



## PROJECT FUNDING REQUEST

**BOARD DATE:** May 8, 2025

**Team Manager:** David Firgens

### ACTION REQUESTED

Consider approving by resolution a request from the City of Moulton (Lavaca County) for \$2,948,403 in principal forgiveness from the Clean Water State Revolving Fund for planning, design, and construction of a wastewater system project.

### STAFF RECOMMENDATION

☒ Approve      ☐ No Action

### BACKGROUND

The City of Moulton (City) is located 80 miles east of San Antonio. The City provides water and wastewater services to a population of approximately 854 residents and approximately 573 water and 492 wastewater connections.

### PROJECT NEED AND DESCRIPTION

In 1981, the City's north wastewater treatment plant was constructed in the 100-year flood plain. The facility has been out of service since January 2023 due to obsolete equipment. In 2003, the City's south treatment plant was added. The facility has not had any major updates and is utilizing outdated equipment.

At the south facility, the City proposes to construct a manual bar screen, 26-inch clarifier, sludge drying bed drain line, artificial media drying bed, and to replace two aeration blowers. In addition, the City proposes to replace concrete walkways and walls, plug unused pipes, and improve the effluent outfall. The City proposes to decommission the north facility. The City's wastewater treatment demands can be adequately met with the remaining facility. The City also requests funding for a generator.

<b>COMMITMENT PERIOD:</b> FOUR (4) MONTHS TO EXPIRE SEPTEMBER 30, 2025
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## PROJECT SCHEDULE

Task	Schedule Date
Closing	September 1, 2025
Engineering Feasibility Report Completion (End of Planning Phase)	January 31, 2026
Design Phase Completion	March 31, 2026
Start of Construction	May 31, 2026
Construction Completion	November 30, 2027

## KEY ISSUES

The City qualifies for \$2,948,403 in principal forgiveness as a very small system, small or rural disadvantaged community, and as a very disadvantaged community through the Clean Water State Revolving Fund.

The funding is provided in the form of a 100 percent grant and therefore is not subject to the Texas Water Development Board's (TWDB) internal risk score analysis that is applied to loans.

The TWDB reviewed the most recent audited financial statements to assess the applicant's ability to manage existing obligations and business practices. Based on this analysis, the TWDB has determined that the applicant has adequate capabilities to manage its obligations.

## LEGAL/SPECIAL CONDITIONS

- Adopt water conservation plan

### Attachments:

1. Project Data Summary
2. Project Budget
3. Resolution (25- )
4. Water Conservation Review
5. Location

<b>Responsible Authority</b>	Moulton
<b>Program</b>	CWSRF
<b>Commitment Number</b>	LF1002086,
<b>Project Number</b>	73980
<b>List Year</b>	2025
<b>Type of Pledge</b>	N/A
<b>Pledge Level (if applicable)</b>	N/A
<b>Legal Description</b>	\$2,948,403 City of Moulton, Texas, Principal Forgiveness Agreement
<b>Tax-exempt or Taxable</b>	Tax-Exempt
<b>Refinance</b>	No
<b>Outlay Requirement</b>	Yes
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay = Escrow Release
<b>Qualifies as Disadvantaged</b>	Yes
<b>State Revolving Fund Type</b>	Equivalency
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Approvable
<b>Overall Risk Score</b>	N/A

**PROJECT TEAM**

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
David Firgens	Raul Flores	Kyleigh Dixon	Stephannie Resendez	Marshall Walters



**Project Budget Summary**  
**City of Moulton**  
**73980 - Moulton Wastewater System Improvement**  
**Project**

Budget Items	TWDB Funds	Total
<b>Construction</b>		
Construction	\$2,103,000.00	\$2,103,000.00
<b>Subtotal for Construction</b>	<b>\$2,103,000.00</b>	<b>\$2,103,000.00</b>
<b>Basic Engineering Services</b>		
Construction Engineering	\$42,700.00	\$42,700.00
Design	\$139,030.00	\$139,030.00
Planning	\$32,160.00	\$32,160.00
<b>Subtotal for Basic Engineering Services</b>	<b>\$213,890.00</b>	<b>\$213,890.00</b>
<b>Special Services</b>		
Environmental	\$25,000.00	\$25,000.00
Geotechnical	\$14,960.00	\$14,960.00
Inspection	\$46,000.00	\$46,000.00
Permits	\$17,700.00	\$17,700.00
Surveying	\$11,000.00	\$11,000.00
Testing	\$8,150.00	\$8,150.00
<b>Subtotal for Special Services</b>	<b>\$122,810.00</b>	<b>\$122,810.00</b>
<b>Fiscal Services</b>		
Bond Counsel	\$37,500.00	\$37,500.00
Financial Advisor	\$45,000.00	\$45,000.00
Issuance Costs	\$15,903.00	\$15,903.00
<b>Subtotal for Fiscal Services</b>	<b>\$98,403.00</b>	<b>\$98,403.00</b>
<b>Other</b>		
Administration	\$95,000.00	\$95,000.00
<b>Subtotal for Other</b>	<b>\$95,000.00</b>	<b>\$95,000.00</b>
<b>Contingency</b>		
Contingency	\$315,300.00	\$315,300.00
<b>Subtotal for Contingency</b>	<b>\$315,300.00</b>	<b>\$315,300.00</b>
<b>Total</b>	<b>\$2,948,403.00</b>	<b>\$2,948,403.00</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE  
TO THE CITY OF MOULTON  
FROM THE CLEAN WATER STATE REVOLVING FUND  
THROUGH \$2,948,403 IN PRINCIPAL FORGIVENESS

