PROJECT FUNDING REQUEST

BOARD DATE: October 17, 2024 **Team Manager:** Joe Koen

ACTION REQUESTED
Consider approving by resolution a request from the City of Fort Worth (Tarrant, Parker, Denton, and Wise counties) for $13,265,306, in financial assistance consisting of $6,500,000 in financing and $6,765,306 in principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program for construction of a lead service line replacement project.

STAFF RECOMMENDATION
☒ Approve ☐ No Action

BACKGROUND
The Infrastructure Investment and Jobs Act, 2021, Pub. L. 117-58 (IIJA) appropriated capitalization grant funds for Federal Fiscal Years 2022 to 2026 for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines. Projects being presented for consideration have been scored and ranked using prioritization criteria in the Drinking Water State Revolving Fund Lead Service Line Replacement State Fiscal Year 2023 Intended Use Plan. The prioritized list of projects was approved by the Texas Water Development Board in August 2023. All financial assistance will be made at the ratio of 51 percent principal forgiveness and 49 percent financing.

The City of Fort Worth (City) is located in Tarrant, Parker, Denton and Wise counties approximately 30 miles west of Dallas. The City provides water and wastewater services to a population of approximately 974,846 residents and 298,604 connections.

PROJECT NEED AND DESCRIPTION
The City originally purchased the water system and the service lines in 1884 and constructed the Holly Pump station in 1892. The City conducted an inventory of the service lines within its service area and determined that approximately 35,696 water connections potentially had lead water service lines.

The project includes replacement of service lines that are determined to be contaminated and in need of replacement.

COMMITMENT PERIOD: TWELVE (12) MONTHS TO EXPIRE OCTOBER 31, 2025

PROJECT SCHEDULE

Task	Schedule Date
Closing	January 15, 2025
Engineering Feasibility Report Completion (End of Planning Phase)	March 19, 2025
Design Phase Completion	June 25, 2025
Start of Construction	July 24, 2025
Construction Completion	July 24, 2026

KEY ISSUES

The City qualifies for principal forgiveness from the Drinking Water State Revolving Fund Lead Service Line Replacement Program.

The proposed project is eligible for $6,765,306 in principal forgiveness and $6,500,000 in financing with a subsidized interest rate and a term of up to 30 years for the construction of lead service line replacements.

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 Fort Worth

Risk Score: 2A　　　　Audit Reviewed: FY 2023

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	City: 2.17%	State: 1.49%
Top 10 Customers % of Total Revenue	3%	10-15%
Median Household Income as % of State	72%	100%
Days of Cash on Hand (3-year Average)	213 days	30-149 days
Net Fixed Assets/ Annual Depreciation	33 years	12-24 years
Debt Service Coverage Ratio	2.10x	1.0x
Debt-to-Operating Revenues	2.59x	4.00-5.99x
Unemployment Rate (July, 2024)	City: 4.50%	State: 4.40%
Working Capital Ratio	3.44	> 1.0

Key Risk Score Strengths

- Water and sewer system revenues are sufficient to cover the existing and proposed debt. The lowest coverage within the first ten years of the proposed financing is 2.10 times coverage in 2025, with the highest being 3.28 times coverage in 2035.
- A high working capital ratio provides the City with ample resources to cover short-term liabilities and shows a strong liquidity position.
- Projected household cost factor is 1.29 percentage, indicating that utility rates are not projected to create a burden on the City's constituency.

Key Risk Score Concerns

- N/A

PLEDGE

Legal Pledge Name	Water and Sewer System Revenues
Type of Pledge	☐ Tax ☒ Revenue ☐ Tax & Revenue ☐ Contract ☐ Other
Revenue Pledge Level	☒ First ☐ Second ☐ Third ☐ N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	7,638	$40.38	$40.38	1.80	1.80
WASTEWATER	4,444	$32.83	$32.83		

TAXES

	2023 Tax Year Rate	Max Projected Tax Rate (2023)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	$0.5250	$0.5250	$2.50	97%	$116,882,970,467
Interest & Sinking	$0.1475	$0.1475			
Total Tax Rate	$0.6725	$0.6725			

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately $1,793,463 over the life of the financing. The City is also saving $6,765,306 in Principal Forgiveness.

