



PROJECT FUNDING REQUEST

BOARD DATE: August 15, 2024

Team Manager: Tom Barnett

ACTION REQUESTED

Consider approving by resolution a request from the City of Gordon (Palo Pinto County) for \$2,135,784 in financial assistance consisting of \$530,000 in financing and \$1,605,784 in principal forgiveness from the Drinking Water State Revolving Fund for planning, design, and construction of a water system improvements project.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The City of Gordon (City) is located in Palo Pinto County approximately 65 miles west of Fort Worth. The City has 351 water and 254 wastewater connections and a service population of approximately 475. The City also sells water to Barton Water Supply Corporation.

PROJECT NEED AND DESCRIPTION

The City's existing clarifier and other components at its water treatment plant have deteriorated to the point that they are no longer operational. The City has also been cited by the Texas Commission on Environmental Quality for low pressure issues along a deteriorated water distribution line.

The City proposes to replace the existing clarifier, rehabilitate or replace other deteriorated water treatment plant components, install interconnecting piping, and upgrade the existing SCADA system. Additionally, the City proposes to replace approximately 6,000 linear feet of old, deteriorated 4-inch water distribution pipeline with 6-inch pipeline to ensure adequate pressure throughout the system.

PROJECT SCHEDULE

Task	Schedule Date
Closing	December 1, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	February 1, 2025
Design Phase Completion	August 1, 2025
Start of Construction	September 1, 2025
Construction Completion	September 1, 2026

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE FEBRUARY 28, 2025

KEY ISSUES

The City qualifies to receive principal forgiveness from the 2023 Drinking Water State Revolving Fund Intended Use Plan under the Disadvantaged Community and Very Small System funding options.

LEGAL/SPECIAL CONDITIONS

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

Attachments:

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

Financial Review

City of Gordon

Risk Score: 2B

Audit Reviewed: FY 2023

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: - 0.17%	State: 1.49%
Top 10 Customers % of Total Revenue	15%	10-15%
Median Household Income as % of State	70%	100%
Days of Cash on Hand (3-year Average)	150 days	30-149 days
Net Fixed Assets/ Annual Depreciation	31 years	12-24 years
Debt Service Coverage Ratio	1.30x	1.1x
Debt-to-Operating Revenues	3.81	4.00-5.99x
Unemployment Rate (April 2024)	County: 3.40%	State: 3.50%
Working Capital Ratio	2.05	> 1.0
Cash Balance Ratio	-13.16%	0-9.99%

Key Risk Score Strengths

- The total assessed valuation per capita of \$73,292 shows a strong base to provide revenue to service the existing and proposed debt if needed.
- The City's debt to operating revenue is above the benchmark, indicating the City has sufficient capacity for additional debt. Additionally, operating revenue has increased 30 percent in the past five years.

Key Risk Score Concerns

- The City experienced a decrease in cash and cash equivalents from their 2017 to 2022 audit due to transferring funds from the general fund to the proprietary fund. This was done to cover rising construction costs for their capital improvement projects. However, from 2022 to 2023, the general fund has increased by 29.64 percent.
- The City experienced a slight population decline of 0.17 percent over the past ten years; however, based on 2022 State Water Plan Population projections, there will be an estimated 9.20 percent increase in the City's population between 2030 and 2050.
- The household cost factor is above the benchmark at 3.06; however, the City has collected 97 percent of their levied property taxes over the last three years, indicating that the household income in the area is not impacting the City's ability to collect for their obligations. The City of Gordon has also seen a 9.05 percent increase in connections over the past five years.

PLEDGE

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

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
Water	4,000	\$74.41	\$74.41	3.06	3.06
Wastewater	4,000	\$36.07	\$36.07		

TAXES

	2023 Tax Year Rate	Max Projected Tax Rate	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.3053	\$0.3053	\$1.50	97%	\$34,447,100
Interest & Sinking	\$0.0000	\$0.0000			
Total Tax Rate	\$0.3053	\$0.3053			

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$280,712 over the life of the financing. The City is also saving \$1,605,784 in principal forgiveness.

