



PROJECT FUNDING REQUEST

BOARD DATE: July 23, 2024

Team Manager: David Firgens

ACTION REQUESTED

Consider approving by resolution a request from the Alliance Regional Water Authority (Hays, Caldwell, Guadalupe, Comal, Bexar counties) for \$138,000,000 in financial assistance from the State Water Implementation Revenue Fund for Texas for planning, acquisition, design, and construction of water system improvements.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The Alliance Regional Water Authority (Authority) was created in 2007 by the cities of San Marcos, Kyle, and Buda, and Canyon Regional Water Authority (Sponsors) to develop their long-term water supply. The combined population served of approximately 193,000 is projected to expand to approximately 315,000 within 15 years.

PROJECT NEED AND DESCRIPTION

By 2033, each of the Sponsors will not be able to meet their water demand with currently available water sources. These communities are expanding rapidly with the continued growth of the dynamic San Antonio and Austin regions to the south and north. In 2018, the Authority and Guadalupe-Blanco River Authority (GBRA) agreed to jointly develop their water supply projects, adding the cities of New Braunfels and Lockhart, along with the Goforth Special Utility District which serves an area just east of the City of Buda.

To meet the projected supply shortfall by 2033 the Authority has developed a project to connect the Sponsors to a wellfield with an initial combined capacity of 15,000 acre-feet per year and treatment facilities in eastern Caldwell County. The Authority's first project phase connected the cities of Buda and Kyle.

The second phase, currently over 90 percent complete for most project components, is a joint construction project with the GBRA that includes a wellfield in eastern Caldwell County, a nearby water treatment plant with a final capacity of 38.19 million gallons per day (MGD), a raw water line to the water treatment plant, a transmission line to a booster pump station approximately 6 miles east of San Marcos, and two transmission lines from that location with 8 connection points to connect the participating communities.

COMMITMENT PERIOD: FIVE (5) MONTHS TO EXPIRE DECEMBER 31, 2024

An additional \$10 million in State Water Implementation Revenue Fund for Texas (SWIRFT) funding was provided in 2022 for cost overruns for the transmission line segment from the delivery points in and near Kyle approximately 10 miles north. Funding for all project components were funded by the SWIRFT in 2017, 2020, and 2022.

The Authority is requesting additional funding to expand capacity by adding 7 new wells to the existing wellfield to add 9,454 acre-feet per year, 8.5 MGD of treatment capacity at the water treatment plant being developed with GBRA, and a 5-million-gallon ground storage tank on-site.

Task	Schedule Date
Closing	November 1, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	January 2, 2025
Design Phase	January 30, 2025
Start of Construction	February 27, 2025
Construction Completion	March 24, 2027

KEY ISSUES

Each Sponsor is responsible to repay debt service for its allocated amount, which is based on the amount of water each of them receive from the Authority. Each Sponsor will be required to pay its allocated share of debt service regardless of whether the projected amount of water is received. Below is the allocation of payments between the Sponsors.

Sponsor	Allocated Debt Service (percent)
City of Kyle	28.17
City of Buda	5.08
City of San Marcos	35.86
Canyon Regional Water Authority	30.89

LEGAL/SPECIAL CONDITIONS

- Water rights determination

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (24-)
4. Water conservation review
5. Location Map

Financial Review

Alliance Regional Water Authority

Risk Score:

Audit Reviewed: FY 2023

Kyle – 2ABuda – 2BSan Marcos – 2ACRWA – 2B

Key Indicators

Indicator	Kyle	Buda	San Marcos	CRWA	Benchmark
Population Growth, Average Annual 2010-2020	City: 5.01%	City: 7.55%	City: 4.17%	County: 3.47%	State: 1.49%
Top 10 Customers % of Total Revenue	11 %	20%	11%	100%	10-15%
Median Household Income as % of State	128%	145%	65%	94%	100%
Days of Cash on Hand (3-year Average)	593 days	1,659 days	1,463 days	257 days	30-149 days
Net Fixed Assets/ Annual Depreciation	39 years	27 years	7 years	29 years	12-24 years
Debt Service Coverage Ratio	1.41x	0.98x	2.36x	0.78x	1.0x
Debt-to-Operating Revenues	4.73x	5.38x	2.55x	4.60x	4.00-5.99x
Unemployment Rate (April 2024)	City: 2.70%	County: 2.90%	City: 3.00%	County: 3.00%	State: 3.50%
Working Capital Ratio	5.98	25.23	4.98	0.93	> 1.0

Key Risk Score Strengths

- Current water system revenues for Kyle and San Marcos are adequate to maintain coverage of all existing and proposed debt.
- A high working capital ratio provides the cities of Kyle, San Marcos, and Buda with ample resources to cover short-term liabilities and shows a strong liquidity position.
- The days of cash on hand for Canyon Regional Water Authority, Kyle, San Marcos, and Buda are above the benchmark, indicating they can pay operating expenses with the cash available.

