

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: April 6, 2023

Team Manager: Nancy Richards

ACTION REQUESTED

Consider approving by resolution a request from the Lazy River Improvement District (Montgomery County) for \$3,425,000 in financing from the Texas Water Development Fund for planning, design, and construction of a wastewater system improvements project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The Lazy River Improvement District (District) is located in Montgomery County approximately 40 miles north of Houston, Texas. The District provides water and wastewater services to a population of approximately 922 residents and 220 connections.

PROJECT NEED AND DESCRIPTION

The District's existing wastewater treatment plant (WWTP) was built in 1977. Several components are nearing the end their useful life and need to be improved for serviceability now and in the future.

The District intends to make improvements at its existing plant by upgrading and/or repurposing existing equipment. The existing treatment units will be converted to clarifiers, and new aeration basins, digesters, and chlorine contact chamber will be constructed. Blowers, air diffusers, lift pumps, mixers and electrical components will be replaced.

PROJECT SCHEDULE

Task	Schedule Date
Closing	July 1, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	September 1, 2023
Design Phase Completion	March 31, 2024
Start of Construction	June 3, 2024
Construction Completion	June 3, 2025

KEY ISSUES

None.

LEGAL/SPECIAL CONDITIONS

- Notification prior to altering legal status
- Conversion and conveyance
- Sufficient rates and charges to maintain 1.10x coverage

COMMITMENT PERIOD: SIX (6) MONTHS TO EXPIRE OCTOBER 31, 2023

Attachments

1. Financial Review
2. Project Budget
3. Resolution (23-)
4. Water Conservation Review
5. Location Map

Financial Review

Lazy River Improvement District

Risk Score: 2C

Audit Reviewed: FY 2022

Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 3.13%	State: 1.49%
Top 10 Customers % of Total Revenue	9%	10-15%
Median Household Income as % of State	130%	100%
Cash Balance Ratio	62.99%	0 - 9.99%
Days of Cash on Hand (3-year Average)	152 days	30-149 days
Net Fixed Assets/ Annual Depreciation	16 years	12-24 years
Debt Service Coverage Ratio	(0.67x)	1.0x
Debt-to-Operating Revenues	11.98	4.00-5.99x
Unemployment Rate (December, 2022)	County: 3.5%	State: 3.6%
Working Capital Ratio	7.39	> 1.0

Key Risk Score Strengths

- A high working capital ratio gives the District ample resources to cover short-term liabilities and shows a strong liquidity position.
- The District's median household income and the unemployment rate are above the benchmark indicating the District has a solid socioeconomic base.
- The District's cash and cash equivalents have increased 66 percent over the last five years to \$250 thousand giving the District a 62.99 percent cash balance ratio.

Key Risk Score Concerns

- Based on a no-growth scenario and only pledged revenues, the District is projected to need a one hundred and three (\$103) dollar rate increase in the first year of repayment; however, the revenues shown on the debt service schedule do not include tax revenues and the recently implemented rate increases totaling eighty (\$80) dollars which will provide the District with a more than 1.0x debt service coverage. The District does have taxing ability but cannot pledge ad valorem taxes at the moment.
- Debt-to-operating revenues ratio is above the benchmark due to system revenues supporting all maintenance and repairs of the system. A special condition was put in the commitment resolution requiring the District to maintain and collect sufficient rates and charges in conjunction with any other legally available funds to produce a 1.10x debt service coverage.

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 (Year 2045)	Current Household Cost Factor	Projected Household Cost Factor
Water	10,773	\$119.15	\$162.38	3.37	4.02
Wastewater	3,995	\$40.00	\$40.00		

Cost Savings

Based on a 30-year maturity schedule and current interest rates, the District could save approximately \$168,453 over the life of the financing.

