

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: July 22, 2021

Team Manager: Joe Koen

ACTION REQUESTED

Consider approving by resolution a request from the Upper Trinity Regional Water District (Denton County) for \$29,115,000 in multi-year Board Participation financing from the State Water Implementation Revenue Fund for Texas for a water transmission pipeline project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The Upper Trinity Regional Water District (District) location is in Denton County approximately 30 miles north of Dallas, Texas along interstate highway 35E. The District provides wholesale treated water services to 19 direct public entities (members) supplying over 29 million gallons per day to residents and non-residents in the service area.

PROJECT NEED AND DESCRIPTION

Due to anticipated user growth in the District's northeast service area, the proposed project is needed to expand capacity at the District's Harpool water treatment plant and increase projected water service subscriptions from 5.3 to 23.5 million gallons per day by 2035. The two new pipeline segments will provide redundancy and improved reliability to compensate for demand increases on the main transmission pipeline.

The proposed project will construct two transmission pipelines, consisting of approximately 33,000 feet of 36-inch pipeline in two phases of construction. The new pipeline segments will provide redundancy and improved reliability to compensate for demand increases on the main transmission pipeline. The District currently provides water service to approximately 70,057 customers as a wholesale water supplier to entities in the northeast service area.

COMMITMENT PERIOD

Multi-Year Commitment	Expiration Date
\$10,605,000 Proposed Series 2021	December 31, 2021
\$9,100,000 Proposed Series 2022	December 31, 2022
\$4,705,000 Proposed Series 2023	December 31, 2023
\$4,705,000 Proposed Series 2024	December 31, 2024

PROJECT SCHEDULE

Task	Schedule Date
Closing	November 1, 2021
Engineering Feasibility Report Completion (End of Planning Phase)	May 31, 2022
Design Phase Completion	June 30, 2023
Start of First Construction Contract	July 31, 2023
Completion of Last Construction Contract	February 28, 2025

KEY ISSUES

Financing will be provided through a Master Agreement, which sets out the responsibilities, duties and liabilities of the District and the Texas Water Development Board (TWDB). Under the Master Agreement, the TWDB will purchase up to 80 percent, not to exceed \$29,115,000 of the project, based on the amount of TWDB Board Participation funds provided as compared to the total amount of funds spent on the Project. The District obligates itself to purchase the TWDB's interest in the Project under a Payment Schedule attached to the Master Agreement, which provides that the District will make payments of principal and interest.

The District's obligation to purchase the Board's interest in the board participation project is secured by a subordinate lien pledge on the net revenues of the Regional Treated Water Supply System. The District is unable to pledge a first lien on the net revenues because of the variable nature of repurchase obligation included in the Master Agreement.

LEGAL

Special Conditions

None.

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (21-)
4. Water Conservation Review
5. Location Map

Financial Review

Upper Trinity Regional Water District

Risk Score: 2B

Audit Reviewed: FY 2020

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2019	District: 3.22%	State: 1.24%
Top 10 Water Customers as a % Total Revenues	85%	<15%
Median Household Income as % of State	149%	100%
Days of Cash on Hand (3-year Average)	767 days	30-149 days
Net Fixed Assets/ Annual Depreciation	36 years	12-24 years
Debt Service Coverage Ratio	0.71x	1.0x
Debt-to-Operating Revenues	5.48x	4.00-5.99x
Unemployment Rate (April)	Upper Trinity RWD: 4.85%	State: 6.30%
Working Capital Ratio	2.19	> 1.0

Key Risk Score Strengths

- The District's pledge of net system revenues is derived from contract revenues from the District's member entities. Contracts between the District and participants in the system allow for the redetermination of annual payment requirements at the end of each fiscal year. Charges split between the entities include annual debt service for outstanding obligations, operation and maintenance of existing facilities, and cost of additional capital improvement.
- A high working capital ratio provides the District with ample resources to cover short-term liabilities and shows a strong liquidity position.

