

# Texas Water Development Board

## PROJECT FUNDING REQUEST

**BOARD DATE:** October 5, 2023

**Team Manager:** Tom Barnett

### ACTION REQUESTED

Consider approving by resolution a request from the Chatt Water Supply Corporation (Hill County) for \$3,000,000 in financing from the Texas Water Development Fund for planning, design, and construction of a water system improvements project.

### STAFF RECOMMENDATION

Approve       No Action

### BACKGROUND

Chatt Water Supply Corporation (Corporation) is located approximately 25 miles north of Waco. The Corporation provides water service to approximately 725 customers through approximately 360 connections.

### PROJECT NEED AND DESCRIPTION

The Corporation is unable to meet the Texas Commission on Environmental Quality's (TCEQ) minimum supply capacity of 0.6 gallons per minute (gpm) per connection in its existing water distribution system. Additional water supply is needed for the Corporation to adequately serve its customers.

The Corporation's proposed project includes drilling a new water well with an anticipated capacity of 250 gpm; a new chlorine disinfection system to treat the new raw groundwater supply; a new 10,000-gallon ground storage tank for treated water storage; and a new pump station and piping to connect the new treated groundwater supply to the Corporation's existing distribution system.

### PROJECT SCHEDULE

Task	Schedule Date
Closing	December 7, 2023
Engineering Feasibility Report Completion (End of Planning Phase)	March 31, 2024
Design Phase Completion	September 30, 2024
Start of Construction	May 27, 2025
Construction Completion	February 27, 2026

### KEY ISSUES

The Corporation has been under enforcement by the TCEQ for failure to obtain an exception prior to blending its groundwater source with purchased surface water disinfected with chloramines. The Corporation executed an agreed order in 2020 and paid fines to TCEQ. The Corporation is currently complying with TCEQ's regulations by

**COMMITMENT PERIOD:** TWELVE (12) MONTHS TO EXPIRE OCTOBER 31, 2024

disinfecting both water sources using chloramines. With the proposed new groundwater well, the Corporation will be capable of meeting its customers' needs with its self-supplied groundwater. The Corporation has a contract with Aquilla Water Supply District to purchase surface water through 2040, and this water will still be available as an additional source when needed.

The Corporation is contributing \$500,000 in local funds for the construction phase of the project. They have provided a letter stating that sufficient funds will be available. These local funds are reflected in the project budget (Attachment 2).

#### **LEGAL/SPECIAL CONDITIONS**

- Adopt Water Conservation Plan
- Water rights certification
- Conversion and conveyance

#### **Attachments**

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

# Financial Review

## Chatt Water Supply Corporation

Risk Score: 2C

Audit Reviewed: FY 2022

### Key Indicators

Indicator	Result	Benchmark
Population Growth, Average Annual 2010-2020	County: 0.22%	State: 1.49%
Top 10 Customers % of Total Revenue	25%	10-15%
Median Household Income as % of State	70%	100%
Days of Cash on Hand (3-year Average)	908 days	30-149 days
Net Fixed Assets/ Annual Depreciation	22 years	12-24 years
Debt Service Coverage Ratio	0.53x	1.00x
Debt-to-Operating Revenues	7.12	4.00-5.99x
Unemployment Rate (July 2023)	County: 4.20%	State: 4.50%
Working Capital Ratio	14.0	> 1.0

### Key Risk Score Strengths

- A high working capital ratio shows a strong liquidity position for the Corporation, indicating its short-term assets can cover its short-term liabilities.
- The Corporation's days of cash on hand are above the benchmark, indicating it can cover any potential surges in expenses, if needed.

### Key Risk Score Concerns

- Based on the 2022 audit, the Corporation has a debt service coverage ratio of 0.53x. However, it is projected to meet the 1.00x debt service coverage requirement due to a \$10 base rate increase in January 2023 and a \$20 consumption rate increase in June 2023. Additionally, the Corporation is projected to need to increase rates by \$6.06 to meet the additional bonds test coverage requirement due to a previous loan agreement with TWDB.
- The Corporation's debt-to-operating revenue ratio is above the benchmark due to the proposed debt; however, the most recent rate increases are projected to lower this ratio going forward.
- The top ten customers make up 25 percent of the total system revenues with the two largest being Texas Department of Transportation (TxDOT) Rest Area East and Rest Area West making up 12.1 percent. A stress test was conducted removing these revenues, and it was projected that the Corporation would require a maximum rate increase of \$6.72 to meet coverage.

### PLEDGE

Legal Pledge Name	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 2023)	Current Household Cost Factor	Projected Household Cost Factor
Water	7,780	\$113.46	\$119.52**	4.13	4.30

\*Includes a \$10 rate increase implemented in January and the \$20 consumption rate increase in June

\*\*Will have to increase rates by \$6.06 to meet the additional bonds test

### Cost Savings

Based on a 30-year maturity schedule and current interest rates, the Corporation could save approximately \$752,539 over the life of the financing.