Project Data Summary

Responsible Authority	City of Fort Worth
Program	DWSRF
Commitment Number	L1001899, LF1001900
Project Number	63050
List Year	2023
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	$6,500,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2025, $6,765,306 City of Fort Worth, Texas Principal Forgiveness Agreement
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
Financial Managerial & Technical Complete	Yes
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	N/A
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM				
Team Manager	**Financial Analyst**	**Engineering Reviewer**	**Environmental Reviewer**	**Attorney**
Joe Koen	Kyle DuQuesnay	Jason Asbury	Kylie Beard	Marshall Walters

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Fort Worth

$6,500,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2025

Dated Date:	**1/15/2025**	**Source:**	**DWSRF-EQUIVALENCY**
Delivery Date:	**1/15/2025**	**Rate:**	**2.62%**
First Interest:	**8/15/2025**	**IUP Year:**	**2023**
First Principal:	**8/15/2025**	**Case:**	**First Lien Revenues**
Last Principal:	**8/15/2054**	**Admin. Fee:**	**$127,451**
Fiscal Year End:	**09/30**	**Admin. Fee Payment Date:**	**1/15/2025**
Required Coverage:	**1.0**		

			$6,500,000 ISSUE					
FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL DEBT SERVICE	COVERAGE
2025	$242,550,000	$115,356,297	$155,000	1.87%	$91,536	$246,536	$115,602,833	2.10
2026	242,550,000	112,631,463	160,000	1.85%	154,021	314,021	112,945,483	2.15
2027	242,550,000	110,654,223	165,000	1.81%	151,061	316,061	110,970,283	2.19
2028	242,550,000	99,824,971	165,000	1.80%	148,074	313,074	100,138,045	2.42
2029	242,550,000	99,848,053	170,000	1.78%	145,104	315,104	100,163,157	2.42
2030	242,550,000	97,806,554	170,000	1.79%	142,078	312,078	98,118,632	2.47
2031	242,550,000	88,858,266	175,000	1.80%	139,035	314,035	89,172,301	2.72
2032	242,550,000	88,870,278	180,000	1.81%	135,885	315,885	89,186,163	2.72
2033	242,550,000	84,156,781	180,000	1.84%	132,627	312,627	84,469,408	2.87
2034	242,550,000	84,157,875	185,000	1.86%	129,315	314,315	84,472,190	2.87
2035	242,550,000	73,687,604	190,000	1.99%	125,874	315,874	74,003,478	3.28
2036	242,550,000	68,001,520	190,000	2.10%	122,093	312,093	68,313,613	3.55
2037	242,550,000	64,210,946	195,000	2.20%	118,103	313,103	64,524,049	3.76
2038	242,550,000	64,258,821	200,000	2.28%	113,813	313,813	64,572,634	3.76
2039	242,550,000	64,303,744	205,000	2.37%	109,253	314,253	64,617,997	3.75
2040	242,550,000	64,392,617	210,000	2.44%	104,395	314,395	64,707,011	3.75
2041	242,550,000	61,176,921	215,000	2.52%	99,271	314,271	61,491,191	3.94
2042	242,550,000	61,287,154	220,000	2.57%	93,853	313,853	61,601,007	3.94
2043	242,550,000	61,448,489	225,000	2.63%	88,199	313,199	61,761,688	3.93
2044	242,550,000	61,542,341	230,000	2.67%	82,281	312,281	61,854,622	3.92
2045	242,550,000	61,844,856	240,000	2.70%	76,140	316,140	62,160,996	3.90
2046	242,550,000	61,649,349	245,000	2.72%	69,660	314,660	61,964,009	3.91
2047	242,550,000	59,108,836	250,000	2.76%	62,996	312,996	59,421,832	4.08
2048	242,550,000	53,152,140	260,000	2.78%	56,096	316,096	53,468,236	4.54
2049	242,550,000	50,468,168	265,000	2.81%	48,868	313,868	50,782,036	4.78
2050	242,550,000	45,488,290	275,000	2.82%	41,422	316,422	45,804,712	5.30
2051	242,550,000	40,935,571	280,000	2.83%	33,667	313,667	41,249,238	5.88
2052	242,550,000	37,666,215	290,000	2.85%	25,743	315,743	37,981,957	6.39
2053	242,550,000	29,171,703	295,000	2.86%	17,478	312,478	29,484,180	8.23
2054	242,550,000	18,742,366	315,000	2.87%	9,041	324,041	19,066,407	12.72
		$2,084,702,409	$6,500,000		$2,866,977	$9,366,977	$2,094,069,386	

AVERAGE (MATURITY) LIFE	**16.84 YEARS**
NET INTEREST RATE	**2.620%**
COST SAVINGS	**$1,793,463**
AVERAGE ANNUAL REQUIREMENT	**$312,233**

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.