Key Risk Score Concerns

- The District does not possess taxing authority. All District debt is supported by the various water and wastewater system revenues. However, the District's self-supporting debt to operating revenues is within the benchmark
- During fiscal year 2020, the District's wholesale rate was \$1.16 per 1,000 gallons. In a no growth scenario using 2020 audit numbers, the District will need annual rate increases starting in 2035 before maxing out at a projected rate of \$1.53 per 1,000 gallons in 2044 in order to meet debt service coverage requirements throughout the life of the loan.

PLEDGE

Legal Pledge Name	System revenues from the Regional Treated Water Supply System
Type of Pledge	<input type="checkbox"/> Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax & Revenue <input type="checkbox"/> Contract <input type="checkbox"/> Other
Revenue Pledge Level	<input type="checkbox"/> First <input checked="" type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Wholesale Rate (Per 1,000 Gallons)	Max Projected Wholesale Rate (2044) (Per 1,000 Gallons)
WATER	1,003,463,916	\$1.16	\$1.53

Project Data Summary

Responsible Authority	Upper Trinity Regional WD
Program	SWIFT
Commitment Number	LB211429, LB221429, LB231429, LB241429
Project Number	51068
List Year	2021
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	Second Lien
Legal Description	\$10,605,000 Upper Trinity Regional Water District Master Agreement Series 2021, \$9,100,000 Upper Trinity Regional Water District Master Agreement Series 2022, \$4,705,000 Upper Trinity Regional Water District Master Agreement Series 2023, \$4,705,000 Upper Trinity Regional Water District Master Agreement Series 2024
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
SWIFT Financing Type	Board Participation
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	2B

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Joe Koen	Thomas Quick	Darryl Smith	Christopher Ryon	Breann Hunter

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Upper Trinity Regional Water District

\$10,605,000 Upper Trinity Regional Water District Board Participation Series 2021

Dated Date: 11/1/2021
 Delivery Date: 11/1/2021
 First Interest: 8/1/2022
 First Principal: 8/1/2042
 Last Principal: 8/1/2056
 Fiscal Year End: 9/30
 Required Coverage: 1.0

Source: SWIFT-PARTICIPATION
 Rate: 3.01%
 IUP Year: N/A
 Case: System Revenues
 Admin.Fee: \$0
 Admin. Fee Payment Date: N/A