Responsible Authority	Gordon
Program	DWSRF
Commitment Number	L1001848, LF1001849
Project Number	62951
List Year	2023
Type of Pledge	Combo Tax and Revenue
Pledge Level (if applicable)	Third Lien
Legal Description	\$530,000 City of Gordon, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Taxable Series 2024, \$1,605,784 Principal Forgiveness Agreement
Tax-exempt or Taxable	Taxable
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
State Revolving Fund Type	Equivalency
Financial Managerial & Technical Complete	Yes
Phases Funded	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2B

PROJECT TEAM				
Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Tom Barnett	Raul Flores	Luther Medina	Chris Caran	Michael Perez

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Gordon

\$530,000 City of Gordon, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Taxable Series 2024

Dated Date:	12/1/2024	Source:	DWSRF-EQUIVALENCY
Delivery Date:	12/1/2024	Rate:	3.07%
First Interest:	3/1/2025	IUP Year:	2023
First Principal:	3/1/2026	Case:	Tax and Revenue
Last Principal:	3/1/2056	Admin.Fee:	\$10,392
Fiscal Year End:	06/30	Admin. Fee Payment Date:	12/1/2024
Required Coverage:	1.1		

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$530,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2025	\$213,073	\$128,367	\$0	-	\$3,902	\$3,902	\$132,270	1.61
2026	213,073	138,013	10,000	2.45%	15,609	25,609	163,622	1.30
2027	213,073	141,874	10,000	2.37%	15,364	25,364	167,237	1.27
2028	213,073	140,547	10,000	2.37%	15,127	25,127	165,673	1.29
2029	213,073	139,173	10,000	2.41%	14,890	24,890	164,063	1.30
2030	213,073	142,708	10,000	2.42%	14,649	24,649	167,357	1.27
2031	213,073	140,023	15,000	2.49%	14,407	29,407	169,430	1.26
2032	213,073	143,276	15,000	2.50%	14,033	29,033	172,309	1.24
2033	213,073	141,366	15,000	2.52%	13,658	28,658	170,024	1.25
2034	213,073	144,324	10,000	2.54%	13,280	23,280	167,604	1.27
2035	213,073	142,062	10,000	2.60%	13,026	23,026	165,088	1.29
2036	213,073	140,715	15,000	2.66%	12,766	27,766	168,481	1.26
2037	213,073	141,409	15,000	2.74%	12,367	27,367	168,776	1.26
2038	213,073	143,565	10,000	2.80%	11,956	21,956	165,521	1.29
2039	213,073	140,493	15,000	2.85%	11,676	26,676	167,169	1.27
2040	213,073	142,462	15,000	2.91%	11,249	26,249	168,711	1.26
2041	213,073	144,074	15,000	2.96%	10,812	25,812	169,886	1.25
2042	213,073	140,580	15,000	3.00%	10,368	25,368	165,948	1.28
2043	213,073	142,059	15,000	3.03%	9,918	24,918	166,977	1.28
2044	213,073	143,226	15,000	3.06%	9,464	24,464	167,689	1.27
2045	213,073	139,309	20,000	3.08%	9,005	29,005	168,313	1.27
2046	213,073	130,390	30,000	3.11%	8,389	38,389	168,778	1.26
2047	213,073	136,624	25,000	3.13%	7,456	32,456	169,079	1.26
2048	213,073	137,544	25,000	3.15%	6,673	31,673	169,217	1.26
2049	213,073	59,053	20,000	3.16%	5,886	25,886	84,939	2.51
2050	213,073	52,262	20,000	3.17%	5,254	25,254	77,515	2.75
2051	213,073	50,382	30,000	3.17%	4,620	34,620	85,001	2.51
2052	213,073	48,502	30,000	3.19%	3,669	33,669	82,170	2.59
2053	213,073	51,618	30,000	3.19%	2,712	32,712	84,329	2.53
2054	213,073	49,494	25,000	3.19%	1,755	26,755	76,248	2.79
2055	213,073	52,365	30,000	3.19%	957	30,957	83,322	2.56
2056	-	-	-	-	-	-	-	0.00
			\$3,727,852	\$530,000	\$304,889	\$834,889	\$4,562,741	