<b>Responsible Authority</b>	Chatt WSC
<b>Program</b>	WDF
<b>Commitment Number</b>	L1001683
<b>Project Number</b>	21816
<b>List Year</b>	2023
<b>Type of Pledge</b>	Revenue Pledge
<b>Pledge Level (if applicable)</b>	First Lien
<b>Legal Description</b>	\$3,000,000 Chatt Water Supply Corporation Loan Agreement
<b>Tax-exempt or Taxable</b>	Taxable
<b>Refinance</b>	No
<b>Outlay Requirement</b>	No
<b>Disbursement Method</b>	Escrow
<b>Outlay Type</b>	Outlay <> Escrow Release
<b>Qualifies as Disadvantaged</b>	No
<b>Financial Managerial &amp; Technical Complete</b>	N/A
<b>Phases Funded</b>	Planning, Design, and Construction
<b>Pre-Design</b>	Yes
<b>Project Consistent with State Water Plan</b>	Yes
<b>Water Conservation Plan</b>	Approvable
<b>Overall Risk Score</b>	2C

### PROJECT TEAM

<b>Team Manager</b>	<b>Financial Analyst</b>	<b>Engineering Reviewer</b>	<b>Environmental Reviewer</b>	<b>Attorney</b>
Tom Barnett	Jacob Berdoll	Roshan Pokhrel	Tim Harlow	Marshall Walters

ISSUE BEING EVALUATED  
FOR ILLUSTRATION PURPOSES ONLY  
Chatt WSC

\$3,000,000 Chatt Water Supply Corporation Loan Agreement

Dated Date: 12/7/2023	Source: WDF
Delivery Date: 12/7/2023	Rate: 5.28%
First Interest: 11/15/2024	IUP Year: 2022
First Principal: 8/15/2026	Case: Revenue
Last Principal: 8/15/2053	Admin.Fee: \$0
Fiscal Year End: 12/31	Admin. Fee Payment Date: N/A
Required Coverage: 1.0	

FISCAL YEAR	PROJECTED NET SYSTEM REVENUES	CURRENT DEBT SERVICE	\$3,000,000 ISSUE				TOTAL DEBT SERVICE	COVERAGE
			PRINCIPAL PAYMENT	INTEREST RATE	INTEREST PAYMENT	TOTAL PAYMENT		
2024	\$289,534	\$56,813	\$0	-	\$148,797	\$148,797	\$205,610	1.41
2025	289,534	56,813	-	-	158,482	158,482	215,295	1.34
2026	289,534	56,813	40,000	4.95%	157,492	197,492	254,305	1.14
2027	289,534	56,813	40,000	4.81%	155,540	195,540	252,353	1.15
2028	289,534	56,813	45,000	4.85%	153,486	198,486	255,299	1.13
2029	289,534	56,813	50,000	4.82%	151,190	201,190	258,003	1.12
2030	289,534	56,813	50,000	4.86%	148,770	198,770	255,583	1.13
2031	289,534	56,813	50,000	4.79%	146,358	196,358	253,171	1.14
2032	289,534	56,813	55,000	4.83%	143,832	198,832	255,645	1.13
2033	289,534	56,813	60,000	4.88%	141,040	201,040	257,853	1.12
2034	289,534	56,813	60,000	4.97%	138,085	198,085	254,898	1.14
2035	289,534	56,813	65,000	5.07%	134,946	199,946	256,759	1.13
2036	289,534	32,177	95,000	5.14%	130,857	225,857	258,034	1.12
2037	289,534	32,177	100,000	5.20%	125,815	225,815	257,992	1.12
2038	289,534	32,177	105,000	5.25%	120,459	225,459	257,636	1.12
2039	289,534	32,177	110,000	5.30%	114,788	224,788	256,965	1.13
2040	289,534	-	115,000	5.30%	108,825	223,825	223,825	1.29
2041	289,534	-	120,000	5.30%	102,598	222,598	222,598	1.30
2042	289,534	-	115,000	5.30%	96,370	211,370	211,370	1.37
2043	289,534	-	120,000	5.41%	90,077	210,077	210,077	1.38
2044	289,534	-	125,000	5.41%	83,449	208,449	208,449	1.39
2045	289,534	-	135,000	5.41%	76,416	211,416	211,416	1.37
2046	289,534	-	140,000	5.41%	68,978	208,978	208,978	1.39
2047	289,534	-	145,000	5.41%	61,268	206,268	206,268	1.40
2048	289,534	-	155,000	5.41%	53,153	208,153	208,153	1.39
2049	289,534	-	165,000	5.41%	44,497	209,497	209,497	1.38
2050	289,534	-	170,000	5.41%	35,436	205,436	205,436	1.41
2051	289,534	-	180,000	5.41%	25,968	205,968	205,968	1.41
2052	289,534	-	190,000	5.41%	15,960	205,960	205,960	1.41
2053	289,534	-	200,000	5.41%	5,410	205,410	205,410	1.41
		\$810,464	\$3,000,000		\$3,138,336	\$6,138,336	\$6,948,800	

