



PROJECT FUNDING REQUEST

BOARD DATE: April 11, 2022

Team Manager: Dain Larsen

ACTION REQUESTED

Approve by resolution a request from the City of Pflugerville (Travis County) for \$24,000,000 in financial assistance from the Drinking Water State Revolving Fund for construction of water system improvements.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The City of Pflugerville (City) is located along the northeast boundary of the City of Austin with an estimated population of 56,558. The City provides service to 21,234 water and 22,560 wastewater connections.

PROJECT NEED AND DESCRIPTION

The City's water treatment plant (WTP) treats water from Lake Pflugerville, which is a reservoir supplied by the Colorado River. Hydrilla and zebra mussel raw water infestations in Lake Pflugerville have inflicted damage on the City's membrane equipment. In addition, the Texas Commission on Environmental Quality (TCEQ) issued an administrative order for several violations at the WTP in the past two years due to concentration time and cryptosporidium removal issues. The City also needs to increase capacity for a projected population increase of nearly 100,000 in the next 20 years.

The City proposes to upgrade the WTP to address the infestations and TCEQ violations and expand capacity from 17.7 to 30 million gallons per day to meet projected water demand. The proposed upgrades include architectural, structural, building mechanical, electrical, instrumentation, control, and SCADA improvements.

Task	Schedule Date
Closing	August 1, 2022
Engineering Feasibility Report Completion(End of Planning Phase)	July 29, 2022
Design Phase	September 30, 2022
Start of Construction	November 30, 2022
Construction Completion	October 31, 2024

COMMITMENT PERIOD: TWELVE (12) MONTHS TO EXPIRE APRIL 30, 2023

KEY ISSUES

The total project cost of \$108,029,490 is proposed to be funded by three sources; \$24,000,000 from the Drinking Water State Revolving Fund, \$40,347,751 from the Water Infrastructure Finance and Innovation Act funding, and \$43,681,739 from the City's reserves. In addition, the City will pay for the Drinking Water State Revolving Fund origination fee with their reserves rather than using bond proceeds.

LEGAL**Special Conditions**

- Useful life determination
- Water rights certification

Attachments:

1. Financial Review
2. Project Budget
3. Resolution (22-)
4. Location Map

Financial Review City of Pflugerville

Risk Score: 2A

Audit Reviewed: FY 2020

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 3.34%	State: 1.49%
Top 10 Customers % of Total Revenue	16%	10-15%
Median Household Income as % of State	151%	100%
Days of Cash on Hand (3-year Average)	293 days	30-149 days
Net Fixed Assets/ Annual Depreciation	46 years	12-24 years
Debt Service Coverage Ratio	0.90x	1.00x
Debt-to-Operating Revenues	3.90x	4.00-5.99x
Unemployment Rate (December 2021)	Pflugerville: 3.40%	State: 4.30%
Working Capital Ratio	1.36	> 1.00

Key Risk Score Strengths

- The City's population has been rapidly increasing over the past 10 years, creating higher economic growth and revenues.
- The median household income is 50 percent higher than the state, indicating the citizens can manage increased water and wastewater sewer rates.
- Net fixed assets are well above the benchmark, demonstrating the City manages its fixed assets efficiently to generate long term income.

Key Risk Score Concerns

- Effective October 1, 2021, the City has implemented a \$6.20 rate increase. Based on current revenues, the City will need a max rate increase of \$32.87 in year 2035 in order to meet debt service requirements. Additionally, the City has been invited to apply for the Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan and is planning to request \$40,347,751 in funding.

PLEDGE

Legal Pledge Name	Utility System Revenues
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 checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third <input type="checkbox"/> N/A

RATES AND CHARGES

Average Residential Use	Gallons/Month	Current Rates*	Projected Rates	Current Household Cost Factor	Projected Household Cost Factor
WATER	8,000	\$58.10	\$74.54	1.33	1.80
WASTEWATER	5,000	\$50.00	\$66.43		

*Includes a recent \$6.20 rate increase effective 10/1/2021

TAXES

	2022 Tax Year Rate	Max Projected Tax Rate (Year 2022)	Maximum Allowable Rate	3-Year Avg Current Tax Collections	Assessed Valuation
Maintenance & Operation	\$0.2867	\$0.2867	\$1.50	99.62%	\$7,641,423,388
Interest & Sinking	\$0.1996	\$0.1996			
Total Tax Rate	\$0.4863	\$0.4863			

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the City could save approximately \$5,148,443 over the life of the financing.