TEXAS WATER DEVELOPMENT BOARD

Project Budget Summary

City of Fort Worth

63050 - Fort Worth Water Utility Lead Service Line Replacement Project

Budget Items	TWDB Funds	Total
Construction		
Construction	$12,952,795.00	$12,952,795.00
Subtotal for Construction	**$12,952,795.00**	**$12,952,795.00**
Fiscal Services		
Bond Reserve Fund	$169,060.00	$169,060.00
Fiscal/Legal	$10,000.00	$10,000.00
Issuance Costs	$6,000.00	$6,000.00
Loan Origination Fee	$127,451.00	$127,451.00
Subtotal for Fiscal Services	**$312,511.00**	**$312,511.00**
Total	$13,265,306.00	$13,265,306.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
$13,265,306 TO THE CITY OF FORT WORTH
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
$6,500,000 CITY OF FORT WORTH, TEXAS
WATER AND SEWER SYSTEM REVENUE BONDS,
PROPOSED SERIES 2025
AND
$6,765,306 IN PRINCIPAL FORGIVENESS

(24 -)

Recitals:

The City of Fort Worth (City), located in Tarrant, Parker, Denton, and Wise Counties, has filed an application for financial assistance in the amount of $13,265,306 from the Drinking Water State Revolving Fund (DWSRF) to finance the construction of certain lead service line replacements identified as Project No. 63050.

The City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of $6,500,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2025 (together with all authorizing documents (Obligations)), and the execution of a Principal Forgiveness Agreement in an amount of $6,765,306, 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 water and sewer system revenue as sufficient security for the repayment of the Obligations.

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*. and Pub. L. 117-58, 135 Stat. 1400-1401, 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 City has identified the lead service lines within its service area that can be replaced using the financing and demonstrated in a manner acceptable to the executive administrator that the project is viable, feasible, and sustainable.

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 is therefore eligible for principal forgiveness through the DWSRF in a total amount not to exceed $6,765,306.

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

A commitment is made by the TWDB to the City of Fort Worth for financial assistance in the amount of $13,265,306 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of $6,500,000 City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Proposed Series 2025, and the execution of a Principal Forgiveness Agreement in the amount of $6,765,306. This commitment will expire on October 31, 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 which is 10 years from the dated date of the Obligations at a redemption price of par together with accrued interest to the date fixed for redemption.

6. The City, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in

combination with other issuers of the City's Obligations, or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by 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 will 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 will 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 must 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 must 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.

15. Before closing, when any portion of the financial assistance is to be held in escrow or in trust, the City must execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and must 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.

Tax-Exempt Conditions:

23. The City’s bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the City when rendering this opinion.

24. The City’s bond counsel opinion must also state that the Obligations are not “private activity bonds.” Bond counsel may rely on covenants and representations of the City when rendering this opinion.

25. The Obligations must include a provision prohibiting the City 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 of 1986, as amended (Code) and the Treasury Regulations promulgated under section 141 (Regulations).

26. The Obligations must provide that no portion of the proceeds of this commitment will be used, directly or indirectly, in a manner that would cause the Obligations to be “arbitrage bonds” within the meaning of section 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB’s bonds that are issued to provide financing for this commitment (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 least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations.

27. The Obligations must include a provision requiring the City take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government to satisfy the requirements of section 148 of the Code. The Obligations must provide that the City must:

    a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures, and investments) on its books of account separately and apart from all other funds (and receipts, expenditures and investments) and retain all records of the accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of its financing with other money of the City, provided that the City separately accounts for each receipt and expenditure of the Gross Proceeds and the obligations acquired with them;

b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its financing, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the rulings under these sections. The City must maintain a copy of the calculations for at least six years after the final Computation Date;

c. as additional consideration for the making of this commitment, and to induce the making of the commitment by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date; and

d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if an error is made, to discover and promptly to 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;

28. The Obligations must include a provision prohibiting the City from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes.

29. The Obligations must provide that the City will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of section 149(b) of the Code.

30. The transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the City's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations.

31. The Obligations must contain a provision that the City will refrain from using the proceeds provided by this TWDB commitment or the proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Obligations in contravention of the requirements of section 149(d) of the Code (relating to advance refundings).

32. The transcript must include evidence that the information reporting requirements of section 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of section 149(e) have been satisfied must be provided to the

Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply.

