

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY
NOTICE OF MEETING**

TO: THE BOARD OF DIRECTORS OF THE WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of the West Travis County Public Utility Agency (“WTCPUA”) will hold a special meeting at 10:00 a.m. on Thursday, May 11, 2017, at City of Bee Cave City Hall, 4000 Galleria Parkway, Bee Cave, Texas. The following matters will be considered and may be acted upon at the meeting.

The Consent Agenda allows the Board of Directors to approve all routine, non-controversial items with a single motion, without the need for discussion by the full Board. Any item may be removed from the Consent Agenda and considered individually upon request of a Board member.

Public comments will be accepted only during designated portions of the Board meeting. Citizens wishing to address the Board should complete the citizens’ communication form provided at the entrance to the meeting room so they may be recognized to speak. Speakers will be limited to three minutes to facilitate the opportunity to comment by all those so interested and to support the orderly flow of the meeting.

I. CALL TO ORDER

II. ESTABLISH QUORUM

III. PUBLIC COMMENT

IV. NEW BUSINESS

A. Discuss, consider and take action on proposal for establishment of Finance Committee (R. Pugh/J. Smith).

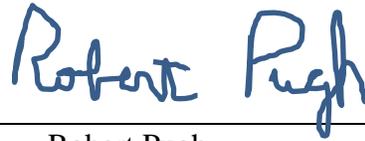
B. Discuss, consider and take action regarding amendment to the WTCPUA Service and Development policies regarding delegation to the General Manager to execute PFCS letter and NSSAs for water and wastewater service (R. Pugh/C. Wilson).

C. Discuss, consider and take action on Capital Plan and Financing Update including (R. Pugh/J. Smith/N. Heddin):

1. Schedule for FY2018 Budget and Rate Discussions.

V. ADJOURNMENT

Dated: May 5, 2017



Robert Pugh
WTCPUA General Manager

The Board of Directors may go into Executive Session, if necessary, pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act, on any of the above matters under the following sections: Texas Government Code Ann. 551.071 – Consultation with Attorney; Texas Government Code Ann. 551.072 – Real and Personal Property; Texas Government Code Ann. 551.074 – Personnel Matters. No final action, decision, or vote will be taken on any subject or matter in Executive Session.

The West Travis County Public Utility Agency is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call Robert Pugh, General Manager at (512) 263-0100 for information.

IV. NEW BUSINESS

ITEM B

**ORDER OF THE BOARD OF DIRECTORS OF THE WEST TRAVIS COUNTY
PUBLIC UTILITY AGENCY ADOPTING AMENDMENTS TO THE WATER AND
SEWER SERVICE AND DEVELOPMENT POLICIES**

THE STATE OF TEXAS §
 §
COUNTIES OF TRAVIS §
AND HAYS §

WHEREAS, West Travis County Public Utility Agency (the “WTCPUA”) is a public utility agency created by concurrent ordinance of Hays County, the City of Bee Cave and West Travis County Municipal Utility District No. 5 and governed by Chapter 572 of the Texas Local Government Code;

WHEREAS, the Board of Directors has previously adopted written policies to provide further detail and guidance regarding the processing of water and wastewater service and development requests (the “Service and Development Policies”);

WHEREAS, the Board of Directors desires to amend the Service and Development Policies regarding delegation to the General Manager to approve preliminary findings of capacity service letters and nonstandard service agreements for water and wastewater requests of ten (10) living unit equivalents (“LUE”) or less;

NOW THEREFORE, it is ordered by the Board of Directors of the West Travis County Public Utility Agency as follows:

Section 1: The above recitals are true and correct and are incorporated into this Order for all purposes.

Section 2: The WTCPUA’s Board of Directors adopts amendments to the Service and Development Policies, as more particularly described in Exhibit A, attached hereto and incorporated herein for all purposes (the “Amendments”).

Section 3: The Amendments shall be effective immediately.

Section 4: The WTCPUA’s Board of Directors authorizes and directs the General Manager to take all steps necessary to implement the Amendments as approved by this Order.

PASSED AND APPROVED this 11th day of May, 2017.

Scott Roberts, President
Board of Directors

ATTEST:

Ray Whisenant, Jr., Secretary
Board of Directors

EXHIBIT A

**AMENDMENTS TO WATER AND SEWER SERVICE AND DEVELOPMENT
POLICIES**

**WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY (“WTCPUA”)
WATER AND SEWER SERVICE AND DEVELOPMENT POLICIES
June 19, 2014
Amended May ~~18~~11, ~~2016~~2017**

A. Water Service and Development Policies

1. **Existing Commitments.** Honor water service commitments in existing wholesale and retail water service contracts and agreements.
2. **Wholesale Service.** No new wholesale service (i.e., WTCPUA will provide only retail water service) in the WTCPUA’s “Water Service Area.”¹
3. **Standard Service.** Provide Standard Water Service upon application from a person or entity with an existing service agreement with the WTCPUA or located within WTCPUA Water certificate of convenience and necessity (“CCN”) No. 13207, in accordance with WTCPUA Schedule for Rates, Charges, and Terms and Conditions of Water and Wastewater Services.
4. **Planning Service Level/Service Level A.** Apply a base level of service for planning purposes throughout the Water Service Area that is consistent with the WTCPUA’s Land Use Assumptions and Capital Improvements Plan. This base level of service shall be defined as “Service Level A” and shall be no greater than 1 living unit equivalent (“LUE”) per “Gross Site Area” and development limited to 20% “Impervious Cover” “Net Site Area”.²
5. **Approval by General Manager.** The General Manager may approve or deny any Preliminary Finding of Capacity to Serve letter (“PFCS”) and/or any Non-Standard Service Agreement (“NSSA”) ~~for~~ 10 LUEs or less of service capacity for applicants for Non-Standard Water Service ~~located within WTCPUA Water CCN No. 13207~~. All other applications for service or NSSAs shall be presented to the Board for approval or denial.
6. **General Requirements for New Non-Standard Service.** For applicants for Non-Standard Water Service that are in the Water Service Area and WTCPUA do not have an existing service agreement with the WTCPUA, the Board may consider extension of service under the following conditions:

¹ “Water Service Area” shall mean and include (1) the area that is within WTCPUA’s water CCN No. 13207, as of September 26, 2013, and (2) the area that can be served by the WTCPUA’s Water Transmission System, as constructed on September 26, 2013 (regardless of whether such area is within the boundaries of water CCN No. 13207), without the need to construct additional central facilities other than those identified in the WTCPUA’s Water Capital Improvements Plan; and Water Service Area is more particularly depicted in Attachment 1, attached hereto and incorporated herein for all purposes.

² “Gross Site Area” means the total amount of acreage in a development. “Impervious Cover” means all man-made improvements which prevent the infiltration of water into the natural soil, or prevent the migration of infiltration of water into the natural soil, or prevent the migration of the infiltration as base flow and is more fully defined at Attachment 2-A. “Net Site Area” means the difference obtained by subtracting the Development’s Gross Site Area minus the area located within undisturbed native vegetative buffers and sensitive environmental features as described in the September 1, 2000 USFWS Recommendations

- a. Applicant submits a conceptual site plan or approved preliminary plat or plan demonstrating compliance with the Impervious Cover requirement and the appropriate Service Level as established by these Policies. (The plat or site plan must delineate stream and critical environmental feature buffers tabulate impervious cover and provide information required by the WTCPUA)
- b. Annual non-reimbursable payment of Water Reservation Fees for unused LUEs, as follows:
 - i. The initial, annual non-reimbursable Water Reservation Fees for any unset water services (i.e., LUEs) shall be due and payable within 6 months of the effective date for the WTCPUA's written service commitment;
 - ii. Subsequent annual non-reimbursable Water Reservation Fees for any unset water services shall be due and payable upon each annual anniversary date of the WTCPUA's written service commitment; and
 - iii. The Non-Standard Service Agreement may be terminated if any reservation fees are not paid for all or any portion of the unset LUEs.
- c. Pre-Payment of 100% of impact fees for each development phase upfront prior to final plat or earlier if required to fund construction of capital improvements needed to provide service and required by the WTCPUA in its sole discretion.
- d. Payment or funding of capital projects needed to serve the project that are not included in the WTCPUA approved Capital Improvements Plan upfront or provision of a financial guarantee for such funds in a form acceptable to the WTCPUA.
- e. Phase water demands of the project in unison with WTCPUA approved Capital Improvements Plan.
- f. Project has no substantive impacts to its approved Capital Improvements Plan, including no impact to the calculation of impact fees as determined by the WTCPUA.
- g. Project has no substantive impact to rates to current customers from extending service to the project as determined by the WTCPUA.
- h. Project has no substantive impacts to system operations as determined by the WTCPUA.
- i. Provide water service, following the 75% - 90% Guideline,³ to the extent existing capacity is available.

7. **Service Level Determination.** Service levels for a new project in the Water Service Area will be determined as follows:

- a. Applicants for Non-Standard Water Service who (i) are located outside of the corporate limits and extra-territorial jurisdiction ("ETJ") of the City of Bee Cave (as such ETJ boundaries exist on January 9, 2014); (ii) who are located outside of the City of Dripping Springs corporate limits; and (iii) who do not have an existing

³ When a WTCPUA central facility reaches 75% of rated or design capacity, the WTCPUA will commence planning and design of needed central facility improvements to expand such facility and when a WTCPUA central facility reaches 90% of rated or design capacity, the WTCPUA will commence construction of needed central facility improvements

service agreement with the WTCPUA will be required, as a matter of policy, to adopt one of the alternative water quality measures required of new development as specified in that certain "Memorandum of Understanding" between LCRA and the United States Fish and Wildlife Service (the "USFWS"), dated May 24, 2000 (the "MOU") and the "Settlement Agreement and Stipulation of Dismissal" from the lawsuit, Hays County Water Planning Partnership, et al. vs. Lt. General Robert B. Flowers, U.S. Army Corps of Engineers, Thomas E. White, Secretary of the Army, Gale Norton, Secretary of the Department of the Interior, and Lower Colorado River Authority, W.D. Tex. 2002 (No. AOOCA 826SS) (the "Settlement Agreement") to establish the service capacity level including:

- U.S. Fish and Wildlife Service Recommendations for Protection of Water Quality of the Edwards Aquifer dated September 1, 2000 ("2000 USFWS Recommendations");
- TCEQ optional enhanced measures, [Appendix A](#) and [Appendix B](#) to RG-348 ("OEM"); or
- Alternative water quality measures approved by USFWS through separate independent consultation.