Responsible Authority	Pflugerville
Program	DWSRF
Commitment Number	L1001499
Project Number	62919
List Year	2022
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$24,000,000 City of Pflugerville, Texas Utility Systems Revenue Bonds, Proposed Series 2022
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	No
State Revolving Fund Type	Equivalency
Financial Managerial & Technical Complete	Yes
Phases Funded	Construction
Pre-Design	No
Project Consistent with State Water Plan	Yes
Water Conservation Plan	Adopted
Overall Risk Score	2A

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Dain Larsen	April Alcorn	Shubham Aggarwal	Kristin Miller	Marshall Walters

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
City of Pflugerville

\$24,000,000 City of Pflugerville, Texas Utility Systems Revenue Bonds, Proposed Series 2022

Dated Date: 8/1/2022	Source: DWSRF-EQUIVALENCY
Delivery Date: 8/1/2022	Rate: 2.17%
First Interest: 2/1/2023	IUP Year: 2022
First Principal: 2/1/2023	Case: Revenue
Last Principal: 2/1/2052	Admin.Fee: \$470,588
Fiscal Year End: 09/30	Admin. Fee Payment Date: 8/1/2022
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE*	\$24,000,000 ISSUE			TOTAL DEBT SERVICE	TOTAL DEBT COVERAGE	
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT			
2023	\$12,191,484	\$11,102,357	\$635,000	0.59%	\$449,126	\$1,084,126	\$12,186,483	1.00
2024	12,671,738	11,582,015	640,000	0.78%	444,723	1,084,723	12,666,737	1.00
2025	18,446,138	17,356,791	650,000	0.88%	439,347	1,089,347	18,446,138	1.00
2026	18,446,138	15,221,786	655,000	0.98%	433,278	1,088,278	16,310,064	1.13
2027	18,446,138	15,415,716	665,000	1.05%	426,603	1,091,603	16,507,319	1.12
2028	18,446,138	15,425,334	670,000	1.14%	419,319	1,089,319	16,514,653	1.12
2029	18,446,138	15,363,717	680,000	1.25%	411,281	1,091,281	16,454,998	1.12
2030	18,446,138	15,380,045	685,000	1.30%	402,610	1,087,610	16,467,655	1.12
2031	18,446,138	15,396,323	695,000	1.34%	393,501	1,088,501	16,484,824	1.12
2032	18,446,138	15,445,938	700,000	1.37%	384,015	1,084,015	16,529,953	1.12
2033	18,446,138	15,931,461	710,000	1.53%	373,755	1,083,755	17,015,216	1.08
2034	18,446,138	16,129,022	720,000	1.66%	362,306	1,082,306	17,211,327	1.07
2035	19,431,199	18,346,379	730,000	1.76%	349,820	1,079,820	19,426,199	1.00
2036	19,431,199	14,649,272	745,000	1.85%	336,415	1,081,415	15,730,686	1.24
2037	19,431,199	14,647,953	760,000	1.93%	322,143	1,082,143	15,730,096	1.24
2038	19,431,199	14,641,293	770,000	2.00%	307,059	1,077,059	15,718,352	1.24
2039	19,431,199	14,646,870	790,000	2.06%	291,172	1,081,172	15,728,042	1.24
2040	19,431,199	14,648,962	805,000	2.11%	274,490	1,079,490	15,728,452	1.24
2041	19,431,199	14,644,801	820,000	2.17%	256,993	1,076,993	15,721,794	1.24
2042	19,431,199	14,643,438	840,000	2.22%	238,662	1,078,662	15,722,100	1.24
2043	19,431,199	14,648,011	860,000	2.26%	219,565	1,079,565	15,727,575	1.24
2044	19,431,199	14,640,654	880,000	2.30%	199,727	1,079,727	15,720,381	1.24
2045	19,431,199	14,640,440	900,000	2.33%	179,122	1,079,122	15,719,562	1.24
2046	19,431,199	13,287,192	925,000	2.36%	157,722	1,082,722	14,369,914	1.35
2047	19,431,199	13,284,918	950,000	2.39%	135,514	1,085,514	14,370,432	1.35
2048	19,431,199	12,248,991	970,000	2.41%	112,533	1,082,533	13,331,524	1.46
2049	19,431,199	12,253,760	995,000	2.42%	88,865	1,083,865	13,337,625	1.46
2050	19,431,199	11,544,073	1,025,000	2.44%	64,503	1,089,503	12,633,576	1.54
2051	19,431,199	9,564,480	1,050,000	2.46%	39,328	1,089,328	10,653,808	1.82
2052	19,431,199	9,052,473	1,080,000	2.48%	13,268	1,093,268	10,145,741	1.92
		\$425,784,465	\$24,000,000		\$8,526,760	\$32,526,760	\$458,311,224	