Responsible Authority	Lazy River ID
Program	WDF
Commitment Number	L1001610
Project Number	21808
List Year	2022
Type of Pledge	Revenue Pledge
Pledge Level (if applicable)	First Lien
Legal Description	\$3,425,000, Lazy River Improvement District Revenue Bonds, Proposed Series 2023
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	No
Disbursement Method	Escrow
Outlay Type	Outlay <> Escrow Release
Qualifies as Disadvantaged	No
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Design, and Construction
Pre-Design	Yes
Project Consistent with State Water Plan	N/A
Water Conservation Plan	Adopted
Overall Risk Score	2C

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Nancy Richards	Chelsea Duran	Matthew Young	Britt Paredes	Annette Mass

ISSUE BEING EVALUATED
FOR ILLUSTRATION PURPOSES ONLY
Lazy River Improvement District

\$3,425,000 Lazy River Improvement District Revenue Bonds, Proposed Series 2023

Dated Date: 7/1/2023	Source: WDF
Delivery Date: 7/1/2023	Rate: 4.20%
First Interest: 3/1/2024	IUP Year: 2022
First Principal: 3/1/2025	Case: 1st Lien Revenue
Last Principal: 3/1/2053	Admin.Fee: \$0
Fiscal Year End: 09/30	Admin. Fee Payment Date: N/A
Required Coverage: 1.0	

FISCAL YEAR	REQUIRED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$3,425,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2024	\$155,146	-	-	-	\$155,146	\$155,146	\$155,146	1.00
2025	192,220	-	60,000	2.54%	132,220	192,220	192,220	1.00
2026	195,649	-	65,000	2.49%	130,649	195,649	195,649	1.00
2027	195,649	-	65,000	2.45%	129,043	194,043	194,043	1.01
2028	197,393	-	70,000	2.44%	127,393	197,393	197,393	1.00
2029	200,609	-	75,000	2.48%	125,609	200,609	200,609	1.00
2030	200,609	-	75,000	2.50%	123,742	198,742	198,742	1.01
2031	201,792	-	80,000	2.53%	121,792	201,792	201,792	1.00
2032	204,688	-	85,000	2.57%	119,688	204,688	204,688	1.00
2033	204,688	-	85,000	2.66%	117,465	202,465	202,465	1.01
2034	205,007	-	90,000	2.95%	115,007	205,007	205,007	1.00
2035	207,145	-	95,000	3.23%	112,145	207,145	207,145	1.00
2036	208,856	-	100,000	3.51%	108,856	208,856	208,856	1.00
2037	208,856	-	100,000	3.70%	105,251	205,251	205,251	1.02
2038	208,856	-	105,000	3.85%	101,380	206,380	206,380	1.01
2039	208,856	-	110,000	3.95%	97,186	207,186	207,186	1.01
2040	208,856	-	115,000	4.04%	92,691	207,691	207,691	1.01
2041	208,856	-	120,000	4.11%	87,902	207,902	207,902	1.00
2042	208,856	-	125,000	4.17%	82,829	207,829	207,829	1.00
2043	208,856	-	130,000	4.22%	77,480	207,480	207,480	1.01
2044	208,856	-	135,000	4.29%	71,841	206,841	206,841	1.01
2045	210,806	-	145,000	4.33%	65,806	210,806	210,806	1.00
2046	210,806	-	150,000	4.37%	59,390	209,390	209,390	1.01
2047	210,806	-	155,000	4.42%	52,687	207,687	207,687	1.02
2048	210,806	-	165,000	4.45%	45,590	210,590	210,590	1.00
2049	210,806	-	170,000	4.49%	38,102	208,102	208,102	1.01
2050	210,806	-	175,000	4.51%	30,339	205,339	205,339	1.03
2051	210,806	-	185,000	4.53%	22,203	207,203	207,203	1.02
2052	210,806	-	195,000	4.55%	13,576	208,576	208,576	1.01
2053	210,806	-	200,000	4.57%	4,570	204,570	204,570	1.03
			\$3,425,000		\$2,667,576	\$6,092,576	\$6,092,576	

AVERAGE (MATURITY) LIFE	18.56 YEARS
NET INTEREST RATE	4.196%
COST SAVINGS	\$168,453
AVERAGE ANNUAL REQUIREMENT	\$203,086

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
 Lazy River ID
 21808 - Lazy River Improvement
 District