For the purposes of this Policy, Service Level A is equivalent to the 2000 USFWS Recommendations. Service exceeding Service Level A, to be defined as "Service Level B," is that service level that may be obtained for a project by compliance with OEM or separate USFWS consultation/approval.

- i. The Board may consider a commitment to Service Level B for projects greater than five acres Gross Site Area if the following additional conditions are met (in addition to the General Requirements of Paragraph 6 above):
 - (A) The project will not exceed 20% Impervious Cover Net Site Area
 - (B) Applicant submits a conceptual site plan or approved preliminary plat or plan demonstrating compliance with the Impervious Cover requirement and either OEM or alternative water quality measures approved by USFWS through separate consultation..
 - (C) Applicant provides the WTCPUA with written confirmation of TCEQ OEM approval for each development phase prior to construction of each respective project phase and Non-Standard Service Agreement may be terminated if approval not obtained within a reasonable time.
 - (D) Applicant provides the WTCPUA with certification of OEM compliance and 20% Impervious Cover requirement by an independent third party engineer (retained by the WTCPUA and to be paid for by the Applicant) for pre and post construction.⁴

⁴ Certification forms are included at [Attachment 2-B](#).

- ii. The Board may consider a commitment to Service Level B for projects equal to or less than five acres Gross Site Area if Applicant submits a conceptual site plan or approved preliminary plat or plan demonstrating compliance of the project with OEM, The WTCPUA Engineer shall review the plat or plan for OEM compliance.
 - b. Applicants for Non-Standard water service who (i) are located inside the corporate limits or ETJ City of Bee Cave (as such ETJ boundaries exist on January 9, 2014) and (ii) who do not have an existing service agreement with the WTCPUA will be required, as a matter of policy, to follow water quality protection measures in compliance with City of Bee Cave water quality requirements. Any applicant requesting non-standard water service for a project in the City of Bee Cave corporate limits or ETJ shall have service levels approved by the WTCPUA and determined in consideration of City of Bee Cave water quality, zoning, platting and site plan requirements.
 - c. Applicants for Non-Standard water service who (i) are located inside the corporate limits of the City of Dripping Springs and (ii) who do not have an existing service agreement with the WTCPUA will be required, as a matter of policy, to follow water quality protection measures in compliance with City of Springs water quality requirements. Any applicant requesting non-standard water service for a project in the City of Dripping Springs corporate limits shall have service levels approved by the WTCPUA and determined in consideration of City of Dripping Springs water quality, zoning, platting and site plan requirements.
8. Expand Uplands Regional Water Treatment Plant (within its current footprint) and Lake Austin Raw Water Intake and Raw Water Transmission System to the maximum day capacity of 32.5 mgd, subject to the Board approval of the findings of a WTCPUA Preliminary Engineering Report of these two (2) central facilities, once complete.
 9. Obtain additional LCRA Contract Raw Water, as necessary, to match maximum Uplands Regional Water Treatment Plant capacity.
 10. Commence investigating supplemental alternative water supplies of no more than 7.5 mgd maximum capacity, including but not limited to:
 - a. In cooperation with Hays County entities, investigate groundwater importation alternatives.
 - b. Purchase wholesale water from the City of Austin and/or other entities.
 11. Plan and estimate capital improvements necessary to provide water service at “build-out” level within the Water Service Area.
 12. Secure a process for the exercise of eminent domain authority.
 13. Negotiate memorandums of understanding/interlocal agreements with the cities of Austin, Bee Cave, and Dripping Springs, and Travis and Hays Counties, for coordinating the site review and approval processes, and for conducting plumbing inspections.

B. Sewer Service and Development Policies

1. Adopt an interlocal agreement between the WTCPUA, City of Bee Cave and WTCMUD 5 pertaining to the provision of retail sewer service within Bee Cave corporate and extra-territorial jurisdiction (“ETJ”) boundaries, providing for:
 - a. Provisions for retail sewer service
 - b. Development densities and sewer service level
 - c. Coordinated platting and service extension request processes
 - d. Needed City and developer contributions (e.g., capital, land, 210 treated effluent reuse, and pre-paid fees and charges)
 - e. No wholesale sewer service, unless approved by WTCPUA
 - f. Considerations for developer installed and maintained on site sewer facilities and/or Alternative Sewer Treatment Systems
 - g. WTCPUA maximum sewer treatment and treated effluent disposal in a quantity not to exceed 1.8 mgd
2. WTCPUA planning for maximum sewer treatment and treated effluent disposal shall not exceed 1.8 mgd.
3. Do not provide retail or wholesale sewer service outside of “Sewer Service Area.”⁵
4. Developer install and maintain sewerage treatment facilities for property located outside of Sewer Service Area.
5. For applicants for non-standard sewer service within WTCPUA sewer Service Area:
 - a. Require annual non-reimbursable payment of Wastewater Reservation Fees for unset LUEs, as follows:
 - i. The initial, annual non-reimbursable Wastewater Reservation Fees for any unset wastewater services (i.e., LUEs) shall be due and payable within 6 months of the effective date for the WTCPUA’s written service commitment; and
 - ii. Subsequent annual non-reimbursable Wastewater Reservation Fees for any unset wastewater services shall be due and payable upon each annual anniversary date of the WTCPUA’s written service commitment.
 - ~~b. For a service request seeking 10 LUEs or less of capacity, the General Manager shall approve/deny such request on behalf of the Board; otherwise, any service request shall be brought to the Board for approval/denial~~
 - ~~e-b.~~ Consider providing retail sewer service, if feasible and if in the best interests of the WTCPUA as determined by the WTCPUA in its sole discretion, and:

⁵ “Sewer Service Area” shall mean and include the area that can be served by the WTCPUA’s wastewater system, as constructed on September 26, 2013 without the need to construct additional central facilities except those included in the WTCPUA’s Wastewater Capital Improvements Plan; and such area is more particularly depicted in Attachment 3, attached hereto and incorporated herein for all purposes.

