

CASE STUDY: Drinking Water State Revolving Fund Creedmoor–Maha Water Supply Corporation



Creedmoor-Maha Water Supply Corporation (CMWSC), a small public water system located south of Austin, Texas, serves 7,500 customers through 170 miles of lines and 2,500 connections. Like many rural water utilities, CMWSC was confronting issues associated with an aging system built mostly in the 1960s. Water loss from leakage often reached 25% of production and being adjacent to one of the fastest growing areas in the country continually added demand for services.

In 2016, the CMWSC Board began investigating options for financing needed upgrades. The Drinking Water State Revolving Fund (DWSRF), through the Texas Water Development Board (TWDB), was selected as it would provide favorable financing that covered planning, design, acquisition, construction and budgeted consulting services incurred after loan approval.

As a key member of the collaborative project team, GDS Associates delivered engineering and ratemaking expertise to identify system needs, develop an engineering plan, complete the loan application and respond to inquiries from the TWDB. Recommended improvements for CMWSC included replacing leak-prone, undersized piping with correctly sized piping and the addition of a booster station.

The two-phase GDS rate study determined what rates should be to recover current costs and forecasted customer growth and rate increases needed in the future to cover debt servicing costs and inflationary increases in operational costs, giving the CMWSC Board assurance that the loans could be serviced going

forward. In October 2018, the Board approved a resolution to CMWSC's request for a low interest loan through the DWSRF and recommended a \$9.3M loan based on the scope submitted.

Financial assistance is available through many state development boards and revolving funds and helps defray improvement costs. This valuable resource for small utilities is underutilized and often perceived as unattainable, however

utility managers and governing Boards need to be aware of and pursue these funding mechanisms that were created to help systems and their communities long-term.

Having the right team to do the job matters. Preparing an

application for a loan requires specialized engineering and regulatory knowledge that does not typically exist in small utilities. CMWSC Board members, although they had experience in agriculture, business and government, did not know the exact steps needed for the application. Hiring the right consultants allowed CMWSC to obtain project financing and make smart, efficient system upgrades. ■

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Contact **Wade Wheatley, PE** in our Austin, Texas office at **512-541-3160** or **wade.wheatley@gdsassociates.com** for more information on how to put together the team and the financing your water system needs to stay strong.