Key Risk Score Concerns

- Canyon Regional Water Authority's top 10 customers total 100 percent. The Authority is a wholesaler with 13 members and a service area that spans from the counties of Atascosa to Hays and Caldwell. The Authority charges its members based on usage and projects funded for the update or expansion of the member's systems.
- The City of Buda and Canyon Regional Water Authority are projected to require rate increases. Projections indicate the City of Buda would need an \$18.00 rate increase in 2025 and Canyon Regional Water Authority will need a rate increase of approximately 30 cents per 1,000 gallons by 2025 for the repayment of the proposed obligation.

PLEDGE

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

RATES AND CHARGES-Kyle

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	5,000	\$75.94	\$75.94	1.76	1.76
WASTEWATER	5,000	\$40.72	\$40.72		

RATES AND CHARGES-Buda

Average Residential Use	Gallons/Month	Current Rates	Projected Rates (Year 2025)	Current Household Cost Factor	Projected Household Cost Factor
WATER	9,500	\$40.89	\$43.78	1.43	1.47
WASTEWATER	6,500	\$65.90	\$65.90		

RATES AND CHARGES-San Marcos

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	5,000	\$26.82	\$26.82	3.16	3.16
WASTEWATER	5,000	\$54.56	\$54.56		

RATES AND CHARGES-CANYON REGIONAL

Wholesale Water Rates	Annual Usage	Average Rates Per 1,000 Gallons	Projected Rates 2025
Volumetric Fee	6,767,254,000	\$5.18	\$5.48

Cost Savings

Based on a 30-year maturity schedule and current interest rates, Canyon Regional Water Authority could save approximately \$9,003,033 and the City of Kyle could save approximately \$4,239,926 over the life of the financing.

Based on a 20-year maturity schedule and current interest rates, the City of San Marcos could save approximately \$5,878,258 and the City of Buda could save approximately \$837,606 over the life of the financing.

Project Data Summary

Responsible Authority	Alliance Regional Water Authority
Program	SWIFT
Commitment Number	L1001842, L1001843, L1001844, L1001845
Project Number	51044
List Year	2024
Type of Pledge	Contract Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$42,630,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2024A, \$38,875,000 Contract Revenue Bonds (Regional Water Supply Contract Project - City of Kyle, Texas), Series 2024B, \$49,485,000 Contract Revenue Bonds (Regional Water Supply Contract Project - City of San Marcos, Texas), Series 2024C, \$7,010,000 Contract Revenue Bonds (Regional Water Supply Contract Project - City of Buda, Texas), Series 2024D
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Low Interest
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Acquisition, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM				
Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
David Firgens	Rand Zeolla	Shubham Aggarwal	Chris Caran	Marshall Walters

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Alliance Regional Water Authority - City of Kyle

\$38,875,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of Kyle, Texas), Series 2024B