- i. Prepayment of 100% of impact fees for each development phase upfront prior to final plat, or earlier if required to fund construction of capital improvements needed to provide service and required by the WTCPUA in its sole discretion.
- ii. Payment or funding of capital projects needed to serve the project that are not included in the WTCPUA—approved Capital Improvements Plan upfront or provision of a financial guarantee for such funds in a form acceptable to the WTCPUA.
- iii. Provide sewer service, following the 75% - 90% Requirement described in TCEQ Texas Land Application Permit No. WQ0013594-001, to the extent existing capacity is available.

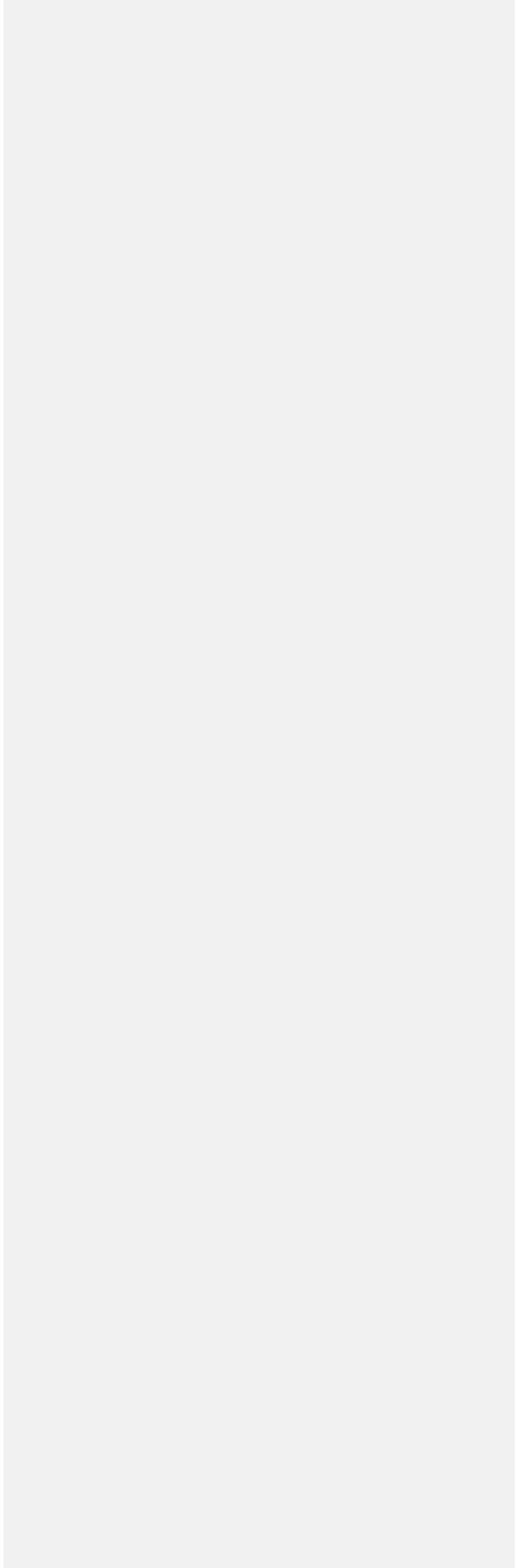
6. Approval by General Manager. The General Manager may approve or deny any PFCS and/or any NSSA for 10 LUEs or less of service capacity for applicants for Non-Standard Wastewater Service. All other applications for service or NSSAs shall be presented to the Board for approval or denial.

6-7. Secure a process for the exercise of eminent domain authority.

7-8. Negotiate memorandums of understanding/interlocal agreements with the cities of Austin and Bee Cave, and Travis County, for coordinating the site review and approval processes, and for conducting plumbing inspections.

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ATTACHMENT 1
WATER SERVICE AREA



ITEM C

Capital Planning Workshop



**West Travis
County Public
Utility Agency**

May 11, 2017

Overview

- Meeting Goals (R. Pugh)
- Summary to Future Capital Needs of the Utility (R. Pugh)
- Summary of PUA Financial Performance and Bond Ratings (G. Kimball)
- Summary of Critical Infrastructure History and Needs (C. Wilson)
- CIP Projects Overview (D. Lozano)
- Wallace Group Projects Overview (S. Wetzel)
- Other Capital Projects (C. Wilson)
- Repair and Replacement Reserves (C. Wilson)
- Developer Reimbursements Overview (J. Smith)
- Fund Policies and Balances (J. Smith)
- CPF and Facilities Fund History (N. Heddin)
- Projected Funding Sources (J. Smith)
- Bond Market Interest Rates and Trends (G. Kimball)

Meeting Goals

- ✓ Provide 25,000 Foot Overview of Upcoming Capital Needs (5-Year Plan) which includes approximately \$92.7M in future capital spending
- ✓ Review Past Bond Sales, Funding Sources and Future Needs
- ✓ Obtain Board Direction