*Includes projected debt from CWSRF project# 73898 multi-year commitments (series 2021, 2022, 2023) and WIFIA (\$40,347,751 par amount)

AVERAGE (MATURITY) LIFE	16.37 YEARS
NET INTEREST RATE	2.170%
COST SAVINGS	\$5,148,443
AVERAGE ANNUAL REQUIREMENT	\$15,277,041

Disclaimer: This is a working document and is provided as a courtesy. All information contained herein, including the proposed interest rate, is subject to change upon further review of the TWDB in accordance with 31 Texas Administrative Code Chapters 363, 371, 375, or 384, as applicable. The TWDB does not function as a financial advisor to anyone in connection with this financing. The information contained in this document is used by TWDB staff to analyze the application for financing is illustrative only and does not constitute any guaranty of future rates. The TWDB makes no claim regarding the applicability of the information at closing, at which time actual rates will be set.



Project Budget Summary
Pflugerville
62919 - Water Treatment Plant Expansion
Design

Budget Items	TWDB Funds	Local and Other Funds	Total
Construction			
Construction	\$24,000,000.00	\$57,293,844.00	\$81,293,844.00
Subtotal for Construction	\$24,000,000.00	\$57,293,844.00	\$81,293,844.00
Basic Engineering Services			
Construction Engineering	\$0.00	\$5,410,295.00	\$5,410,295.00
Design	\$0.00	\$6,700,643.00	\$6,700,643.00
Planning	\$0.00	\$1,947,512.00	\$1,947,512.00
Subtotal for Basic Engineering Services	\$0.00	\$14,058,450.00	\$14,058,450.00
Special Services			
Environmental	\$0.00	\$80,000.00	\$80,000.00
Geotechnical	\$0.00	\$102,370.00	\$102,370.00
Permits	\$0.00	\$189,336.00	\$189,336.00
Pilot Testing	\$0.00	\$512,500.00	\$512,500.00
Project Management (by engineer)	\$0.00	\$2,050,931.00	\$2,050,931.00
Surveying	\$0.00	\$29,410.00	\$29,410.00
Subtotal for Special Services	\$0.00	\$2,964,547.00	\$2,964,547.00
Fiscal Services			
Bond Counsel	\$0.00	\$77,500.00	\$77,500.00
Financial Advisor	\$0.00	\$83,000.00	\$83,000.00
Issuance Costs	\$0.00	\$48,912.00	\$48,912.00
Loan Origination Fee	\$0.00	\$480,000.00	\$480,000.00
Subtotal for Fiscal Services	\$0.00	\$689,412.00	\$689,412.00
Contingency			
Contingency	\$0.00	\$9,023,237.00	\$9,023,237.00
Subtotal for Contingency	\$0.00	\$9,023,237.00	\$9,023,237.00
Total	\$24,000,000.00	\$84,029,490.00	\$108,029,490.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$24,000,000 TO THE CITY OF PFLUGERVILLE
FROM THE DRINKING WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
\$24,000,000 CITY OF PFLUGERVILLE, TEXAS
UTILITY SYSTEM REVENUE BONDS,
PROPOSED SERIES 2022

(22 -)

WHEREAS, the City of Pflugerville (City), located in Travis County, has filed an application for financial assistance in the amount of \$24,000,000 from the Drinking Water State Revolving Fund (DWSRF) to finance the construction of certain water system improvements identified as Project No. 62919; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of \$24,000,000 City of Pflugerville, Texas Utility System Revenue Bonds, Proposed Series 2022 (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the City has offered a pledge of a first lien on the net revenues of the City's utility system as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/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. that the application and assistance applied for meet the requirements of the Safe Drinking Water Act, 42 U.S.C. §§ 300f *et seq.* as well as state law, in accordance with Texas Water Code § 15.607;
3. that 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;
4. that the TWDB has approved a regional water plan for the region of the state that includes the area benefiting from the project and the needs to be addressed by the project will be addressed in a manner that is consistent with the approved regional and state water plans, as required by Texas Water Code § 16.053(j); and
5. that a current water audit required by Texas Water Code § 16.0121 and 31 TAC § 358.6 has been completed by the City and filed with the TWDB in accordance with 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 City of Pflugerville for financial assistance in the amount of \$24,000,000 from the Drinking Water State Revolving Fund through the TWDB's proposed purchase of \$24,000,000 City of Pflugerville, Texas Utility System Revenue Bonds, Proposed Series 2022. This commitment will expire on April 30, 2023.