Dated Date:	11/1/2024	Source:	SWIFT-LOW-30YR
Delivery Date:	11/1/2024	Rate:	3.99%
First Interest:	8/15/2025	IUP Year:	2024
First Principal:	8/15/2026	Case:	Revenue
Last Principal:	8/15/2054	Admin. Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
2025	\$12,073,726	\$6,386,248	\$0	-	\$1,168,535	\$1,168,535	\$7,554,783	1.60
2026	12,073,726	6,280,514	800,000	3.24%	1,481,242	2,281,242	8,561,756	1.41
2027	12,073,726	6,314,188	825,000	3.14%	1,455,322	2,280,322	8,594,509	1.40
2028	12,073,726	6,173,763	850,000	3.13%	1,429,417	2,279,417	8,453,180	1.43
2029	12,073,726	6,006,318	875,000	3.13%	1,402,812	2,277,812	8,284,130	1.46
2030	12,073,726	5,957,574	905,000	3.13%	1,375,424	2,280,424	8,237,998	1.47
2031	12,073,726	5,997,613	930,000	3.14%	1,347,098	2,277,098	8,274,711	1.46
2032	12,073,726	6,406,140	960,000	3.16%	1,317,896	2,277,896	8,684,035	1.39
2033	12,073,726	5,945,798	990,000	3.18%	1,287,560	2,277,560	8,223,358	1.47
2034	12,073,726	5,909,826	1,025,000	3.19%	1,256,078	2,281,078	8,190,903	1.47
2035	12,073,726	5,906,819	1,055,000	3.28%	1,223,380	2,278,380	8,185,199	1.48
2036	12,073,726	6,927,489	1,090,000	3.38%	1,188,776	2,278,776	9,206,265	1.31
2037	12,073,726	5,838,160	1,125,000	3.49%	1,151,934	2,276,934	8,115,094	1.49
2038	12,073,726	5,824,412	1,165,000	3.62%	1,112,672	2,277,672	8,102,083	1.49
2039	12,073,726	5,831,497	1,210,000	3.69%	1,070,499	2,280,499	8,111,996	1.49
2040	12,073,726	5,829,690	1,255,000	3.73%	1,025,850	2,280,850	8,110,539	1.49
2041	12,073,726	5,830,389	1,300,000	3.81%	979,038	2,279,038	8,109,427	1.49
2042	12,073,726	4,410,759	1,350,000	3.86%	929,508	2,279,508	6,690,267	1.80
2043	12,073,726	4,465,400	1,400,000	3.90%	877,398	2,277,398	6,742,798	1.79
2044	12,073,726	4,466,193	1,455,000	3.94%	822,798	2,277,798	6,743,991	1.79
2045	12,073,726	4,458,703	1,515,000	4.12%	765,471	2,280,471	6,739,174	1.79
2046	12,073,726	4,191,968	1,575,000	4.12%	703,053	2,278,053	6,470,021	1.87
2047	12,073,726	3,932,665	1,640,000	4.12%	638,163	2,278,163	6,210,828	1.94
2048	12,073,726	3,480,849	1,710,000	4.12%	570,595	2,280,595	5,761,444	2.10
2049	12,073,726	3,474,305	1,780,000	4.12%	500,143	2,280,143	5,754,448	2.10
2050	12,073,726	2,340,261	1,855,000	4.23%	426,807	2,281,807	4,622,068	2.61
2051	12,073,726	754,006	1,930,000	4.23%	348,341	2,278,341	3,032,346	3.98
2052	12,073,726	750,024	2,015,000	4.23%	266,702	2,281,702	3,031,726	3.98
2053	12,073,726	-	2,100,000	4.23%	181,467	2,281,467	2,281,467	5.29
2054	12,073,726	-	2,190,000	4.23%	92,637	2,282,637	2,282,637	5.29
		\$140,091,568	\$38,875,000		\$28,396,609	\$67,271,609	\$207,363,178	

AVERAGE (MATURITY) LIFE	18.3 YEARS
NET INTEREST RATE	3.991%
COST SAVINGS	\$4,239,926
AVERAGE ANNUAL REQUIREMENT	\$2,242,387

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ISSUE BEING EVALUATED
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Alliance Regional Water Authority - City of Buda

\$7,010,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project - City of Buda, Texas) Series 2024D