Summary of Future Capital Needs

- Staff and Consultants Engaged in 5-Year Planning to Isolate all Capital Related Needs for the WTCPUA (Remaining 2017-2022)
- Identified a Total of \$92.7M in Capital Needs:
 - \$53M in CIP (Impact Fee Study) Projects
 - \$4M in Wallace Group Projects
 - \$3M in Other/Misc. Projects
 - \$15M LCRA Installment Payment
 - \$12M in Developer Reimbursements
 - \$4.5M in Vehicle/Equipment Reserves/Replacements

Summary of PUA Financial Performance

- A1/A- bond ratings assigned by Moody's and Standard & Poor's.
- Moody's cites "healthy cash reserves" and "adequate" debt service coverage in ratings rationale.
- Conservative bond structure and covenant flexibility (flat amortization, with 89% of bonds callable between 2020-2024 without premium or penalty).
- Sound budgetary and reserves policies allow for more efficient financing and capital markets access (59% of planned capital expenditures through 2022 funded from cash).
- FY2016 debt service coverage: 1.4x (vs. policy minimum of 1.25x).
- Area comparables: San Marcos Water System (12,473 connections; 1.61x coverage); Cedar Park WWSS (22,007 connections; 1.69x coverage); Round Rock (32,447 connections; 3.51x coverage).

CIP Projects Overview - Water

- CIP Planning Priorities: Lean & efficient spending & flexibility
- 10-year CIP from 2014 Impact Fee Study \$ 41.1M
- Completed and active projects \$ 24.4M
- Upcoming Flagship Projects:
 - Raw Water Transmission Main No. 2 \$ 4.1M
 - 1340 EST, Pump Station & Water Line \$ 6.5M
 - Uplands WTP Expansion \$ 13.5M
 - CIP & Land Use Assumptions Update recommended in 2018
 - Examine unit usage, status of growth, and detailed projects list analysis.

CIP Projects Overview - Wastewater

- CIP Planning Priorities
 - Lean & efficient spending (projects as needed)
 - Flexibility
- 10-year CIP from 2014 Impact Fee Study \$ 9.2M
- To-date expenditures <\$5%
- Flagship Projects:
 - Bohls WWTP Expansion (2017-2019 expenditures) \$ 3.2M
 - Disposal Area Development (projects to be identified) \$ 5.5M
- CIP & Land Use Assumptions Update recommended in 2018
 - Examine unit usage, status of growth, and projects list

Wallace Group Projects Overview

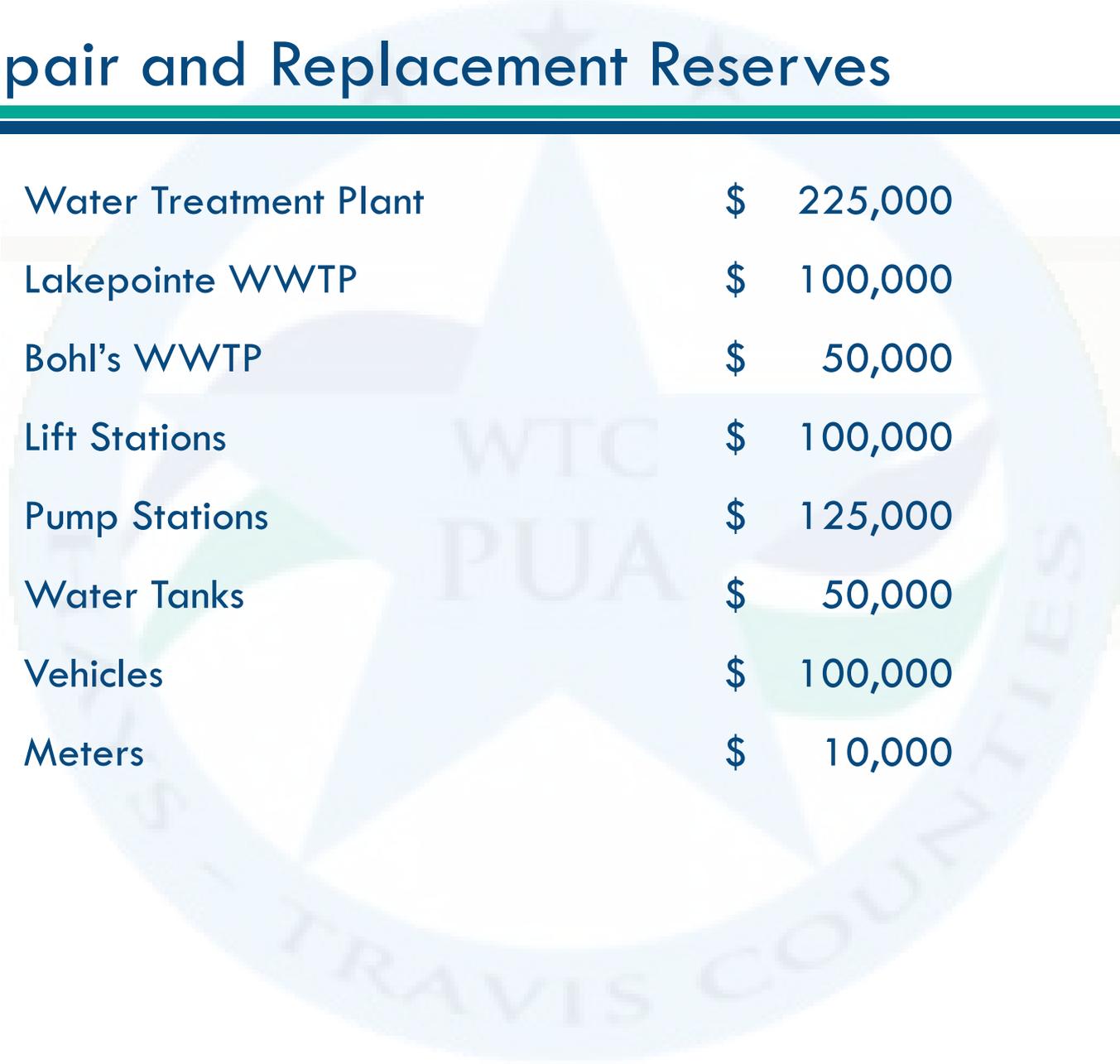
- Spillman Pond Liner Replacement
 - ✓ Substantial Completion – April 17, 2017
 - ✓ Final Completion – May 17, 2017
- Lake Pointe WWTP Improvements
 - ✓ TCEQ Approval & Advertise for Bid – May 2017
 - ✓ New Mechanical Screen & Chlorination System
 - ✓ Budget \$340,000
- Pump Stations & Tanks Recoating/Rehabilitation
 - ✓ Eight (8) Project Locations – Tank & Piping Recoating
 - ✓ Budget \$1,514,250
- Uplands WTP Aesthetics Rehabilitation
 - ✓ Offices & Restrooms Finishes Refurbishing
 - ✓ Laboratory Casework & Building Windows Refurbishing
 - ✓ Treatment MEP Repair & Replacement
 - ✓ Treatment Piping Recoating/Rehabilitation
 - ✓ Budget \$945,000