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	*CURRENT DEBT SERVICE	PRINCIPAL PAYMENT	INTEREST RATE	\$10,605,000 ISSUE		INTEREST PAID	TOTAL PAYMENT	\$18,510,000 PROPOSED SERIES 2022-2024		TOTAL DEBT SERVICE	COVERAGE
					INTEREST PAYMENT	DEFERRAL			TOTAL PAYMENT	TOTAL PAYMENT		
2022	\$30,964,804	\$17,288,557	-	-	\$238,075	(\$238,075)	-	-	-	-	\$17,288,557	1.79
2023	30,964,804	17,621,428	-	-	317,434	(317,434)	-	-	-	-	17,621,428	1.76
2024	30,964,804	19,984,112	-	-	317,434	(317,434)	-	-	-	-	19,984,112	1.55
2025	30,964,804	21,388,467	-	-	317,434	(253,947)	\$63,487	\$63,487	-	-	21,451,954	1.44
2026	30,964,804	20,308,045	-	-	317,434	(253,947)	63,487	63,487	\$55,065	-	20,426,596	1.52
2027	30,964,804	19,061,983	-	-	317,434	(222,203)	95,230	95,230	83,273	-	19,240,486	1.61
2028	30,964,804	20,468,642	-	-	317,434	(190,460)	126,973	126,973	139,272	-	20,734,888	1.49
2029	30,964,804	22,788,622	-	-	317,434	(142,845)	174,588	174,588	180,909	-	23,144,119	1.34
2030	30,964,804	22,926,500	-	-	317,434	(95,230)	222,203	222,203	250,545	-	23,399,249	1.32
2031	30,964,804	23,335,698	-	-	317,434	(47,615)	269,818	269,818	327,233	-	23,932,750	1.29
2032	30,964,804	24,666,497	-	-	317,434	-	317,434	317,434	411,038	-	25,394,969	1.22
2033	30,964,804	25,773,567	-	-	317,434	-	317,434	317,434	494,843	-	26,585,844	1.16
2034	30,964,804	29,146,460	-	-	317,434	-	317,434	317,434	537,350	-	30,001,243	1.03
2035	32,618,193	31,445,032	-	-	317,434	297,027	614,461	614,461	558,700	-	32,618,193	1.00
2036	36,193,987	34,763,203	-	-	317,434	297,027	614,461	614,461	816,324	-	36,193,987	1.00
2037	37,701,237	36,138,477	-	-	317,434	297,027	614,461	614,461	948,300	-	37,701,237	1.00
2038	37,701,237	35,204,837	-	-	317,434	297,027	614,461	614,461	1,081,484	-	36,900,781	1.02
2039	37,701,237	35,222,479	-	-	317,434	297,027	614,461	614,461	1,081,484	-	36,918,423	1.02
2040	37,701,237	35,055,401	-	-	317,434	297,027	614,461	614,461	1,081,484	-	36,751,345	1.03
2041	40,006,924	38,310,980	-	-	317,434	297,027	614,461	614,461	1,081,484	-	40,006,924	1.00
2042	43,343,675	41,379,758	\$565,000	2.700%	317,434	-	317,434	882,434	1,081,484	-	43,343,675	1.00
2043	45,384,194	43,223,156	580,000	2.760%	302,179	-	302,179	882,179	1,278,860	-	45,384,194	1.00
2044	46,172,306	43,901,810	600,000	2.810%	286,171	-	286,171	886,171	1,384,326	-	46,172,306	1.00
2045	46,172,306	42,881,735	615,000	2.860%	269,311	-	269,311	884,311	1,496,590	-	45,262,635	1.02
2046	46,172,306	40,291,131	635,000	2.890%	251,722	-	251,722	886,722	1,509,328	-	42,687,180	1.08
2047	46,172,306	40,478,016	655,000	2.930%	233,370	-	233,370	888,370	1,520,539	-	42,886,925	1.08
2048	46,172,306	40,195,373	675,000	2.950%	214,179	-	214,179	889,179	1,530,138	-	42,614,689	1.08
2049	46,172,306	40,386,588	700,000	2.980%	194,266	-	194,266	894,266	1,543,307	-	42,824,161	1.08
2050	46,172,306	39,602,303	720,000	3.010%	173,406	-	173,406	893,406	1,549,764	-	42,045,473	1.10
2051	46,172,306	37,453,137	745,000	3.030%	151,734	-	151,734	896,734	1,564,745	-	39,914,616	1.16
2052	46,172,306	37,706,308	770,000	3.090%	129,161	-	129,161	899,161	1,577,930	-	40,183,398	1.15
2053	46,172,306	38,002,810	795,000	3.150%	105,368	-	105,368	900,368	1,594,036	-	40,497,214	1.14
2054	46,172,306	38,314,379	820,000	3.150%	80,325	-	80,325	900,325	1,602,927	-	40,817,631	1.13
2055	46,172,306	35,996,645	850,000	3.150%	54,495	-	54,495	904,495	1,614,865	-	38,516,005	1.20
2056	46,172,306	26,099,420	880,000	3.150%	27,720	-	27,720	907,720	1,629,663	-	28,636,803	1.61
2057	46,172,306	-	-	-	-	-	-	-	1,627,528	-	1,627,528	28.37
2058	46,172,306	-	-	-	-	-	-	-	843,273	-	843,273	54.75
2059	46,172,306	-	-	-	-	-	-	-	410,000	-	410,000	112.62
		\$ 1,116,811,551	\$ 10,605,000		\$ 9,060,149	\$ (0)	\$ 9,060,149	\$ 19,665,149		\$ 1,170,964,786		

AVERAGE (MATURITY) LIFE	28.34 YEARS
NET INTEREST RATE	3.014%
COST SAVINGS	
AVERAGE ANNUAL REQUIREMENT	\$30,814,863

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.