Budget Items	This Commitment	Total
Construction		
Construction	\$1,950,000	\$1,950,000
Subtotal for Construction	\$1,950,000	\$1,950,000
Basic Engineering Services		
Construction Engineering	\$88,000	\$88,000
Design	\$205,000	\$205,000
Planning	\$25,000	\$25,000
Subtotal for Basic Engineering Services	\$318,000	\$318,000
Special Services		
Application	\$35,000	\$35,000
Environmental	\$30,000	\$30,000
Inspection	\$40,000	\$40,000
O&M Manual	\$2,500	\$2,500
Surveying	\$25,000	\$25,000
Subtotal for Special Services	\$132,500	\$132,500
Fiscal Services		
Bond Counsel	\$85,625	\$85,625
Bond Reserve Fund	\$310,000	\$310,000
Capitalized Interest	\$131,750	\$131,750
Financial Advisor	\$68,500	\$68,500
Fiscal/Legal	\$12,000	\$12,000
Issuance Costs	\$11,625	\$11,625
Subtotal for Fiscal Services	\$619,500	\$619,500
Other		
Project Legal Expenses	\$15,000	\$15,000
Subtotal for Other	\$15,000	\$15,000
Contingency		
Contingency	\$390,000	\$390,000
Subtotal for Contingency	\$390,000	\$390,000
Total	\$3,425,000	\$3,425,000

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$3,425,000 TO THE LAZY RIVER IMPROVEMENT DISTRICT
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$3,425,000 LAZY RIVER IMPROVEMENT DISTRICT REVENUE BONDS,
PROPOSED SERIES 2023

(23 -)

WHEREAS, the Lazy River Improvement District, located in Montgomery County, Texas (District), has filed an application for financial assistance in the amount of \$3,425,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance wastewater system improvements, identified as Project No. 21808; and

WHEREAS, the District seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$3,425,000 through the TWDB's purchase of \$3,425,000, Lazy River Improvement District Revenue Bonds, Proposed Series 2023 (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 District has offered a pledge of a first lien on system revenue as sufficient security for the repayment of the Obligations; 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 § 363.16; and

WHEREAS, in accordance with Texas Water Code § 17.275, the TWDB has considered all matters required by law and in particular the following:

1. the water quality needs of the waters into which effluent from the treatment works will be discharged, the benefit of the treatment works to such water quality needs, the relationship of the treatment works to the overall, statewide water quality needs, and the relationship of the treatment works to water quality planning for the state;
2. the availability of revenue to the political subdivision, from all sources, for the ultimate repayment of the cost of the treatment works, including interest; and
3. that the District has not been designated, pursuant to Texas Water Code § 26.082, to provide a regional system to serve all or part of the waste disposal needs of a defined area, the development of such systems being the declared policy of the legislature; and

WHEREAS, the TWDB hereby finds:

1. that the public interest will benefit from state assistance in the financing of this project, in accordance with Texas Water Code § 17.277(a);
2. that the District 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;
3. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 17, Subchapters E, F, and L, and 31 TAC Chapter 363, Subchapter A;
4. that the current water audit required by Texas Water Code § 16.0121 has been completed by the District and filed with the TWDB, in accordance with Texas Water Code § 16.053(j);
5. that any treatment works to be financed under the application will consider cost-effective innovative, nonconventional methods of treatment such as rock reed, root zone, ponding, irrigation, or other methods that may have been developed by the National Aeronautics and Space Administration or the Tennessee Valley Authority, in accordance with Texas Water Code § 17.189;

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

A commitment is made by the TWDB to the Lazy River Improvement District for financial assistance in the amount of \$3,425,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$3,425,000, Lazy River Improvement District Revenue Bonds, Proposed Series 2023. This commitment will expire on October 31, 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 the District has complied with all of the requirements of the laws under which said Obligations were issued; 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 District;