Other Capital Projects

Other Projects			
SCADA, Phase 1	2017	250,000	
SCADA, Phase 2	2018	250,000	
SCADA, Phase 3	2019	250,000	
SCADA, Phase 4	2020	250,000	
Beneficial Recycling Facility Design & TCEQ Permitting	2017	475,000	
Beneficial Recycling Feasibility	2017	47,000	
Chloramine Booster Stations - County Line & Bee Cave	2018		Rechlorination using planned facilities at WBCPS is under evaluation following completion of SH71 - 1280 EST
Orthophosphate Chemical Injection Station	2017	-	
46450 · Shops Parkway Utility Relocation	2017	30,954	
Shops Parkway Relocation Construction	2017	261,983	
Shops Parkway Relocation Design	2017	65,000	
Shops Parkway Relocation Admin	2017	46,450	
46490 · Spillman Pond Liner Replacement - Engineering, Permitting, and Construction Administration	2017	-	
46490 · Spillman Pond Liner Replacement - Construction	2017	99,050	Per JS
Misc 1280 Pressure Plane Improvements	2017	1,000,000	
LCRA Installment	2019	15,137,740	Per estimate provided by Specialized Public Finance
TOTAL OTHER PROJECTS		\$18,163,177	

Repair and Replacement Reserves

The background of the slide features a large, light blue circular logo for the Water Treatment Company (WTC) PUA. The logo contains a five-pointed star in the center with the letters 'WTC' above it and 'PUA' below it. The outer ring of the logo contains the text 'WATER TREATMENT COMPANY' at the top and 'TRAVIS COUNTIES' at the bottom.

Developer Reimbursement Overview

Developer	Total Amount Due	2017	2018	2019	2020	2021	2022
Bee Cave Oaks Development, Inc.	\$499,404	\$118,310	\$53,697	\$327,397			
CCNG, Inc.	9,073,478	1,731,697	4,137,155	3,204,625			
Driftwood Water Co., Inc.	150,566	150,566					
Forest City Sweetwater Limited Partnership and Lazy Nine MUD	3,018,293	238,286	250,000	250,000	250,000	250,000	250,000
Glen Rose Development Corporation	15,257	15,257					
Hays Reunion Ranch, LP	869,946	207,500	132,489	132,489	132,489	132,489	132,489
Southwest Travis County, LTD	231,767	231,767					
Wilson Family Communities	<u>229,194</u>	<u>229,194</u>	-	-	-	-	-
Totals:	\$14,087,905	\$2,922,577	\$4,573,341	\$3,914,511	\$382,489	\$382,489	\$382,489

CPF and Facilities Fund History:

Historical Bond Issuances

	Series 2012	Series 2013	Series 2015	Total
CPF Fund	\$16,540,000	\$10,460,000	\$15,094,093	\$42,094,093
Refunding	-	47,853,559	-	47,853,559
Debt Service Reserve Fund	3,700,512	10,382,460	1,830,538	15,913,510
Facilities Fund	-	4,002,551	-	4,002,551
I&S Fund	1,275,055	-	-	1,275,055
Working Capital	879,250	-	-	879,250
LCRA Installment Payment	23,588,485	99,046,451	19,918,792	142,553,727
PUA Contributions to the Sale	-	(9,379,134)	-	(9,379,134)
Issuance Costs	<u>718,613</u>	<u>1,813,749</u>	<u>592,961</u>	<u>3,125,322</u>
	\$46,701,915	\$164,179,636	\$37,436,384	\$248,317,935