*Includes the already committed but not closed \$15,500,000 Series 2021, \$120,000,000 Series 2021, \$110,000,000 Series 2022, and \$48,000,000 Series 2023



Current Budget Summary

Upper Trinity Regional WD

51068 - RTWS Northeast Transmission Pipelines and Loop

Last Update: 6/3/2021

Budget Items	TWDB Funds	Local Funds	Total
Construction			
Construction	\$22,287,000.00	\$7,491,000.00	\$29,778,000.00
Subtotal for Construction	\$22,287,000.00	\$7,491,000.00	\$29,778,000.00
Basic Engineering Services			
Construction Engineering	\$450,000.00	\$100,000.00	\$550,000.00
Design	\$1,500,000.00	\$200,000.00	\$1,700,000.00
Planning	\$660,000.00	\$222,000.00	\$882,000.00
Subtotal for Basic Engineering Services	\$2,610,000.00	\$522,000.00	\$3,132,000.00
Special Services			
Environmental	\$150,000.00	\$50,000.00	\$200,000.00
Geotechnical	\$80,000.00	\$20,000.00	\$100,000.00
Permits	\$30,000.00	\$0.00	\$30,000.00
Surveying	\$330,000.00	\$170,000.00	\$500,000.00
Subtotal for Special Services	\$590,000.00	\$240,000.00	\$830,000.00
Fiscal Services			
Bond Counsel	\$148,675.00	\$0.00	\$148,675.00
Financial Advisor	\$115,201.00	\$0.00	\$115,201.00
Fiscal/Legal	\$61,124.00	\$0.00	\$61,124.00
Subtotal for Fiscal Services	\$325,000.00	\$0.00	\$325,000.00
Other			
Administration	\$1,953,000.00	\$902,000.00	\$2,855,000.00
Land/Easements Acquisition	\$1,350,000.00	\$550,000.00	\$1,900,000.00
Subtotal for Other	\$3,303,000.00	\$1,452,000.00	\$4,755,000.00
Contingency			
Contingency	\$0.00	\$0.00	\$0.00
Subtotal for Contingency	\$0.00	\$0.00	\$0.00
Total	\$29,115,000.00	\$9,705,000.00	\$38,820,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FROM UPPER TRINITY REGIONAL WATER DISTRICT
FOR THE TEXAS WATER DEVELOPMENT BOARD'S
ACQUISITION AND SALE OF AN INTEREST IN
UPPER TRINITY REGIONAL WATER DISTRICT, TEXAS RTWS NORTHEAST TRANSMISSION
PIPELINES AND LOOP
WITH FUNDS FROM THE STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS

(21 -)

WHEREAS, the Texas Water Development Board (TWDB), under the authority of Chapter 15, Subchapter H of the Texas Water Code, is authorized to use the Board Participation Account of the State Water Implementation Revenue Fund for Texas (SWIRFT) to encourage optimum regional development of projects through the acquisition of an interest in new water supply project facilities and the sale, transfer, or lease of its interest in those facilities; and

WHEREAS, the Upper Trinity Regional Water District (District), has filed an application with the TWDB requesting that the TWDB acquire an interest in the Upper Trinity Regional Water District, Texas, RTWS Northeast Transmission Pipelines and Loop, Project No. 51068 (Project), not to exceed seventy-five percent (75%) of the total Project cost, in order to enable the acquisition of excess capacity for the optimum regional development of the Project, using the Board Participation Account of the SWIRFT; and

WHEREAS, the District will finance at least twenty-five percent (25%) of the total Project costs from sources other than the Board Participation Account of the SWIRFT, pursuant to 31 TAC § 363.1308, which are sufficient to satisfy the District's equity percentage; and

WHEREAS, the Project is expected to cost \$38,820,000 of which the TWDB's share, pursuant to this commitment, will not exceed \$29,115,000; and

WHEREAS, the District will purchase the TWDB's interest in the Project from the proceeds of a future bond issue, other revenues, or other lawful sources of funds in accordance with a Master Agreement to be executed between the District and the TWDB; and

WHEREAS, the District has offered a pledge of subordinate lien revenues from the District's Regional Treated Water Supply System as sufficient security for its obligation to purchase the TWDB's interest in the Project; and

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

WHEREAS, the TWDB has considered the long-term needs of the area, the costs of the Project, and the feasibility of the Project; and