(25- )

Recitals:

The City of Moulton, located in Lavaca County (City) has filed an application for financial assistance in the amount of \$2,948,403 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, design, and construction of certain wastewater system improvements identified as Project No. 73980.

The City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$2,948,403 with 100 percent to be forgiven, 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 § 375.14.

Findings:

1. That no debt obligations are to be assumed by the City for the financial assistance and no taxes or revenues are required to be pledged by the City in accordance with Texas Water Code § 15.607.
2. That the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*
3. That the City has submitted a proposed program of water conservation for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules.
4. That the City has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007.
5. The City qualifies as a Disadvantaged Community and a "small" or "rural" system as determined by the applicable Intended Use Plan, and the project is therefore eligible for principal forgiveness in the amount of \$1,448,403.
6. The City qualifies as a Very Disadvantaged Community as determined by the applicable Intended Use Plan, and the project is therefore eligible for principal forgiveness in the amount of \$1,000,000.

7. 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 \$500,000.
8. The City is therefore eligible for principal forgiveness through the CWSRF in a total amount not to exceed \$2,948,403.

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

A commitment is made by the TWDB to the City of Moulton for financial assistance in the amount of \$2,948,403 from the Clean Water State Revolving Fund with 100 percent to be forgiven. This commitment will expire on September 30, 2025.

Such commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand as determined by the TWDB. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution.
2. This commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 375.
3. This commitment is contingent on the City executing a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator.
4. The City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator.
5. The Principal Forgiveness Agreement must contain a provision that the City agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein.
6. The Principal Forgiveness Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Principal Forgiveness Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
7. Financial assistance funds are public funds and, as such, the Principal Forgiveness Agreement must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

8. Financial assistance funds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site except for an EC project to address PFAs or any contaminant listed on EPA's Contaminant Candidate Lists. The Principal Forgiveness Agreement shall include an environmental indemnification provision wherein the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.
9. 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.
10. 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.
11. 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).

State Revolving Fund Conditions:

12. The City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.
13. The Principal Forgiveness Agreement must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The 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 financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB.
14. The Principal Forgiveness Agreement 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 the term of the Principal Forgiveness Agreement.

15. The Principal Forgiveness Agreement shall provide that all funds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the City will adhere to the approved project schedule.
16. The 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 § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines.
17. The 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.
18. The 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.

Clean Water State Revolving Fund Conditions:

19. Before the release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)(C), the City must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14).
20. 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.

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

Special Conditions:

21. Before closing, the City shall adopt and implement the water conservation program approved by the TWDB.



APPROVED and ordered of record this 8th day of May 2025.

TEXAS WATER DEVELOPMENT BOARD

\_\_\_\_\_  
L'Oreal Stepney, P.E., Chairwoman

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

ATTEST:

\_\_\_\_\_  
Bryan McMath 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:
		ILI:
		Real Loss GMD:

WATER LOSS THRESHOLDS	Water Loss Project:		Waiver Requested:	
Wholesale Adjusted:	Apparent Loss GCD		Real Loss GCD	
Threshold Type:	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.

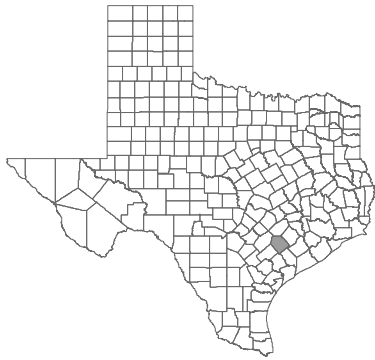
**Water loss** is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

**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.



# City of Moulton Lavaca County