Dated Date: 11/1/2024	Source: SWIFT-LOW-20YR
Delivery Date: 11/1/2024	Rate: 3.15%
First Interest: 8/15/2025	IUP Year: 2024
First Principal: 8/15/2026	Case: Revenue
Last Principal: 8/15/2044	Admin. Fee: \$0
Fiscal Year End: 09/30	Admin. Fee Payment Date: N/A
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	\$7,010,000 ISSUE		TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
				INTEREST RATE	INTEREST PAYMENT			
2025	\$5,793,548	\$5,625,584	\$0	-	\$167,964	\$167,964	\$5,793,548	1.00
2026	\$5,793,548	4,696,169	285,000	2.83%	212,912	497,912	5,194,081	1.12
2027	\$5,793,548	4,639,232	290,000	2.75%	204,847	494,847	5,134,079	1.13
2028	\$5,793,548	4,652,506	300,000	2.74%	196,872	496,872	5,149,378	1.13
2029	\$5,793,548	4,645,531	305,000	2.74%	188,652	493,652	5,139,182	1.13
2030	\$5,793,548	4,421,736	315,000	2.74%	180,295	495,295	4,917,030	1.18
2031	\$5,793,548	4,182,998	325,000	2.75%	171,664	496,664	4,679,661	1.24
2032	\$5,793,548	4,086,707	335,000	2.76%	162,726	497,726	4,584,433	1.26
2033	\$5,793,548	4,017,948	340,000	2.78%	153,480	493,480	4,511,428	1.28
2034	\$5,793,548	4,015,316	350,000	2.79%	144,028	494,028	4,509,344	1.28
2035	\$5,793,548	3,751,604	360,000	2.87%	134,263	494,263	4,245,867	1.36
2036	\$5,793,548	3,756,814	370,000	2.95%	123,931	493,931	4,250,745	1.36
2037	\$5,793,548	3,762,374	385,000	3.05%	113,016	498,016	4,260,390	1.36
2038	\$5,793,548	3,661,597	395,000	3.17%	101,274	496,274	4,157,871	1.39
2039	\$5,793,548	3,657,833	405,000	3.22%	88,752	493,752	4,151,585	1.40
2040	\$5,793,548	3,387,226	420,000	3.26%	75,711	495,711	3,882,937	1.49
2041	\$5,793,548	3,023,189	435,000	3.33%	62,019	497,019	3,520,208	1.65
2042	\$5,793,548	2,429,165	450,000	3.37%	47,534	497,534	2,926,699	1.98
2043	\$5,793,548	-	465,000	3.41%	32,369	497,369	497,369	11.65
2044	\$5,793,548	-	480,000	3.44%	16,512	496,512	496,512	11.67
		\$72,413,529	\$7,010,000		\$2,578,817	\$9,588,817	\$82,002,345	

AVERAGE (MATURITY) LIFE	11.66 YEARS
NET INTEREST RATE	3.155%
COST SAVINGS	\$837,606
AVERAGE ANNUAL REQUIREMENT	\$479,441

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ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Alliance Regional Water Authority - City of San Marcos

\$49,485,000 Contract Revenue Bonds (Regional Water Supply Contract Project - City of San Marcos, Texas), Series 2024C

Dated Date:	11/1/2024	Source:	SWIFT-LOW-20YR
Delivery Date:	11/1/2024	Rate:	3.15%
First Interest:	8/15/2025	IUP Year:	2024
First Principal:	8/15/2026	Case:	Tax and Revenue
Last Principal:	8/15/2044	Admin.Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE*	PRINCIPAL PAYMENT	\$49,485,000 ISSUE		TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
				INTEREST RATE	INTEREST PAYMENT			
2025	\$26,097,133	\$7,704,180	\$0	-	\$1,185,567	\$1,185,567	\$8,889,747	2.94
2026	26,097,133	7,715,987	1,995,000	2.83%	1,502,831	3,497,831	11,213,818	2.33
2027	26,097,133	8,001,079	2,055,000	2.75%	1,446,373	3,501,373	11,502,452	2.27
2028	26,097,133	8,268,893	2,110,000	2.74%	1,389,860	3,499,860	11,768,753	2.22
2029	26,097,133	8,254,407	2,170,000	2.74%	1,332,046	3,502,046	11,756,453	2.22
2030	26,097,133	8,249,082	2,225,000	2.74%	1,272,588	3,497,588	11,746,670	2.22
2031	26,097,133	8,245,556	2,290,000	2.75%	1,211,623	3,501,623	11,747,179	2.22
2032	26,097,133	8,239,321	2,350,000	2.76%	1,148,648	3,498,648	11,737,969	2.22
2033	26,097,133	8,229,976	2,415,000	2.78%	1,083,788	3,498,788	11,728,764	2.23
2034	26,097,133	8,231,530	2,485,000	2.79%	1,016,651	3,501,651	11,733,181	2.22
2035	26,097,133	8,234,000	2,550,000	2.87%	947,320	3,497,320	11,731,320	2.22
2036	26,097,133	8,230,184	2,625,000	2.95%	874,135	3,499,135	11,729,318	2.22
2037	26,097,133	8,227,483	2,705,000	3.05%	796,697	3,501,697	11,729,180	2.22
2038	26,097,133	7,175,430	2,785,000	3.17%	714,195	3,499,195	10,674,624	2.44
2039	26,097,133	7,176,871	2,875,000	3.22%	625,910	3,500,910	10,677,781	2.44
2040	26,097,133	5,319,558	2,965,000	3.26%	533,335	3,498,335	8,817,893	2.96
2041	26,097,133	2,693,227	3,065,000	3.33%	436,676	3,501,676	6,194,903	4.21
2042	26,097,133	2,683,336	3,165,000	3.37%	334,612	3,499,612	6,182,947	4.22
2043	26,097,133	1,510,104	3,270,000	3.41%	227,951	3,497,951	5,008,055	5.21
2044	26,097,133	1,507,575	3,385,000	3.44%	116,444	3,501,444	5,009,019	5.21
		\$133,897,780	\$49,485,000		\$18,197,247	\$67,682,247	\$201,580,027	

* Includes Proposed CRWA Debt Service Series 2024, 2025, and 2026.

