



PROJECT FUNDING REQUEST

BOARD DATE: September 12, 2024

Team Manager: Bill Blaik

ACTION REQUESTED

Consider approving by resolution a request from the Angelina and Neches River Authority (Angelina County) for \$4,966,000 in grant from the Rural Water Assistance Fund for planning, acquisition, design, and construction of a water system project.

STAFF RECOMMENDATION

☒ Approve ☐ No Action

BACKGROUND

The Angelina and Neches River Authority (Authority) is located in Angelina County approximately 80 miles southeast of Tyler. The Authority, via Central Heights Utilities, provides water services to a population of approximately 1,038 residents.

PROJECT NEED AND DESCRIPTION

The Authority needs to make improvements to the Central Heights Water System that was recently acquired from the City of Nacogdoches via Senate Bill No. 1305 of the 88th Regular Session of the Texas Legislature. The system is deficient in ground storage, booster pump, pressure tank, and distribution capacities. The system does not meet the Texas Commission on Environmental Quality's (TCEQ) minimum capacity requirements.

The Authority is proposing to plan, acquire, design, and construct the necessary improvements to the raw water pump station, water treatment plant, and the distribution system to meet the TCEQ's minimum capacity requirements. This includes a 100,000-gallon storage tank, 8,000-gallon pressure storage tank, and 19,000 linear feet of water line construction and replacement.

PROJECT SCHEDULE

Task	Schedule Date
Closing	November 19, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	April 1, 2025
Design Phase Completion	August 1, 2025
Start of Construction	October 1, 2025
Construction Completion	October 1, 2027

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE MARCH 31, 2025

KEY ISSUE

The project qualifies as high risk or need as outlined in the July 23, 2024, memorandum on the Texas Water Fund Implementation Plan and is eligible for 100 percent grant funding through the Rural Water Assistance Fund. The funding is therefore not subject to a risk score analysis.

LEGAL/SPECIAL CONDITIONS

- Executed grant agreement

Attachments

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

Responsible Authority	Angelina & Neches River Authority
Program	RWAF
Commitment Number	G1001906
Project Number	21830
List Year	2024
Type of Pledge	N/A
Pledge Level (if applicable)	N/A
Legal Description	\$4,966,000 Grant Agreement
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow
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	N/A

PROJECT TEAM				
Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Bill Blaik	Rand Zeolla	Paul Jungen	Gayla Duaine	Michael Perez



Project Budget Summary
Angelina & Neches River Authority 21830
Central Heights Utilities Capital
Improvement Project

Budget Items	TWDB Funds	Total
Construction		
Construction	\$3,004,875	\$3,004,875
Subtotal for Construction	\$3,004,875	\$3,004,875
Basic Engineering Services		
Construction Engineering	\$32,500	\$32,500
Design	\$290,000	\$290,000
Planning	\$17,645	\$17,645
Subtotal for Basic Engineering Services	\$340,145	\$340,145
Special Services		
Environmental	\$32,500	\$32,500
Geotechnical	\$8,000	\$8,000
Permits	\$5,000	\$5,000
Surveying	\$27,000	\$27,000
Subtotal for Special Services	\$72,500	\$72,500
Fiscal Services		
Bond Counsel	\$23,500	\$23,500
Financial Advisor	\$21,177	\$21,177
Subtotal for Fiscal Services	\$44,677	\$44,677
Other		
System Transfer	\$550,000	\$550,000
Other (ANRA Project Management)	\$300,488	\$300,488
Subtotal for Other	\$850,488	\$850,488
Contingency		
Contingency	\$653,315	\$653,315
Subtotal for Contingency	\$653,315	\$653,315
Total	\$4,966,000	\$4,966,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE TO
ANGELINA AND NECHES RIVER AUTHORITY
FROM THE RURAL WATER ASSISTANCE FUND
IN AN AMOUNT OF \$4,966,000 THROUGH THE EXECUTION OF A GRANT
AGREEMENT IN THE AMOUNT OF \$4,966,000

(24 - __)

Recitals:

The Angelina and Neches River Authority (Authority), located in Nacogdoches County, filed an application for financial assistance in the amount of \$4,966,000, to finance certain water system improvements, identified as Project No. 21830.

The Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$4,966,000 through execution of a Grant Agreement, all as is more specifically set forth in the application and in recommendations of the TWDB's staff.

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 § 363.16, 363.43 and 365.23.

The Board is authorized to transfer \$4,966,000 from the Texas Water Fund to the Rural Water Assistance Fund, as authorized by Texas Water Code § 15.504(a), to finance the Project.

The Project was identified as a high risk or need according to criteria established in the Texas Water Fund Implementation Plan.

In accordance with Texas Water Code § 15.995, the TWDB has considered all matters required by law and in particular the following:

1. The needs of the area to be served by the project, the benefit of the project to the area, the relationship of the project to the overall statewide water needs, and the relationship of the project to the approved regional and state water plans.

Findings:

1. The public interest is served by state assistance for the project, in accordance with Texas Water Code § 15.995(d).
2. No debt obligations are to be assumed by the Authority for the financial assistance and no taxes or revenues are required to be pledged by the Authority in accordance with Texas Water Code § 15.995(d).
3. The Authority has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules.

4. The TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and that 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).

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

A commitment is made by the TWDB to the Angelina and Neches River Authority for financial assistance in the amount of \$4,966,000 from the Rural Water Assistance Fund to be evidenced by a Grant Agreement that is funded by a transfer of \$4,966,000 from the Texas Water Fund to the Rural Water Assistance Fund. This commitment will expire March 31, 2025.

The commitment is conditioned as follows:

Standard Conditions:

1. The commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand.
2. The 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), including but not limited to 31 TAC Chapter 363 and 365.
3. The Authority 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).

The Following Conditions Must Be Included in the Grant Agreement:

4. The Grant Agreement must provide that the Authority will comply with all applicable TWDB laws and rules related to the financial assistance.
5. The Grant Agreement 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.
6. The Grant Agreement must provide that the Authority will not begin construction for a portion of the Project until the environmental finding has been issued for that portion of the Project.
7. The Grant Agreement must contain a provision requiring the Authority to maintain insurance coverage sufficient to protect the TWDB's interest in the project.

8. The Grant Agreement must include a provision requiring a final accounting to be made of the total sources and authorized use of Project funds within 60 days of the completion of the Project.
9. The Grant Agreement must include a provision stating that the Authority shall return any grant funds that are determined to be surplus funds remaining after completion of the Project and completion of a final accounting, including any interest earned on the grant funds in a manner approved by the executive administrator.
10. The Grant Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Grant Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
11. Financial assistance proceeds are public funds and, as such, the Grant 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.
12. Financial assistance proceeds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Grant Agreement shall include an environmental indemnification provision wherein the Authority 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, recycling, and disposition of any contaminated sewage sludge, contaminated sediments, and/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.
13. The Grant Agreement 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.
14. Prior to release of funds for the relevant services, and if required under the TWDB's financial assistance program and if not previously provided with the application, the Authority shall submit executed contracts for engineering and, if applicable, financial advisor and legal services, for the Project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator.
15. Prior to closing, when any portion of 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.

16. Prior to release of funds for construction, the Authority must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements and rights-of-way have been completed or, with prior approval by the executive administrator if all acquisitions have not been completed, evidence that the applicant has the legal authority necessary to complete the acquisitions.

Special Conditions:

17. Before closing, the Authority shall execute a Grant Agreement in a form and substance acceptable to the Executive Administrator.

APPROVED and ordered of record this, the 12th day of September, 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.

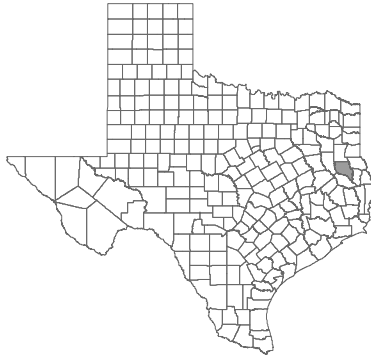
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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.



Angelina & Neches River Authority Nacogdoches County