WHEREAS, the Project will aid in addressing the long-term needs and provide additional capacity to existing customers and to extending service by extending pipelines within the area; and

WHEREAS, the TWDB hereby finds:

1. that the application and assistance applied for meet the requirements of Texas Water Code, Chapter 15, Subchapters G and H and 31 TAC Chapter 363, Subchapters A and M;
2. it is reasonable to expect that the TWDB will recover its investment in the Project because the revenue to be generated by the projected number of customers served by the Project will be sufficient to purchase the excess capacity owned by the TWDB in accordance with 31 TAC § 363.1308(c)(1);
3. the cost of the Project exceeds the current financing capabilities of the area to be served by the Project, in accordance with 31 TAC § 363.1308(c)(2);
4. the optimum regional development cannot be reasonably financed by local interest based on an assessment of the estimated cost to construct the Project and the revenue to be generated by the projected number of customers of the facility, in accordance with 31 TAC § 363.1308(c)(3);
5. the public interest will be served by the TWDB's acquisition of an interest in the Project because the cost of the Project to the public will be reduced by the Board's participation in the Project, in accordance with 31 TAC § 363.1308(c)(4);
6. the Project contemplates the optimum regional development that is reasonably required under all existing circumstances of the site because the design capacity of the components of the Project are sufficient to meet the foreseeable needs of the area, in accordance with 31 TAC § 363.1308(c)(5);
7. the Project is a recommended water management strategy project in the State Water Plan adopted pursuant to Texas Water Code § 16.051, in accordance with Texas Water Code § 15.474(a);
8. that a water conservation plan has been submitted and implemented in accordance with Texas Water Code § 16.4021 and 31 TAC § 363.1309(b)(1);
9. the District satisfactorily completed all requests by the Executive Administrator or a regional planning group for information relevant to the Project, including a water

infrastructure financing survey under Texas Water Code § 16.053(q) in accordance with Texas Water Code § 15.435(g)(2) and 31 TAC § 363.1309(b)(2);

10. that the District has acknowledged its legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises, and any applicable state law relating to contracting with historically underutilized businesses, in accordance with Texas Water Code § 15.435(h) and 31 TAC § 363.1309(b)(3).

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

1. a commitment is made by the TWDB to acquire and sell an ownership interest in the RTWS Northeast Transmission Pipelines and Loop, not to exceed eighty percent (80%) of the total Project cost based on an application filed by Upper Trinity Regional Water District, in an amount not to exceed \$29,115,000 from the Board Participation Account of the State Water Implementation Revenue Fund for Texas, to be evidenced as follows:
 - a) \$10,605,000 to expire on December 31, 2021;
 - b) \$9,100,000 to expire on December 31, 2022;
 - c) \$4,705,000 to expire on December 31, 2023; and
 - d) \$4,705,000 to expire on December 31, 2024; and
2. the Executive Administrator is authorized to negotiate and execute a Master Agreement that will set forth the duties, responsibilities, and liabilities of the TWDB and the District.

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;
2. this commitment is contingent upon the District'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 circumstance, or any other legal requirement;
3. this commitment is contingent upon the District executing a separate financing agreement, approved as to form and substance by the Executive Administrator, and submitting that executed agreement to the TWDB consistent with the terms and conditions described in the financing agreement;

4. this commitment is contingent upon the District providing a current proforma to the Executive Administrator each year prior to closing;

The Following Conditions Must Be Included in the Master Agreement:

5. the Master Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Master Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
6. loan proceeds are public funds and, as such, the Master 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;
7. loan proceeds shall not be used by the District when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. The Master Agreement shall include an environmental indemnification provision wherein the District 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 sewer sludge, contaminated sediments, and/or contaminated media that may be generated by the District, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project to the extent permitted by law;
8. the Master Agreement must include a provision stating that the District shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312;
9. the District agrees to take such actions as are necessary to assure, or to refrain from such actions as would materially adversely affect, the excludability from gross income for Federal income tax purposes of interest payable on such obligations as are issued by the TWDB to finance its acquisition of an interest in the Project;
10. the Master Agreement must include a provision stating that the District shall have the right to make an early purchase of all or a portion of the TWDB's ownership interest in the Project, on or after the specified Call Date that is on or after the first interest payment date 10 years from the dated date by making principal payments in excess of the scheduled principal payments. Such early purchases may be made no more than once a year, unless otherwise allowed by the Executive Administrator;