AVERAGE (MATURITY) LIFE	11.66 YEARS
NET INTEREST RATE	3.154%
COST SAVINGS	\$5,878,258
AVERAGE ANNUAL REQUIREMENT	\$3,384,112

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ISSUE BEING EVALUATED
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Alliance Regional Water Authority - Canyon Regional Water Authority

\$42,630,000 Alliance Regional Water Authority Contract Revenue Bonds Series 2024B (Canyon Regional Water Authority)

Dated Date:	11/1/2024	Source:	SWIFT-LOW-30YR
Delivery Date:	11/1/2024	Rate:	3.99%
First Interest:	8/15/2025	IUP Year:	2024
First Principal:	8/15/2026	Case:	Revenue
Last Principal:	8/15/2054	Admin. Fee:	\$0
Fiscal Year End:	09/30	Admin. Fee Payment Date:	N/A
Required Coverage:	1.0		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE*	PRINCIPAL PAYMENT	<u>\$42,630,000 ISSUE</u>		TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
				INTEREST RATE	INTEREST PAYMENT			
2025	\$19,398,369	\$18,116,961	\$0	-	\$1,281,408	\$1,281,408	\$19,398,369	1.00
2026	22,487,679	19,988,359	875,000	3.24%	1,624,320	2,499,320	22,487,679	1.00
2027	23,113,515	20,612,546	905,000	3.14%	1,595,970	2,500,970	23,113,515	1.00
2028	23,178,116	20,680,563	930,000	3.13%	1,567,553	2,497,553	23,178,116	1.00
2029	23,178,116	16,906,817	960,000	3.13%	1,538,444	2,498,444	19,405,261	1.19
2030	23,178,116	16,597,625	990,000	3.13%	1,508,396	2,498,396	19,096,020	1.21
2031	23,178,116	16,616,277	1,020,000	3.14%	1,477,409	2,497,409	19,113,686	1.21
2032	23,178,116	16,642,326	1,055,000	3.16%	1,445,381	2,500,381	19,142,707	1.21
2033	23,178,116	13,761,654	1,090,000	3.18%	1,412,043	2,502,043	16,263,697	1.43
2034	23,178,116	13,769,241	1,120,000	3.19%	1,377,381	2,497,381	16,266,622	1.42
2035	23,178,116	13,787,042	1,160,000	3.28%	1,341,653	2,501,653	16,288,695	1.42
2036	23,178,116	10,292,982	1,195,000	3.38%	1,303,605	2,498,605	12,791,587	1.81
2037	23,178,116	10,295,621	1,235,000	3.49%	1,263,214	2,498,214	12,793,834	1.81
2038	23,178,116	9,945,728	1,280,000	3.62%	1,220,112	2,500,112	12,445,840	1.86
2039	23,178,116	9,780,377	1,325,000	3.69%	1,173,776	2,498,776	12,279,153	1.89
2040	23,178,116	9,797,908	1,375,000	3.73%	1,124,884	2,499,884	12,297,792	1.88
2041	23,178,116	9,800,909	1,425,000	3.81%	1,073,596	2,498,596	12,299,505	1.88
2042	23,178,116	9,034,150	1,480,000	3.86%	1,019,304	2,499,304	11,533,454	2.01
2043	23,178,116	9,040,709	1,535,000	3.90%	962,176	2,497,176	11,537,884	2.01
2044	23,178,116	9,034,384	1,595,000	3.94%	902,311	2,497,311	11,531,695	2.01
2045	23,178,116	9,030,509	1,660,000	4.12%	839,468	2,499,468	11,529,976	2.01
2046	23,178,116	8,313,745	1,730,000	4.12%	771,076	2,501,076	10,814,820	2.14
2047	23,178,116	8,314,910	1,800,000	4.12%	699,800	2,499,800	10,814,709	2.14
2048	23,178,116	7,828,173	1,875,000	4.12%	625,640	2,500,640	10,328,812	2.24
2049	23,178,116	7,822,663	1,950,000	4.12%	548,390	2,498,390	10,321,053	2.25
2050	23,178,116	6,589,349	2,030,000	4.23%	468,050	2,498,050	9,087,399	2.55
2051	23,178,116	4,857,508	2,120,000	4.23%	382,181	2,502,181	7,359,689	3.15
2052	23,178,116	4,850,582	2,205,000	4.23%	292,505	2,497,505	7,348,087	3.15
2053	23,178,116	4,036,750	2,300,000	4.23%	199,233	2,499,233	6,535,983	3.55
2054	23,178,116	4,049,364	2,410,000	4.23%	101,943	2,511,943	6,561,307	3.53
	\$340,195,732	\$42,630,000			\$31,141,210	\$73,771,210	\$413,966,942	

