental Quality, must make a determination, the form and substance of which is satisfactory to the Executive Administrator, that the Corporation has demonstrated the necessary financial, managerial, and technical capabilities to proceed with the project or projects to be funded with the proceeds of these Obligations;
19. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the Corporation 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;
20. 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 Corporation 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); and

Water Supply Corporation Conditions:

21. prior to release of funds for construction, the Corporation must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the Corporation has the legal authority necessary to complete the acquisitions.

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

Special Conditions:

22. prior to closing, the Corporation shall adopt and implement the water conservation program approved by the TWDB;
23. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the Corporation has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
24. prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Corporation has the right to use the water that the project financed by the TWDB will provide;
25. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Corporation must have an executed contract to install the Project No. 62907 water meters;
26. prior to the release of construction funds for Project No. 62937, the Project No. 62907 water meters must be installed;
27. the Corporation must notify the Executive Administrator in writing, thirty (30) days prior to taking any actions to alter its legal status in any manner; and
28. the Obligations must include a provision requiring that the Corporation notify the Executive Administrator in writing prior to any action by it to convey its Obligations

held by the TWDB to another entity. The conveyance and the assumption of the Obligations must be approved by the TWDB.

APPROVED and ordered of record this 6th day of June 2023.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
Brooke T. Paup, Chairwoman

DATE SIGNED: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Jeff Walker, Executive Administrator

Review Date:

Project ID:

Water  
Wastewater  
Other

**WATER CONSERVATION REVIEW**

Entity:

Other entity:

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

	<b>Total GPCD</b>	<b>Residential GPCD</b>	<b>Water Loss GPCD</b>
<b>Baseline</b>			
<b>5-year Goal</b>			
<b>10-year Goal</b>			

**WATER LOSS AUDIT YEAR:**

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI<sup>1</sup>:

1 – Infrastructure Leakage Index only applicable if > 16 connections per mile and > 3,000 service connections

**WATER LOSS THRESHOLDS**

Water Loss Project:

Wholesale Adjusted:

Threshold Type:

Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Loss Threshold Gallons per connection per day	Real Loss Threshold Gallons per mile per day	Real Loss Threshold Gallons per connection per day

Does the applicant meet Water Loss Threshold Requirements?

**Yes****No****NA****ADDITIONAL INFORMATION****STAFF NOTES AND RECOMMENDATIONS**

## DEFINITIONS

**Adopted** refers to a water conservation plan that meets the minimum requirements of the water conservation plan rules and has been formally approved and adopted by the applicant's governing body.

**Apparent losses** are paper losses that occur when the water reaches a customer, but the volume is not accurately measured and/or recorded due to unauthorized consumption, customer meter inaccuracy, or billing system and collection data errors.

**Approvable** refers to a water conservation plan that substantially meets the minimum requirements of the water conservation plan rules but has not yet been adopted by the applicant's governing body.

**Best Management Practices** are voluntary efficiency measures that save a quantifiable amount of water, either directly or indirectly, and that can be implemented within a specific time frame.

**GPCD** means gallons per capita per day.

**GCD** means gallons per connection per day.

**Infrastructure Leakage Index (ILI)** is the current annual real loss divided by the unavoidable annual real loss (theoretical minimum real loss) and only applies to utilities with more than 3,000 connections and a connection density of more than 16 connections per mile. The **ILI** is recommended to be less than 3 if water resources are greatly limited and difficult to develop, between 3 and 5 if water resources are adequate to meet long-term needs but water conservation is included in long-term water planning, and between 5 and 8 if water resources are plentiful, reliable, and easily extracted. The **ILI** is recommended as a bench marking tool, but until there is increased data validity of the variables used in the calculation, the **ILI** should be viewed with care.

**NA** means not applicable.

**Real losses** are the physical losses, largely leakage, from the infrastructure: mains, valves, and storage tank overflows. Real loss constitutes background leakage (unreported and difficult to detect), unreported leakage (leaks that do not surface but could be detected), and reported leakage (leaks that often surface and those that are detected by the utility through leak detection).

**Residential GPCD** is the amount of residential water use (single and multi-family customer use) divided by the residential population divided by 365.

**Total GPCD** is the amount of total system input volume divided by the retail population divided by 365.

**Total water loss** is the sum of the apparent and real water losses.

**Water loss** is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

**Water Loss GPCD** is the amount of water loss divided by the retail population divided by 365.

**Water Loss per Connection per Day** Calculated as the water loss volume divided by the number service connections divided by 365. This indicator allows for reliable performance tracking in the water utility's efforts to reduce water losses. It replaces water loss percentage.

**Water Loss Thresholds** are levels of real and apparent water loss determined by the 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.

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

Barksdale Water Supply Corporation  
P.O. Box 178 Barksdale, TX  
78828

Jeff Walker, Executive Administrator  
Texas Water Development Board  
Stephen F. Austin Building  
1700 N. Congress Avenue  
Austin, Texas 78711-3231

Dear Mr. Walker,

We are writing to formally request a water loss waiver for our upcoming Drinking Water State Revolving Fund bond issue with the Texas Water Development Board (TWDB). The City of Barksdale is working on several fronts to decrease the water loss in our system. This is an important issue and the CUS has made it one of our top strategic objectives. Some of the most significant things we are currently doing include:

- Process improvements to decrease the amount of time it takes us to fix leaks.
- Recently closing on a Drinking Water loan from TWDB this year that included 124 thousand for meter replacement; and filtration installation.
- Began negotiations with a company to have a water loss audit conducted of the system. This will give us significantly more information which will be used to find additional ways to reduce water loss.
- Find and eliminate all unknown water theft.

Each year the City of Barksdale develops a Capital Improvements Plan (CIP) that includes water system projects five years into the future. The City's current CIP has five (5) water main replacement projects and a repair project that will all be undertaken to mitigate water loss. other item the city has recently undertaken was to replace all residential water meters as well as the meters on the wells. This was done so that the City of Barksdale can gain a better understanding of where the water is going in their system which will help mitigate water loss.

In summary, the City has recently made substantial efforts and has near term plans to spend

several hundred dollars mitigating water loss throughout their water system. The City of Barksdale appreciates TWDB's efforts to help the water suppliers in Texas continue to meet the needs of their citizens. Please feel free to contact our office if you have any questions.

Sincerely,

A handwritten signature in black ink, reading "Neal Shackelford". The signature is written in a cursive style with a large initial "N" and a long, sweeping underline.

Neal Shackelford, President  
Barksdale Water Supply Corporation



# Barksdale WSC Edwards County