Note: Chatt WSC is projected to need a \$6.06 rate increase in FY 2024 to meet the requirements of the additional bonds test

AVERAGE (MATURITY) LIFE	19.81 YEARS
NET INTEREST RATE	5.281%
COST SAVINGS	\$752,539
AVERAGE ANNUAL REQUIREMENT	\$231,627

*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**  
**Chatt WSC**  
**21816 - Chatt WSC Water Well**

Budget Items	TWDB Funds	Local Funds	Total
<b>Construction</b>			
Construction	\$2,000,000	\$500,000	\$2,500,000
<b>Subtotal for Construction</b>	<b>\$2,000,000</b>	<b>\$500,000</b>	<b>\$2,500,000</b>
<b>Basic Engineering Services</b>			
Construction Engineering	\$40,000	\$0	\$40,000
Design	\$410,000	\$0	\$410,000
Planning	\$40,000	\$0	\$40,000
<b>Subtotal for Basic Engineering Services</b>	<b>\$490,000</b>	<b>\$0</b>	<b>\$490,000</b>
<b>Special Services</b>			
Application	\$32,000	\$0	\$32,000
Environmental	\$50,000	\$0	\$50,000
Geotechnical	\$10,000	\$0	\$10,000
Inspection	\$73,000	\$0	\$73,000
O&M Manual	\$10,000	\$0	\$10,000
Permits	\$75,000	\$0	\$75,000
Project Management (by Engineer)	\$15,000	\$0	\$15,000
Surveying	\$12,000	\$0	\$12,000
Testing	\$20,000	\$0	\$20,000
Water Conservation Plan	\$20,000	\$0	\$20,000
<b>Subtotal for Special Services</b>	<b>\$317,000</b>	<b>\$0</b>	<b>\$317,000</b>
<b>Fiscal Services</b>			
Financial Advisor	\$50,000	\$0	\$50,000
Fiscal/Legal	\$25,000	\$0	\$25,000
Issuance Costs	\$18,000	\$0	\$18,000
<b>Subtotal for Fiscal Services</b>	<b>\$93,000</b>	<b>\$0</b>	<b>\$93,000</b>
<b>Contingency</b>			
Contingency	\$100,000	\$0	\$100,000
<b>Subtotal for Contingency</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>
<b>Total</b>	<b>\$3,000,000</b>	<b>\$500,000</b>	<b>\$3,500,000</b>

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF  
\$3,000,000 TO THE CHATT WATER SUPPLY CORPORATION  
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF  
THE TEXAS WATER DEVELOPMENT FUND II  
THROUGH THE PROPOSED PURCHASE OF  
A PROMISSORY NOTE IN THE AMOUNT OF \$3,000,000  
AND EXECUTION OF A LOAN AGREEMENT

(23 - )

WHEREAS, the Chatt Water Supply Corporation, located in Hill County, Texas (Corporation), has filed an application for financial assistance in the amount of \$3,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance planning, design, and construction of a water system improvement project, identified as Project No. 21816; and

WHEREAS, the Corporation seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$3,000,000 through the TWDB's purchase of a Promissory Note in the amount of \$3,000,000 and execution of a Loan Agreement (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 Corporation has offered a pledge of a parity lien on the gross revenues of the Corporation and a parity lien mortgage on the system of the Corporation 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 § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. the needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans; and
2. the availability of revenue to the Corporation, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

WHEREAS, the TWDB hereby finds:

1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code § 17.125(a)(1);

2. that in its opinion the revenue pledged by the Corporation will be sufficient to meet all the Obligations assumed by the Corporation during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
3. that the Corporation has submitted a proposed program of water conservation for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A;
5. 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
6. that the current water audit required by Texas Water Code § 16.0121 has been completed by the Corporation 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 Chatt Water Supply Corporation for financial assistance in the amount of \$3,000,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of a Promissory Note in the amount of \$3,000,000 and execution of a Loan Agreement. This commitment will expire on October 31, 2024.