3. this commitment is contingent upon the District's compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;
4. the Obligations must provide that the Obligations can be called for early redemption (Early Redemption) only in inverse order of maturity, and 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;
5. the Obligations must include a provision wherein the District, 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 District's Obligations or obligated persons, will, at a minimum, 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 District's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the District is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must contain a provision requiring the District to levy a tax or maintain and collect sufficient rates and charges to produce system revenues 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;
7. the Obligations must include a provision requiring the District to use any surplus loan proceeds from the Obligations remaining after completion of a final accounting in a manner as approved by the Executive Administrator; and
8. 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;
9. financial assistance 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;
10. financial assistance 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 Obligations 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 and disposition of any contaminated sewage 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;

11. prior to closing, the District shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
12. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the District shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;
13. prior to closing, when any portion of financial assistance proceeds are 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;
14. the Executive Administrator may require that the District execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
15. 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 F and Texas Water Code § 17.183;

Conditions Related To Tax-Exempt Status:

16. prior to closing, the District'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 District when rendering this opinion;

17. prior to closing, the District's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion;
18. the Obligations must include a provision prohibiting the District 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 § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
19. 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 § 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) that 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 § 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;
20. the Obligations must include a provision requiring the District 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 § 148 of the Code. The Obligations must provide that the District 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 District may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the District, provided that the

District 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 § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The District 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;
- 21. the Obligations must include a provision prohibiting the District from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 - 22. the Obligations must provide that the District will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
 - 23. the Obligations must contain a covenant that the District will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings");
 - 24. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the District's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
 - 25. the transcript must include evidence that the information reporting requirements of § 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 § 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;

26. the Obligations must provide that neither the District 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 District by the TWDB;

Pledge Conditions For The Loan:

27. the Obligations must require the accumulation of a reserve fund of no less than average annual debt service requirements, to be accumulated in equal monthly installments over the initial sixty (60) months following the issuance of the Obligations;
28. if the District has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;
29. the Obligations must contain a provision providing that additional revenue obligations may only be incurred if net system revenues are at least 1.25 times the average annual debt service requirements after giving effect to the additional obligations when net revenues are a) determined from the last completed fiscal year or a 12 consecutive calendar month period ending not more than ninety (90) days preceding the adoption of the additional obligations as certified by a certified public accountant; or b) the District certifies that the District is expected to continue to meet or exceed the net system revenue test with a minimum coverage of 1.25 times the average annual debt service requirement. An authorized representative of the District must provide the calculations, identifying reasonable assumptions, in a manner and format that is acceptable to the Executive Administrator;

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

Special Conditions:

30. the Obligations must include a requirement that the District shall at all times maintain and collect sufficient rates and charges so that after payment of the costs of operating and maintaining the system, it produces revenues in an amount not less than 1.10 times debt service requirements of all outstanding Obligations of the District and other obligations of the District which are secured in whole or in part by the pledged revenues, and that if the 1.10 times coverage is not achieved then the District will take action to increase rates to the extent necessary so that the 1.10 coverage will be achieved;
31. the District must notify the Executive Administrator in writing thirty (30) days prior to taking any actions to alter its legal status in any manner;

32. the Obligations must include a provision requiring that the District notify the Executive Administrator in writing prior to any action by it to convey its Obligations held by the TWDB to another entity; the conveyance and the assumption of the Obligations must be approved by the TWDB.

APPROVED and ordered of record this, the 6th day of April, 2023.

TEXAS WATER DEVELOPMENT BOARD

Brooke T. Paup, Chairwoman

DATE SIGNED: _____

ATTEST:

Jeff Walker, 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:

ILI¹:

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

WATER LOSS THRESHOLDS

Water Loss Project:

Wholesale Adjusted:

Threshold Type:

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

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.

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.

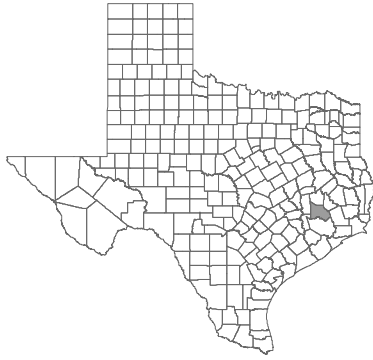
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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.



Lazy River Improvement District Montgomery County