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 issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said 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 of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
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 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 such rule, such 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 such Obligations, and the beneficial owners of the TWDB's bonds if the City is an obligated person with respect to such bonds under SEC Rule 15c2-12;

7. the Obligations must contain a provision requiring the City to levy a tax and/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 loan 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 that are 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 loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Executive Administrator;
10. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
11. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
12. loan proceeds shall not be used by the City when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations 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;
13. prior to closing, the City shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges and/or the levy of an interest and sinking tax rate (if applicable) sufficient for the repayment of all system debt service requirements;
14. prior to closing, and if not previously provided with the application, the City shall submit executed contracts for engineering and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the

- services performed, reflected in the contract, and acceptable to the Executive Administrator;
15. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the City shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
 16. the Executive Administrator may require that the City 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 and/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;

Conditions Related to Tax-Exempt Status

21. 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;
22. 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;
23. the Obligations must include a provision prohibiting the City from using the proceeds of this loan 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 thereunder (Regulations);
24. the Obligations must provide that no portion of the proceeds of the loan 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 the loan (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 such 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 such 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;
25. 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 in order to satisfy the requirements of section 148 of the Code. The Obligations must provide that the City will:
- a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such 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 Loan with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its Loan, 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 thereunder. The City shall maintain a copy of such calculations for at least six years after the final Computation Date;
 - c. as additional consideration for the making of the Loan, and in order to induce the making of the Loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;

- d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
26. 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;
27. 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;
28. 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;
29. 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);
30. 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;
31. the Obligations must provide that neither the City nor a related party thereto 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;

State Revolving Fund Conditions

32. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
33. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor’s implementing regulations. The City, all contractors, and all sub-contractors shall ensure that all

project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with 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;

34. the Obligations must include a provision stating that the City shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;
35. the Obligations shall provide that all loan proceeds 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;
36. Obligations 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;

Drinking Water State Revolving Fund Conditions

37. the City shall pay at closing an origination fee approved by the Executive Administrator of the TWDB pursuant to 31 TAC Chapter 371;
38. prior to 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;
39. prior to 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 for the Loan

40. the Obligations shall be on parity with any existing obligations that are secured with the same pledge of security as the proposed Obligations; and
41. the Obligations shall be governed by the additional debt test and reserve requirement as provided in the outstanding City of Pflugerville, Texas Utility System Revenue Bonds, Series 2021.

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

Special Conditions

- 42. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the City has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction;
- 49. prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the City has the right to use the water that the project financed by the TWDB will provide; and
- 51. prior to the release of funds, the City shall provide a schedule of the useful life of the project components prepared by an engineer as well as a certification by the applicant that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the project, as determined by the schedule.

APPROVED and ordered of record this 11th day of April 2022.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, Executive Administrator

Water
 Wastewater
 Other

WATER CONSERVATION REVIEW

Entity: _____

Review date: _____

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

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

WATER LOSS AUDIT YEAR:

Total water loss (GPCD): _____ Total water loss (percent): _____ Wholesale Water
 Total no. of connections: _____ Length of mains (miles): _____ Connections per mile: _____
 If > 16 connections per mile and > 3,000 connections, Infrastructure Leakage Index (ILI): _____

WATER LOSS THRESHOLDS:

	Apparent Loss Gallons per connection per day	Real Loss Gallons per mile per day	Real Loss Gallons per connection per day	Apparent Threshold Gallons per connection per day	Real Threshold Gallons per mile per day	Real Threshold Gallons per connection per day
If population ≤ 10K, connections/mile < 32 :			NA			NA
If population ≤ 10K, connections/mile ≥ 32 :		NA			NA	
If population > 10K :		NA			NA	

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 loss refers to unauthorized consumption, meter inaccuracy, billing adjustments, and waivers.

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 5,000 connections, average pressure greater than 35 psi, and a connection density of more than 32 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 benchmarking 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.

Produced water is the total amount of water purchased or produced by the utility.

Real loss comes from main breaks and leaks, storage tank overflows, customer service line breaks, and leaks.

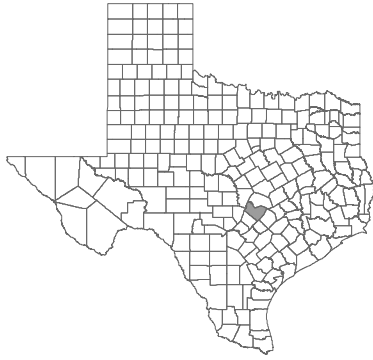
Residential GPCD is the amount of water per capita used solely for residential use and ideally includes both single and multi-family customer use.

Total baseline GPCD is the amount of all water purchased or produced by the utility divided by the service area population and then 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 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.



City of Pflugerville Travis County