* Includes Proposed SWIRFT Canyon Regional Contract Revenue Series 2024, 2025, and 2026

AVERAGE (MATURITY) LIFE	18.3 YEARS
NET INTEREST RATE	3.991%
COST SAVINGS	\$9,003,033
AVERAGE ANNUAL REQUIREMENT	\$2,459,040

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



Project Budget Summary Alliance Regional Water Authority 51044 - Phase 1B

Budget Items	Previous Commitments	This Commitment	TWDB Funds	Local and Other Funds
Construction				
Construction	\$218,277,885.96	\$98,550,000.00	\$316,827,885.96	\$17,081,579.71
Subtotal for Construction	\$218,277,885.96	\$98,550,000.00	\$316,827,885.96	\$17,081,579.71
Basic Engineering Services				
Construction Engineering	\$2,310,751.22	\$1,830,000.00	\$4,140,751.22	\$0.00
Design	\$12,001,983.62	\$10,025,001.00	\$22,026,984.62	\$0.00
Planning	\$10,286,398.78	\$1,750,000.00	\$12,036,398.78	\$0.00
Subtotal for Basic Engineering Services	\$24,599,133.62	\$13,605,001.00	\$38,204,134.62	\$0.00
Special Services				
Environmental	\$890,000.00	\$950,000.00	\$1,840,000.00	\$0.00
Geotechnical	\$885,000.00	\$100,000.00	\$985,000.00	\$0.00
Inspection	\$3,000,000.00	\$4,500,000.00	\$7,500,000.00	\$0.00
O&M Manual	\$60,000.00		\$60,000.00	\$0.00
Permits	\$150,000.00	\$25,000.00	\$175,000.00	\$0.00
Project Management (by engineer)	\$1,885,000.00	\$1,500,000.00	\$3,385,000.00	\$0.00
Surveying	\$1,205,000.00	\$950,000.00	\$2,155,000.00	\$0.00
Testing	\$1,500,000.00	\$950,000.00	\$2,450,000.00	\$0.00
Subtotal for Special Services	\$9,575,000.00	\$8,975,000.00	\$18,550,000.00	\$0.00
Fiscal Services				
Bond Counsel	\$1,962,115.00	\$974,999.00	\$2,937,114.00	\$0.00
Financial Advisor	\$2,443,033.26	\$1,200,000.00	\$3,643,033.26	\$0.00
Issuance Costs	\$107,685.00	\$40,000.00	\$147,685.00	\$0.00
Subtotal for Fiscal Services	\$4,512,833.26	\$2,214,999.00	\$6,727,832.26	\$0.00
Other				
Land/Easements Acquisition	\$9,609,162.52	\$3,000,000.00	\$12,609,162.52	\$2,614,208.50
Other GBRA (51055) Shared Contracts CID 03 and 05	\$2,206,984.14	\$2,055,000.00	\$4,261,984.14	\$0.00
Subtotal for Other	\$11,816,146.66	\$5,055,000.00	\$16,871,146.66	\$2,614,208.50
Contingency				
Contingency	\$19,629,000.50	\$9,600,000.00	\$29,229,000.50	\$0.00
Subtotal for Contingency	\$19,629,000.50	\$9,600,000.00	\$29,229,000.50	\$0.00
Total	\$288,410,000.00	\$138,000,000.00	\$426,410,000.00	\$19,695,788.21

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$138,000,000 TO THE ALLIANCE REGIONAL WATER AUTHORITY
FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
THROUGH THE PROPOSED PURCHASE, IN ONE OR MORE SERIES, OF
\$138,000,000 ALLIANCE REGIONAL WATER AUTHORITY
CONTRACT REVENUE BONDS,
PROPOSED SERIES 2024

(24-)

Recitals:

The Alliance Regional Water Authority (Authority), located in Bexar, Caldwell, Comal, Guadalupe, and Hays Counties, has filed an application for financial assistance in the amount of \$138,000,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT) to finance the planning, acquisition, design, and construction of a water supply project identified as Project No. 51044 (Project).

The Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase, in one or more series, of \$138,000,000 Alliance Regional Water Authority Contract Revenue Bonds, Proposed Series 2024, (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the Executive Administrator's staff.

The Authority has offered a pledge of contract revenues from the sponsoring public entities of Canyon Regional Water Authority and the cities of Buda, Kyle, and San Marcos, Texas as sufficient security for the repayment of the Obligations.

The commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.1307.

Subject to the Authority's use of an approved debt service structure, interest rate subsidies are available to the Authority for State Fiscal Year 2024 at up to the following levels: 25% for financial assistance for a term of 20 years, 18% for financial assistance for a term of 21 to 25 years, and 14% for financial assistance for a term of 26 to 30 years.

The interest rate subsidies provided above are based on assumptions necessary to generate an optimum debt service structure for the anticipated TWDB SWIRFT bond issuance and are subject to modification as necessary to preserve and maintain the integrity of the SWIRFT Program.

Findings:

1. The application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M.
2. The Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a).
3. The Authority has submitted and implemented a water conservation plan in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1).
4. The Authority has completed its current water audit and filed it with the TWDB in accordance with Texas Water Code § 16.0121 and 31 TAC § 358.6.
5. The Authority acknowledges its legal obligation to comply with any applicable requirements of federal law related to contracting with disadvantaged business enterprises and any applicable state law related to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

The TWDB will provide financial assistance to Alliance Regional Water Authority in the amount of \$138,000,000 from the State Water Implementation Revenue Fund for Texas to be evidenced by the TWDB's proposed purchase, in one or more series, Alliance Regional Water Authority Contract Revenue Bonds as follows:

- a. \$42,630,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Proposed Series 2024A, to expire on December 31, 2024.
- b. \$38,875,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Proposed Series 2024B, to expire on December 31, 2024.
- c. \$49,485,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Proposed Series 2024C, to expire on December 31, 2024.
- d. \$7,010,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Proposed Series 2024D, to expire on December 31, 2024.

The commitment is subject to the following:

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 the Authority has complied with all of the requirements of the laws under which the Obligations were issued, that the Obligations were issued in conformity with the Constitution and laws of the State of Texas, and that the Obligations are valid and binding obligations of the Authority.
3. This commitment is contingent upon the Authority's continued compliance with all applicable laws, rules, policies, and guidance as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement.
4. This commitment is contingent upon the Authority executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting the executed agreement to the TWDB consistent with the terms and conditions described in it.
5. Interest rate subsidies for non-level debt service structure are subject to adjustment by the Executive Administrator.
6. The Authority shall use a paying agent/registrar in accordance with 31 TAC § 363.42(c)(2) and shall require the paying agent/registrar to provide a copy of all receipts documenting debt service payments to the TWDB and to the TWDB's designated Trustee.

Required Obligation Conditions:

7. 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 that 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.
8. The Obligations must provide that the Authority will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
9. The Obligations must provide that the Authority must comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

10. The Obligations must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.
11. The Obligations must include a provision wherein the Authority, 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 Authority'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 the 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 SEC rule 15c2-12, the continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers the Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to the bonds under SEC Rule 15c2-12.
12. The Obligations must include a provision requiring the Authority to use any proceeds from the Obligations that are determined to be surplus proceeds remaining after completion of the Project and completion of a final accounting in a manner approved by the Executive Administrator.
13. 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.
14. Financial assistance 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.
15. Financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils or media at the Project site. The Obligations shall include a provision that states the Authority is solely responsible for liability resulting from acts or omissions of the Authority, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law.
16. The Obligations must include a provision stating that the Authority shall report to the TWDB the amounts of Project funds, if any, that were used to compensate

historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.

