

Texas Water Development Board

PROJECT FUNDING REQUEST

BOARD DATE: September 14, 2023

Team Manager: Bill Blaik

ACTION REQUESTED

Consider approving by resolution a request from the City of Garrison (Nacogdoches County) for \$681,000 in principal forgiveness from the Clean Water State Revolving Fund for planning, acquisition, and design of a wastewater treatment plant replacement project.

STAFF RECOMMENDATION

Approve No Action

BACKGROUND

The City of Garrison (City) is located approximately 60 miles southeast of Tyler. The City provides water and wastewater services to a population of approximately 813 residents and 278 connections.

PROJECT NEED AND DESCRIPTION

The City is in need of a new wastewater treatment plant (WWTP) due to average daily flow at the existing plant exceeding 75 percent of the permitted discharge for three consecutive months and E. coli levels exceeding the permitted limit. The existing WWTP has also reached the end of its useful service life.

The proposed project will consist of planning, land acquisition, and design of a new oxidation ditch treatment plant, plant lift station, testing laboratory, and decommissioning of the existing plant. The proposed WWTP will have a capacity of 0.24 million gallons per day (MGD) to replace the existing 0.12 MGD plant. This will provide reliable and effective treatment of wastewater for the City.

PROJECT SCHEDULE

Task	Schedule Date
Closing	January 16, 2024
Engineering Feasibility Report Completion (End of Planning Phase)	April 16, 2024
Design Phase Completion	July 16, 2024
Start of Construction	N/A
Construction Completion	N/A

KEY ISSUES

The City qualifies for 100 percent principal forgiveness for being disadvantaged, small, and rural and is not subject to our internal risk score analysis that is applied to loans. For this request, staff reviewed the City's annual audit and funding application

COMMITMENT PERIOD: FOUR (4) MONTHS TO EXPIRE JANUARY 31, 2024

information to assess the City's ability to manage existing obligations and business practices. Based on this analysis, staff believes the City has adequate capabilities to manage its obligations.

LEGAL/SPECIAL CONDITIONS

- Adoption of draft water conservation program

Attachments:

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

Responsible Authority	Garrison
Program	CWSRF
Commitment Number	LF1001690
Project Number	73932
List Year	2023
Type of Pledge	N/A
Pledge Level (if applicable)	N/A
Legal Description	\$681,000 Principal Forgiveness Agreement
Tax-exempt or Taxable	Tax-Exempt
Refinance	No
Outlay Requirement	Yes
Disbursement Method	Escrow
Outlay Type	Outlay = Escrow Release
Qualifies as Disadvantaged	Yes
State Revolving Fund Type	Equivalency
Financial Managerial & Technical Complete	N/A
Phases Funded	Planning, Acquisition, and Design
Pre-Design	Yes
Project Consistent with State Water Plan	N/A
Water Conservation Plan	Approvable
Overall Risk Score	N/A

PROJECT TEAM

Team Manager	Financial Analyst	Engineering Reviewer	Environmental Reviewer	Attorney
Bill Blaik	Rand Zeolla	Paul Jungen	Gayla Duaine	Michael Perez



Project Budget Summary
Garrison
73932 - WWTP Replacement

Budget Items	TWDB Funds	Total
Basic Engineering Services		
Design	\$285,000.00	\$285,000.00
Planning	\$22,000.00	\$22,000.00
Subtotal for Basic Engineering Services	\$307,000.00	\$307,000.00
Special Services		
Application	\$27,500.00	\$27,500.00
Environmental	\$52,500.00	\$52,500.00
Geotechnical	\$17,500.00	\$17,500.00
Permits	\$15,000.00	\$15,000.00
Surveying	\$38,500.00	\$38,500.00
Subtotal for Special Services	\$151,000.00	\$151,000.00
Fiscal Services		
Fiscal/Legal	\$30,000.00	\$30,000.00
Subtotal for Fiscal Services	\$30,000.00	\$30,000.00
Other		
Land/Easements Acquisition	\$150,000.00	\$150,000.00
Subtotal for Other	\$150,000.00	\$150,000.00
Contingency		
Contingency	\$43,000.00	\$43,000.00
Subtotal for Contingency	\$43,000.00	\$43,000.00
Total	\$681,000.00	\$681,000.00

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE
TO THE CITY OF GARRISON
FROM THE CLEAN WATER STATE REVOLVING FUND
THROUGH \$681,000 IN PRINCIPAL FORGIVENESS

(23-)