CPF and Facilities Fund History:

Historical CPF Spending

Expense	FYE2012	FYE2013	FYE2014	FYE2015	FYE2016	October, 2016 - March, 2017) FYE2017	Total
Capital Outlay	\$2,128,679	\$2,376,023					\$4,504,703
Capital Outlay - Engineering		939,025					939,025
Engineering Fees		2,141	426,811	24,143	167,848		620,943
SW Pkwy 20" Line			63,149	169,509		3,862	236,520
Plant/LS/FM Design			219,064				219,064
.325 MGD Plant			4,475,797	8,136			4,483,933
Regional LS/FM			1,441,622	90,495			1,532,117
Raw Water Line #2			118,928				118,928
1340/1240 Pressure Plane Project					291,457	158,694	450,151
1280 EST					2,003,585	585,077	2,588,661
1280 Pressure Plane Analysis					21,325		21,325
Transfer to Facilities Fund					46,242		46,242
Developer Reimbursements						1,609,661	1,609,661
Misc 1280 Improvements	-	-	-	-	-	16,639	16,639
	\$2,128,679	\$3,317,189	\$6,745,371	\$292,283	\$2,530,456	\$2,373,933	\$17,387,912

CPF and Facilities Fund History:

Historical Facilities Fund Spending

Expense	FYE2013	FYE2014	FYE2015	FYE2016	October, 2016 -March, 2017) FYE2017	Total
Water Treatment Plant Evaluation	\$26,426					\$26,426
Lakepoint WWTP Odor Remediation	23,793	185,211	308,052			517,056
LPWWTP Filter Replacement & Meter	50,899	585,770				636,669
Bayton Odor Control	98,559	38,452				137,011
Circle Drive Relocation	14,133	2,088				16,220
TxDOT Road/Coordination/Design	109,685	517,231	17,022			643,938
TCEQ WWTP Permit App	12,492	94,074	85,717		22,416	214,700
Developer Reimbursement	847,601	697,291	1,403,193	1,554,013	238,286	4,740,384
SCADA				122,468	143,817	266,285
Raw Water Line				219,657		219,657
LP WWTP CA Improvements				117,849		117,849
1340 Pressure Plane			33,635			33,635
1280 Elevated Storage Tank		5,040	210,124	51,486		266,650
1080 Bee Cave Transmission Main						-
10 MGD Water Plant				16,809		16,809
Darden Hill 16" Relocation		13,151	86,772			99,923
Spillman Pond Liner				198,629	697,751	896,380
Bee Cave Transmission Main					25,623	25,623
17 Acre Effluent Pond Assessment		7,664				7,664
Alternative Groundwater Supply Feasibility		40,000				40,000
Engineering/Misc Capital Outlay		9,533	541,347	10,613		561,493
Beneficial Recycling Feasibility			26,693	110,214	12,870	149,777
Beneficial Recycling Facility Design & TCEQ					34,508	34,508
Vehicle & Equipment			51,331	45,560		96,891
Shops Parkway Relocation	-	-	7,547	34,785	108,943	151,275
	\$1,183,589	\$2,195,504	\$2,771,432	\$2,482,081	\$1,284,214	\$9,916,820

Fund Policies and Balances

	General Operating Fund	Facilities Fund	Rate Stabilization Fund	Impact Fee Fund	Capital Projects Fund
Fund Balance-March 31, 2017	\$ 8,394,415	\$ 4,132,318	\$ 2,972,730	\$ 23,346,246	\$ 24,912,381
Fund Balance Reserve Requirements:					
<u>Minimum Requirements per Board Policy:</u>					
Operating Fund-6 months O&M expense	(5,541,744)				
Rate Stabilization Fund-3 months O&M expense			(2,770,872)		
<u>Minimum Requirements per Bond Covenants:</u>					
1 Fund current debt service payments from:					
General operating fund	(5,033,836)				
Impact fee fund				(1,034,958)	
2 Times coverage (minimum of 25% of annual debt funded from general operating fund):	(1,258,459)	1,258,459			
Fund Balances after Required Reserves & Transfers	\$ (3,439,624)	\$ 5,390,777	\$ 201,858	\$ 22,311,288	\$ 24,912,381

Projected Funding Needs

Total Spending Projection	Anticipated Funding	Total Budgeted Amount	2017	2018	2019	2020	2021	2022
Impact Fee/CIP Projects	CPF	\$53,453,090	\$11,427,790	\$5,587,005	\$14,431,616	\$1,072,361	\$17,347,079	\$3,587,239
Wallace Group Projects	Facilities Fund	4,018,850	2,361,850	1,000,000	657,000	-	-	-
Other Projects	Facilities Fund	3,025,437	2,275,437	250,000	250,000	250,000	-	-
LCRA Installment Payment	CPF	15,137,740	-	-	15,137,740	-	-	-
Developer Reimbursements	CPF	12,557,896	2,922,577	4,573,341	3,914,511	382,489	382,489	382,489
Water - M&R Capital	Facilities Fund	2,400,000	400,000	400,000	400,000	400,000	400,000	400,000
Wastewater - M&R Capital	Facilities Fund	1,500,000	250,000	250,000	250,000	250,000	250,000	250,000
New Meters/Meter Replacement	Facilities Fund	60,000	10,000	10,000	10,000	10,000	10,000	10,000
Vehicle Replacement	Facilities Fund	<u>600,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
		\$92,753,013	\$19,747,654	\$12,170,346	\$35,150,867	\$2,464,850	\$18,489,568	\$4,729,728