33. The Obligations must provide that neither the City nor a related party will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the City by the TWDB.

34. The City's federal tax certificate must provide that the weighted average maturity of the Obligations purchased by the TWDB does not exceed 120% of the weighted average reasonably expected economic life of the Project.

State Revolving Fund Conditions;

35. The City must submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

36. The Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects will 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 must 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 must insert in full in any contract in excess of $2,000 the contract clauses as provided by the TWDB.

37. The Obligations must include a provision stating that the City must 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 must obtain a Unique Entity Identification Number and must register with System for Award Management (SAM) and maintain current registration at all times during which the Obligations are outstanding.

38. The Obligations must provide that all financial assistance proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and must provide that the City will adhere to the approved project schedule.

39. 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.

40. The Obligations and Principal Forgiveness Agreement] must contain a covenant that the City must abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216.

41. 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.

Drinking Water State Revolving Fund Conditions;

42. For each proposed bond series as described in the commitment of this Resolution, the City must pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371.

43. 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.

44. 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:

45. The Obligations must be on parity with any existing obligations that are secured with the same pledge of security as the proposed Obligations.

46. The Obligations must be governed by the additional debt test and reserve requirement as provided in the outstanding City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2024B.

Special Conditions:

47. Before closing, the City must execute a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.

48. The Principal Forgiveness Agreement must include a provision stating that the City must return any principal forgiveness funds that are determined to be surplus funds.

APPROVED and ordered of record this 17th day of October 2024.

TEXAS WATER DEVELOPMENT BOARD

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Brooke T. Paup, Chairwoman

DATE SIGNED: _________________________

ATTEST:

____

Bryan McMath, Executive Administrator

Attachment 4

☑ Water
☐ Wastewater
☑ Other LSLR

WATER CONSERVATION REVIEW

Review Date: 06/20/2024
Project ID: 63050

Entity: City of Fort Worth
Other entity:

WATER CONSERVATION PLAN DATE: 2019 ☐ **Approvable** ☑ **Adopted**

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline	159	70	27
5-year Goal	140	66	25
10-year Goal	136	58	23

WATER LOSS AUDIT YEAR: 2023

Service connections: 383,804
Retail population: 974,846
Length of main lines (miles): 3,978
Connections per mile: 96
Water Loss GCD: 47
Water Loss GPCD: 19
ILI: 2.9
Real Loss GMD: NA

WATER LOSS THRESHOLDS Water Loss Project: ☐ Waiver Requested: ☐

Wholesale Adjusted: ☐

Threshold Type:

Connection Density >= 32 per mile

Apparent Loss GCD		Real Loss GCD	
Reported	Threshold	Reported	Threshold
NA	NA	NA	NA

Does the applicant meet Water Loss Threshold Requirements? **Yes** ☐ **No** ☐ **NA** ☑

ADDITIONAL INFORMATION

The city's water conservation plan reflects its commitment to enhanced water conservation and efficiency strategies, particularly through its implementation of best management practices. The city utilized the TWDB water conservation planning tool to help establish the strategies listed in its plan, along with the cost and/or impact of implementation. The city continues to reduce water loss by employing acoustic leak detectors, monitoring areas of pipeline in critical areas, and setting the goal of surveying over 1.5 million linear feet of distribution line annually. The city also developed and implemented a plan to improve leak detection through risk-based survey targeting, continuous monitoring technology and deployment, and laying the groundwork for the implementation and use of district metered areas. The city has a comprehensive public education program where conservation information is provided in various formats, including presentations, brochures, school programs, media, etc., as well as partnering with other entities to provide a regionally consistent message on water conservation.

STAFF NOTES AND RECOMMENDATIONS

In accordance with 31 TAC §358.6(f), review of a retail public utility's water loss in conjunction with an application for financial assistance is limited to water supply projects. This application for financial assistance is for a lead service line project; therefore, water loss thresholds are not applicable.

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.

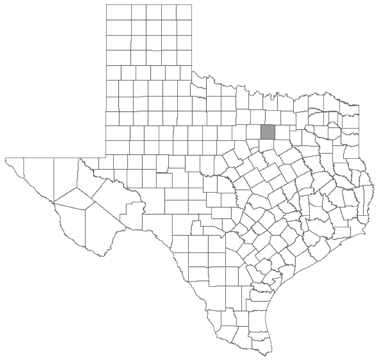
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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.



City of Fort Worth
Tarrant County