17. The Obligations must contain a provision that the TWDB will purchase the Obligations, acting through the TWDB's designated Trustee, and the Obligations shall be registered in the name of Cede & Co. and closed in book-entry-only form in accordance with 31 TAC § 363.42(c)(1).
18. The Obligations must contain a provision stating that the Authority shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183.
19. The Authority must immediately notify TWDB in writing of any suit against it by the Attorney General of Texas under Texas Government Code § 2.103 and Texas Penal Code § 1.10(f), related to federal laws regulating firearms, firearm accessories, and firearm ammunition.
20. The Obligations must provide that the Authority will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

Tax-Exempt Conditions:

21. The Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of section 141 of the Internal Revenue Code as amended (Code) and the Treasury Regulations promulgated under it (Regulations).
22. The Obligations must provide that no portion of the proceeds of the financial assistance 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 that were used, directly or indirectly, to acquire Nonpurpose Investments, as defined in the Code and Regulations, that produce a yield materially higher than the yield on the TWDB's bonds issued to provide the financial assistance (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 the 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 the amounts do not exceed the lesser 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.
23. The Obligations must include a provision that the Authority must take all necessary steps to comply with the requirement that 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 Authority 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 the accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its financial assistance with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with the Gross Proceeds;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financial assistance, 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 associated rulings. The Authority shall maintain a copy of the calculations for at least six years after the final Computation Date;
 - c. pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date as additional consideration for providing financial assistance and in order to induce providing financial assistance by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners of TWDB's Bonds for federal income tax purposes;
 - d. exercise reasonable diligence to ensure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly correct the error within a reasonable amount of time, including payment to the United States of any interest and any penalty required by the Regulations.
24. The Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.

25. The Obligations must provide that the Authority will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of section 149(b) of the Code.
26. The Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of the borrower’s obligations in contravention of section 149(d) of the Code (related to “advance refundings”).
27. The Obligations must provide that neither the Authority nor a party related to it 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 Authority by the TWDB.

Pledge Conditions:

28. The Obligations must contain a provision requiring that, upon request by the Executive Administrator, the Authority must submit annual audits of contracting parties for the Executive Administrator's review.
29. The Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority’s obligations arising from the operation of the water system.
30. The Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator’s satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations.

Conditions To Close or For Release of Funds:

31. Before closing, if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel 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.
32. Before closing, when any portion of financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.

33. Before closing, the Authority shall provide certification that the average weighted maturity of the Obligations purchased by the TWDB does not exceed 120% of the average reasonably expected economic life of the Project.
34. Before closing, the Authority'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 Authority when rendering this opinion.
35. Before closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion.
36. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure, and investment of the proceeds of the Obligations.
37. The transcript must include evidence that the information reporting requirements of section 149(e) of the Internal Revenue 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.
38. Before closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. The contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

Special Conditions:

39. Before the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, economic investigation, studies, surveys, or designs for that portion of the Project that proposes surface water or groundwater development, the Executive Administrator must have either issued a written finding that the Authority 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.
40. Before 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 Authority has the right to use the water that the Project financed by the TWDB will provide.

APPROVED and ordered of record this, the 23rd day of July 2024.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Interim Executive Administrator

Water
Wastewater
Other

WATER CONSERVATION REVIEW

Review Date:

Project ID:

Entity:

Other entity:

WATER CONSERVATION PLAN DATE:

Approvable

Adopted

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline			
5-year Goal			
10-year Goal			

WATER LOSS AUDIT YEAR:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI:

Real Loss GMD:

WATER LOSS THRESHOLDS

Water Loss Project:

Waiver Requested:

Wholesale Adjusted:

Threshold Type:

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold

Does the applicant meet Water Loss Threshold Requirements?

Yes

No

NA

ADDITIONAL INFORMATION

STAFF NOTES AND RECOMMENDATIONS

DEFINITIONS

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

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

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

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

GPCD means gallons per capita per day.

GCD means gallons per connection per day.

GMD means gallons per mile per day.

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

NA means not applicable.

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

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

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

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

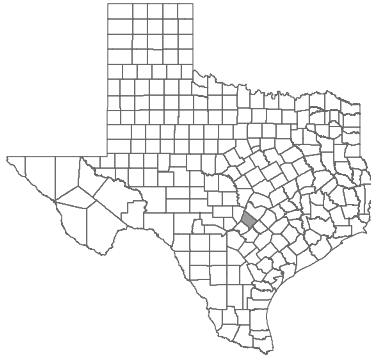
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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

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

Water Loss Thresholds are levels of real and apparent water loss determined by the connection density of a retail public utility, at or above which a utility receiving financial assistance from the Texas Water Development Board must use a portion of that financial assistance to mitigate the utility's system water loss.

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



Alliance Regional Water Authority Hays County