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. prior to closing, the Corporation must submit to the Executive Administrator an attorney's opinion confirming the legal authority for the Corporation to incur the debt;
3. this commitment is contingent upon the Corporation'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 Corporation may prepay all or part of the amounts of principal and interest then due on the loan on any regularly scheduled payment date as specified in the Repayment Schedule, as revised, beginning no earlier than the first interest payment date that is 10 years from the date of the first delivery of funds from the TWDB to the Corporation pursuant to this Agreement;
5. the Obligations must include a provision wherein the Corporation, 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 Corporation'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 Corporation's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Corporation is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must include a provision requiring the City 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;
7. 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;
8. 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;
9. financial assistance proceeds shall not be used by the Corporation when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. The Obligations must provide that the Corporation is solely responsible for liability resulting from acts or omissions of the Corporation, its employees, contractors, or agents arising from the sampling, analysis, transport, storage, treatment, recycling, and disposition of any contaminated sewage sludge, contaminated sediments or contaminated media that may be generated by the Corporation, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law;

10. prior to closing, the Corporation 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;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Corporation 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;
12. prior to closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the Corporation 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;
13. the Executive Administrator may require that the Corporation execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
14. the Corporation 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;

Water Supply Corporation Conditions:

15. the Obligations must include a provision stating that the Corporation's indebtedness to the TWDB shall be secured by:
  - a. a parity lien on the gross revenues of the Corporation's water system (System); and
  - b. a parity lien mortgage on the System;
16. upon closing or within 20 days after closing, the Corporation must file a Deed of Trust with the County Clerk of the county in which the property is located, as required by Business and Commerce Code, Chapter 9, or a Utility Security Instrument with the Secretary of State's Office and corresponding notice with the County Clerk, as required by Business and Commerce Code, Chapter 261, as evidence of the TWDB's security interest in the Corporation's System. Within

thirty (30) days of the date of each filing, the Corporation shall submit a copy of the recorded instrument to the TWDB;

17. upon closing or within 20 days after closing, the Corporation must file a security instrument with the Secretary of State's Office, as required by Business and Commerce Code, Chapter 9 or Chapter 261 to evidence the TWDB's security interest in any personal property directly related to water supply and/or sewer service, owned or to be acquired by the Corporation. A copy of the recorded security instrument shall be submitted by the Corporation to the TWDB within thirty (30) days of its filing with the Secretary of State's Office;
18. prior to closing, the Corporation must obtain a commitment from a title insurance company in accordance with the standards established by the Texas Department of Insurance, resulting in the issuance of a mortgagee title insurance policy on the property owned in fee simple, upon which the TWDB will be given a first or parity lien mortgage. A copy of the mortgagee title insurance policy shall be submitted to the TWDB within thirty (30) days of its execution;
19. prior to closing, the Corporation must cure any defects or liens upon the property listed in Schedule C of the title insurance company commitment that the Executive Administrator deems necessary;
20. prior to release of funds for construction, the Corporation must provide the TWDB with evidence that the necessary acquisitions of land, leases, easements, and rights-of-way have been completed, or that the Corporation has the legal authority necessary to complete the acquisitions;
21. prior to closing, the Corporation must submit to the Executive Administrator evidence that the Corporation's bylaws have been amended to include the following requirements:
  - a. as long as the Corporation is indebted for a loan or loans made by or through the TWDB, the bylaws shall not be altered, amended, or repealed without the prior written consent of the Executive Administrator; and
  - b. the Corporation is a nonprofit entity; no part of the income of the Corporation will be distributed to the Corporation's members, directors, or officers;
22. prior to closing, if the Corporation is pledging a lien on real property that is to be on parity with a lien or liens on real property securing debt that will remain outstanding after closing the TWDB's loan, then the Corporation must execute a Parity Agreement with each entity that holds such debt that is acceptable in form and substance to the Executive Administrator;

23. the Obligations shall include a special covenant prohibiting the Corporation from encumbering, pledging, or otherwise impairing the revenues of the System in any manner with respect to the payment of any Obligations or with respect to any liability, except for the payment of the following: (1) maintenance and operating expenses payable within the current fiscal year with current revenues; and (2) additional debt, and that the Corporation shall in no way encumber, pledge or otherwise impair its title to the land used by or for the System or any interests therein, including improvements and facilities of the System, without prior TWDB approval;

Pledge Conditions for the Loan:

24. 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;
25. if the Corporation 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; and
26. 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 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.

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

Special Conditions:

27. prior to closing, the Corporation shall adopt and implement the water conservation program approved by the TWDB;
28. 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 Corporation 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;

29. 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 Corporation has the right to use the water that the project financed by the TWDB will provide;
30. the Corporation must notify the Executive Administrator in writing thirty (30) days prior to taking any actions to alter its legal status in any manner; and
31. the Obligations must include a provision requiring that the Corporation 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 5th day of October 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**

	<b>Total GPCD</b>	<b>Residential GPCD</b>	<b>Water Loss GPCD</b>
<b>Baseline</b>			
<b>5-year Goal</b>			
<b>10-year Goal</b>			

**WATER LOSS AUDIT YEAR:**

Service connections:

Length of main lines (miles):

Water Loss GCD:

Retail population:

Connections per mile:

Water Loss GPCD:

ILI<sup>1</sup>:

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.



# Chatt Water Supply Corporation Hill County