Proposed Funding Plan

	Capital Projects Fund	Facilities Fund	Impact Fee Fund
1	CIP/Impact Fee Projects	Unplanned Capital Projects/Repairs	Principal and interest on debt funded CIP/Impact Fee Projects
2	Developer Reimbursements	Maintenance/Repair Reserves	
3	LCRA Installment Payment	Meter Replacement/New Meters	
4		Vehicle/Equipment Replacement Reserves	
5		Other Planned Capital Projects	
6		Wallace Group Projects	

Funding Projection

Capital Projects Fund

Projected CPF Fund Balance	2017	2018	2019	2020	2021	2022
Beginning Fund Balance	\$24,912,381	\$10,562,014	\$401,668	\$1,917,800	\$462,950	\$4,733,382
Plus Anticipated Income	-	-	-	-	-	-
Plus Surrogate Issuance	-	-	35,000,000	-	22,000,000	-
Less Anticipated Expenses	(14,350,367)	(10,160,346)	(33,483,867)	(1,454,850)	(17,729,568)	(3,969,728)
Estimated Ending Fund Balance	\$10,562,014	\$401,668	\$1,917,800	\$462,950	\$4,733,382	\$763,654

Funding Projection

Facilities Fund

Projected Facilities Fund Balance	2017	2018	2019	2020	2021	2022
Beginning Fund Balance	\$4,132,318	\$1,251,949	\$1,741,949	\$2,574,949	\$4,064,949	\$5,804,949
Plus Anticipated Income	2,516,918	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Less Anticipated Expenses	(5,397,287)	(2,010,000)	(1,667,000)	(1,010,000)	(760,000)	(760,000)
Estimated Ending Fund Balance	\$1,251,949	\$1,741,949	\$2,574,949	\$4,064,949	\$5,804,949	\$7,544,949

Potential Rate Impact

- ✓ Anticipated \$35M issuance in 2019 (\$15M for LCRA Payment, \$20M for additional projects)
- ✓ Estimated annual payment of \$2.5M (plus times coverage)
- ✓ Based upon current impact fee policy, estimated \$1.2M of annual payment could be funded by impact fees
- ✓ Estimated impact to customer rates (based upon currently identified projects and impact fee eligible portion of costs):
 - ✓ Water = \$13.00 per customer, per month (7% above current projected revenues)
 - ✓ Wastewater = \$15.00 per customer, per month (12% above current projected revenues)

Bond Market Interest Rates and Trends

- Bond Buyer 25-Revenue Bond Index: Tax Exempt Interest Rates have been higher than they are today 89.85% of the time.
- Current Index Rate: 3.95%.
- All-time low of 2.98% set 7/7/16.
- Series 2015 bonds priced at 3.82% (TIC).
- Budgeting 5% for 2019 bonds and 5.5% for 2021 bonds.
- Fiscal stimulus more important than monetary actions (Congress vs. the Federal Reserve).

Summary

- FY 2019 and FY2020 CPF Projects
 - Total Cost = \$35M
 - Funded by \$35M Bond Sale in January, 2019
 - \$15M final LCRA Installment
 - \$20M in CIP and Developer Reimbursements
- FY 2019 and FY2020 Facilities Fund Projects
 - Funded by \$2.5M annual cash transfers from Operations funds
 - M and R and Rehabilitation Projects
 - Level funding. No additional cash requirements

Summary

- FY 2021 and FY2022 CPF Projects
 - Total Cost = \$21.6M
 - Funded by \$20M Bond Sale in January, 2021
 - CIP and Developer Reimbursements
- FY 2021 and FY2022 Facilities Fund Projects
 - Funded by \$2.5M annual cash transfers from Operations funds
 - M and R and Rehabilitation Projects
 - Level funding. No additional cash requirements.

Board Direction

- Capital program schedule and costs as presented
- Timing of bond issuances
- Rate study for FY2018
- New Impact Fee Study
- Schedule for budget and rate planning meetings
- Other

BUDGET & RATE PLANNING CALENDAR

MAY 18
Approve FY17 budget amendment for reallocation of expenses due to operations transition, 6 month review)
Approve work order for rate review
JUN 15
FY18 Budget Work Session #1: 1 Review of historical expenses 2 Review of staff proposals for budget adjustments 3 Review potential impact to customer rates as a result of proposed budget adjustments 4 Receive board direction
Call public hearing for consideration of changes to retail water and retail wastewater rates for August 17, 2017
JUL 20
Draft budget provided to wholesale customers (must be 60 days prior to Board consideration)
Publish Public Hearing Notice of Board consideration of rates
Draft expenditure budgets presented for General Operating Fund, Facilities Fund, Impact Fee Fund and Capital Projects Fund
AUG 3
FY18 Budget Work Session #2: 1 Draft rates presented to Board 2 Draft budget presented to Board 3 Receive board direction
AUG 17
Public hearing on retail rates (must be 30 days prior to Board consideration)
Consider adoption of retail and wholesale rates
SEP 1
Notice of revised rates to wholesale customers (must be 30 days prior to effective date)
SEP 21
Consider adoption of final budgets
OCT 1
FY18 budgets and rates become effective