AVERAGE (MATURITY) LIFE	18.75 YEARS
NET INTEREST RATE	3.068%
COST SAVINGS	\$280,712
AVERAGE ANNUAL REQUIREMENT	\$26,090

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

City of Gordon

62951 - Water Treatment and Distribution Improvements

Budget Items	New Commitments	Total
Construction		
Construction	\$1,663,438.00	\$1,663,438.00
Subtotal for Construction	\$1,663,438.00	\$1,663,438.00
Basic Engineering Services		
Construction Engineering	\$13,562.00	\$13,562.00
Design	\$94,250.00	\$94,250.00
Planning	\$15,000.00	\$15,000.00
Subtotal for Basic Engineering Services	\$122,812.00	\$122,812.00
Special Services		
Application	\$5,000.00	\$5,000.00
Environmental	\$10,000.00	\$10,000.00
Surveying	\$60,000.00	\$60,000.00
Geotechnical	\$5,000.00	\$5,000.00
Testing	\$5,000.00	\$5,000.00
Inspection	\$60,000.00	\$60,000.00
Project Management (by engineer)	\$10,000.00	\$10,000.00
Subtotal for Special Services	\$155,000.00	\$155,000.00
Fiscal Services		
Bond Counsel	\$27,000.00	\$27,000.00
Financial Advisor	\$27,000.00	\$27,000.00
Fiscal/Legal	\$950.00	\$950.00
Issuance Costs	\$2,250.00	\$2,250.00
Loan Origination Fee	\$10,392.00	\$10,392.00
Subtotal for Fiscal Services	\$67,592.00	\$67,592.00
Contingency		
Contingency	\$126,942.00	\$126,942.00
Subtotal for Contingency	\$126,942.00	\$126,942.00
Total	\$2,135,784.00	\$2,135,784.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,135,784 TO THE CITY OF GORDON
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$530,000 CITY OF GORDON, TEXAS COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION,
PROPOSED TAXABLE SERIES 2024
AND
\$1,605,784 IN PRINCIPAL FORGIVENESS

(24 -)

Recitals:

The City of Gordon (City), located in Palo Pinto County, has filed an application for financial assistance in the amount of \$2,135,784 from the Drinking Water State Revolving Fund (DWSRF) to finance the planning, design and construction of certain water system improvements identified as Project No. 62951.

The City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$530,000 City of Gordon, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Taxable Series 2024 (together with all authorizing documents (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of \$1,605,784, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

The City has offered a pledge of ad valorem taxes and surplus net revenues of the City's waterworks and sewer system 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 § 371.13.

Findings:

1. The revenue 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. 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. The term of the Obligations does not exceed the expected useful life of the project proposed by the City.
4. 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.

5. 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 consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j).
6. The City has completed a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 and filed it with the TWDB in accordance with Texas Water Code § 16.053(j).
7. The City meets the definition of "Disadvantaged Community" in 31 TAC § 371.1(24) and is therefore eligible for principal forgiveness in the amount of \$1,205,784. The City meets the definition of a very small system in accordance with the current Intended Use Plan and is therefore eligible for principal forgiveness in the amount of \$400,000. The City is therefore eligible for principal forgiveness through the DWSRF in a total amount not to exceed \$1,605,784.

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

A commitment is made by the TWDB to the City of Gordon for financial assistance in the amount of \$2,135,784 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$530,000 City of Gordon, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Proposed Taxable Series 2024 and the execution of a Principal Forgiveness Agreement in the amount of \$1,605,784. This commitment will expire on February 28, 2025.

The 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 issuance of a written approving opinion of the Attorney General of the State of Texas stating that all the requirements of the laws under which the Obligations were issued have been complied with; 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 City.
3. This commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 371.