WHEREAS, the City of Garrison (City), located in Nacogdoches County, has filed an application for financial assistance in the amount of \$681,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, acquisition, and design of certain wastewater system improvements identified as Project No. 73932; and

WHEREAS, the City seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$681,000 with 100 percent to be forgiven, as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the TWDB hereby finds:

1. that no debt obligations are to be assumed by the City for the financial assistance and no taxes or revenues are required to be pledged by the City in accordance with Texas Water Code § 15.607;
2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;
3. that the City has submitted a proposed program of water conservation for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the City has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007;
5. that the City meets the definition of a "Disadvantaged Community" in 31 TAC § 375.1(23) and qualifies as a "small" or "rural" system as determined by the applicable IUP, and the project is therefore eligible for principal forgiveness in the amount of \$681,000;

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

A commitment is made by the TWDB to the City of Garrison for financial assistance in the amount of \$681,000 from the Clean Water State Revolving Fund with 100 percent to be forgiven. This commitment will expire on January 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 as determined by the TWDB. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution;
2. this commitment is contingent upon the City's compliance with all applicable requirements contained in 31 TAC Chapter 375;
3. this commitment is contingent on the City executing a Principal Forgiveness Agreement in a form and substance acceptable to the Executive Administrator;
4. the City shall return any principal forgiveness funds that are determined to be surplus funds in a manner determined by the Executive Administrator;
5. the Principal Forgiveness Agreement must contain a provision that the City agrees to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein;
6. the Principal Forgiveness Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Principal Forgiveness Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
7. financial assistance funds are public funds and, as such, the Principal Forgiveness Agreement must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;
8. Proceeds of this commitment must not be used by the City when sampling, testing, removing, or disposing of contaminated soils or media at the project site. The Obligations must provide that the City is solely responsible for liability resulting from acts or omissions of the City, 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 City, its contractors, consultants, agents, officials, and employees as a result of activities relating to the Project to the extent permitted by law;
9. 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;

10. 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;
11. the City must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition);
12. the City must comply with all conditions as specified in the final environmental finding of the Executive Administrator, including the standard emergency discovery conditions for threatened and endangered species and cultural resources;

State Revolving Fund Conditions:

13. the City shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;
14. the Principal Forgiveness Agreement must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB;
15. the Principal Forgiveness Agreement must include a provision stating that the City shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Unique Entity Identification Number and shall register with System for Award Management (SAM), and maintain current registration at all times during the term of the Principal Forgiveness Agreement;
16. the Principal Forgiveness Agreement shall provide that all funds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the City will adhere to the approved project schedule;

17. the Principal Forgiveness Agreement must contain a covenant that the City will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines;
18. the Principal Forgiveness Agreement must contain a covenant that the City will abide by all applicable requirements related to the Build America, Buy America Act, Public Law 117-58;
19. The Principal Forgiveness Agreement must contain a covenant that the City shall abide by the prohibition on certain telecommunications and video surveillance services or equipment as required by 2 CFR § 200.216;

Clean Water State Revolving Fund Conditions:

20. prior to release of funds for professional services related to architecture or engineering, including but not limited to contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or other architectural and engineering services as defined in 40 U.S.C. § 1102(2)(A)(C), the City must provide documentation that it has met all applicable federal procurement requirements as more specifically set forth in 40 U.S.C. § 1101 *et seq* and 33 U.S.C. § 1382(b)(14);
21. prior to release of funds for professional consultants including, but not limited to, the engineer, financial advisor, and bond counsel, as appropriate, the City must provide documentation that it has met all applicable state procurement requirements as well as all federal procurement requirements under the Disadvantaged Business Enterprises program;

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

Special Conditions:

22. prior to closing, the City shall adopt and implement the water conservation program approved by the TWDB.

APPROVED and ordered of record this 14th day of September 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.

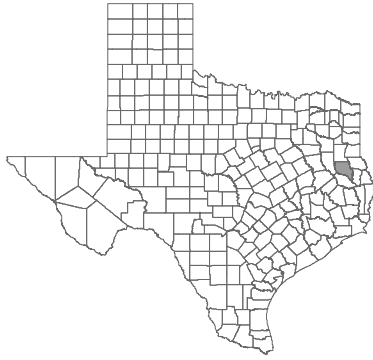
Water loss is the difference between the input volume and the authorized consumption within a water system. Water Loss consists of real losses and apparent losses.

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.



City of Garrison Nacogdoches County