11. the Master Agreement must contain a provision stating that the District shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter G and Texas Water Code § 17.183;

Pledge Conditions:

12. the Master Agreement must contain a provision requiring that, upon request by the Executive Administrator, the District shall submit annual audits of contracting parties to the Project for the Executive Administrator's review;
13. the Master Agreement must contain a provision requiring the District to maintain and enforce the Project contracts with its customers so that the revenues paid to the District by its customers are sufficient to meet the revenue requirements of the District's obligations arising from the operation of the Project;

Conditions to Close or for Release of Funds:

14. prior to closing, the District and the TWDB will execute a Master Agreement that will set forth the responsibilities, duties, and liabilities of each party;
15. prior to closing, the District will provide an attorney's opinion that is satisfactory and acceptable to the Executive Administrator as to any impact of the Project on the tax-exempt status of any bonds issued by the TWDB to fund its acquisition of an interest in the Project;
16. prior to closing, the District must submit executed contracts between the District and the contracting parties to the Project regarding the contract revenues pledged to the payment of the District's obligation to purchase the TWDB's interest in the Project, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges, and maintenance of revenues sufficient to meet the District's obligations arising from the Project;
17. prior to closing, if not previously provided with the application, the District shall submit executed contracts for engineering, and, if applicable, financial advisor and legal 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;
18. prior to closing, when any portion of financial assistance is to be held in escrow or in trust, the District 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;

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

Special Conditions:

19. the District must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility; and
20. the Master Agreement must include a provision requiring that, prior to any action by the District to convey its interest to another entity, the conveyance and the assumption of the interest must be approved by the TWDB.

APPROVED and ordered of record this the 22nd day of July, 2021.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

- Water
- Wastewater
- Other

SWIFT

WATER CONSERVATION REVIEW

Entity: Upper Trinity Regional WD

Other entity:

WATER CONSERVATION PLAN DATE: 2019

Approvable

Adopted

	Total GPCD	Residential GPCD	Water Loss GPCD
Baseline	189	NA	2
5-year Goal	170	NA	10
10-year Goal	165	NA	10

WATER LOSS AUDIT YEAR: NA

Water Loss GPCD: <u>NA</u>	Water Loss (percent): <u>NA</u>	Water Loss (gal/ connection/day): <u>NA</u>
Service connections: <u>NA</u>	Length of main lines (miles): <u>NA</u>	Connections per mile: <u>NA</u>
Retail population: <u>NA</u>	ILI ¹ : <u>NA</u>	Wholesale Adjusted: <u>NA</u>

1 – Infrastructure Leakage Index only applicable if > 16 connections per mile and > 3,000 service connections

WATER LOSS THRESHOLDS

Water Loss Project: No

	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
<u>Threshold Type</u>	NA	NA	NA	NA	NA	NA

Does the applicant meet Water Loss Threshold Requirements? NA

ADDITIONAL INFORMATION

In its water conservation plan, the district states that as a wholesale water supplier, it does not have a direct relationship with retail customers who are the ultimate consumers of the treated water it provides. Further, the district does not have ordinance or policy power over such retail customers, or the use of treated water supplied in wholesale transactions. As a result, the district has limited control or influence over the use of water being purchased by its customers. The district does control the operation of its own water treatment and transmission system and can take direct action to maximize the water use efficiency of their operations. The district plans to maintain the level of water loss in the system to below five percent annually, maintain a program of universal metering and regular meter calibration, replacement, and repair. It will continue to utilize wastewater reuse as a major source of future water supply and recycle wash-water from the water treatment plants and maintain and promote a first-class demonstration program for water-smart practices in landscape and gardening.

STAFF NOTES AND RECOMMENDATIONS

The district is not a retail water provider; therefore, it is not required to submit a water loss audit.

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.

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.



Upper Trinity Regional Water District Denton County