4. The Obligations must provide that the City agrees to comply with all the conditions set forth in the TWDB Resolution.
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 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.
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 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 the rule, this 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 the Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to those bonds under SEC Rule 15c2-12.
7. The Obligations must contain a provision requiring the City to levy a tax 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 financial assistance 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 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 financial assistance proceeds from the Obligations determined to be surplus funds in a manner approved by the Executive Administrator. Surplus funds are funds remaining after completion of the project and completion of a final accounting.
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. Proceeds of this commitment are public funds. Therefore, 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. Proceeds of this commitment must not be used by the City when sampling, testing, removing, or disposing of contaminated soils or media at the project site, except for an LSLR project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines. The Obligations must include an environmental indemnification provision wherein the City agrees, and agrees to cause its construction contractors, to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action, or damages arising from activities performed by the City or its construction contractors, including their officials and employees, in connection with the project, to the extent permitted by law.
13. Before closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements.
14. Before 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. Before 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 the City to execute a separate financing agreement in form and substance acceptable to the Executive Administrator.
17. The TWDB retains the option to purchase the Obligations in separate lots or on an installment basis, with delivery of the purchase price for each installment to be paid against delivery of the relevant installment of Obligations as approved by the Executive Administrator.
18. The Obligations must provide that the City will comply with all applicable TWDB laws and rules related to the use of the financial assistance.
19. The Obligations must provide that the City 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.
20. The Obligations must contain a provision requiring the City to maintain insurance coverage sufficient to protect the TWDB's interest in the project.

21. The City must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).
22. The Obligations must provide that the City will submit annually an audit prepared by a certified public accountant in accordance with generally accepted auditing standards.

State Revolving Fund Conditions;

23. The City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.
24. 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 the financial assistance made available shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB.
25. 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 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.
26. The Obligations shall provide that all financial assistance proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and shall provide that the City will adhere to the approved project schedule.
27. The Obligations and Principal Forgiveness Agreement must contain a covenant that the City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 371.4 and related State Revolving Fund Policy Guidelines.
28. The Obligations and Principal Forgiveness Agreement must contain a covenant that the City shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.
29. The Obligations and Principal Forgiveness Agreement must contain a covenant that the City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58 and 2 CFR part 184.

Drinking Water State Revolving Fund Conditions;

30. The City shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371.
31. Before 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 City 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.
32. Before the release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program.

Pledge Conditions:

33. The Obligations must contain a provision that provides as follows:
 - a. if system revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied and collected may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund; or
 - b. if surplus revenues are based upon budgeted amounts:
 - i. the Obligations must include a requirement that the City transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Obligations until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Obligations; further, that the ordinance authorizing the issuance of the Obligations must include a requirement that the City shall not transfer any funds from the City's pledged system revenues to any fund other than the Interest and Sinking Fund until an amount equal to the annual debt service on the Obligations for the then-current fiscal year has been deposited in the Interest and Sinking Fund;
 - ii. the Obligations must include a requirement that for each year the Obligations are outstanding, and before the time taxes are to be levied for that year, the City shall establish, adopt, and maintain an annual budget that provides for either the monthly deposit of sufficient surplus pledged revenues or tax revenues or both, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a

combination of these, into the Interest and Sinking Fund for the repayment of the Obligations; and

- iii. the Obligations must include a requirement that the City shall at all times maintain and collect sufficient rates and charges in conjunction with any other legally available funds so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the City and other obligations of the City which are secured in whole or in part by the pledged revenues, for which the City is budgeting the repayment of the Obligations, or the City shall provide documentation which evidences the levy and collection of an ad valorem tax rate dedicated to the Interest and Sinking Fund, in conjunction with any other legally available funds, sufficient for the repayment of debt service requirements.

Special Conditions:

- 34. Before closing, the City shall execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
- 35. The Principal Forgiveness Agreement must include a provision stating that the City shall return any principal forgiveness funds that are determined to be surplus funds.

APPROVED and ordered of record this 15th day of August, 2024.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED:

ATTEST:

Bryan McMath, Interim Executive Administrator

Review Date:

Project ID:

Water

Wastewater

Other

WATER CONSERVATION REVIEW

Entity:

Other entity:

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

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

WATER LOSS AUDIT YEAR:

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:
ILI¹:*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.

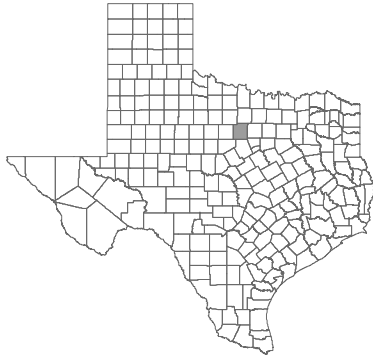
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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.



City of Gordon Palo Pinto County

