

*Financial Feasibility Report
Delta Lake Irrigation District
Water Conservation Project*



Prepared for the

BORDER ENVIRONMENT COOPERATION COMMISSION
UNDER THE AUSPICES OF:
TEXAS WATER DEVELOPMENT BOARD AND THE
TEXAS STATE ENERGY CONSERVATION OFFICE

TWDB Contract No. 2002-484001



PREPARED BY:
AXIOM-BLAIR ENGINEERING, L.P.

2711 West Anderson Lane
AUSTIN, TEXAS 78757

August 29, 2003

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1 INTRODUCTION

The Border Environmental Cooperation Commission (BECC) identifies, develops, evaluates and certifies environmental infrastructure projects. The objective of this report is to evaluate the financial capacity of Delta Lake Irrigation District (DLID or the District) to assume financial responsibility for the District's proposed Water Conservation Project. The completion of this evaluation is necessary to reach Project Certification. The report documents the information used by Axiom-Blair Engineering to determine that the District is capable of providing the initial contribution of funds and in-kind services that are needed to successfully complete the proposed Water Conservation Project, and that the District has the ability to support the ongoing operation and maintenance expenses of such project.

2 DESCRIPTION OF METHODOLOGY

This evaluation involves the participation of BECC, DLID, and Axiom-Blair Engineering (ABE). The District provided information to ABE and BECC has requested ABE to review and analyze that information and determine the financial feasibility of the proposed project.

ABE's evaluation involved the following tasks:

- Perform a five-year historical analysis and forecast of revenues and expenses for a period of at least one year beyond completion of construction
- Prepare a financial feasibility opinion of the District's capability to implement the proposed project
- Provide BECC with all relevant background information related to DLID and the proposed project

For the purposes of rendering the financial feasibility opinion, ABE has reviewed and analyzed the following documents:

1. Audited General Purpose Financial Statements for the years ended December 31, 1998 through December 31, 2002 for DLID
2. *Baseline Conditions Report* prepared by Axiom-Blair Engineering, July, 2003
3. *Delta Lake Irrigation District Water Conservation Project Plan*
4. *Project Report*, prepared by Axiom-Blair Engineering, August 2003

As part of ABE's review, we contacted the District administrative offices in Edcouch, Texas and interviewed the President of the Board of Directors, Delta Lake Irrigation District, Mr. Neal Galloway, to discuss the project and DLID operations and the District's financial condition. We also discussed the financial statement and current financial status with the District's certified public accountant firm, Buffo and Berkman.

3 PROJECT DESCRIPTION

The proposed Water Conservation Project for the District is comprised of the following four major components:

- Reservoir Renovation
- Main Canal Seepage Recovery
- Flow Measurement and Telemetry
- Pipeline Installation Project

The *Reservoir Renovation Project* consists of building a by-pass canal, control structures and radial gates to allow the “J” Canal to be supplied directly from the Main Canal. In water short years, this would allow the larger portion of Delta Lake (to the West of FM 88) to be unused and salvage approximately 5,000 – 7,000 acre-feet of evaporation loss.

The *Main Canal Seepage Recovery Project* will investigate the possibility of collecting 5 cfs of water which seeps from the Main Canal by using surface and sub-surface drain collection systems and a low head lift station to pump the water back into the Main Canal. The cost of such a recovery system may be more than 5 to 10 times more economically viable than installing an impervious liner in the Main Canal.

The *Flow Measurement and Telemetry Project* consists of installing meters, or providing metering of all turnouts, and installation of flow measurement telemetry devices on the Main Canal and all canals with capacities greater than 30 cfs.

The *Canal Rehabilitation and Pipeline Installation Project* consists of renovation or replacement of existing open channel laterals, small canals and buried mortar joint concrete pipe with new gasket joint PVC or RC pipe.

BECC seeks to certify this project valued at \$7,120,000. The funding plan includes contributions from the Texas Water Development Board, the Texas State Energy Conservation Office (SECO), the Water Conservation Investment Fund (WCIF) of the North American Development Bank (NADB) and the District. Table 1 below shows the estimated cost of each of the projects components.

The proposed projects will increase the efficiency of the District and the growers by improving their water conveyance, reducing the energy used per acre to irrigate and reducing water loss from evaporation and seepage.

Component	Subtotal	Contingency	Total Cost
Design and Planning	\$662,421	\$0	\$662,421
Reservoir Renovation Project	\$1,124,250	\$112,425	\$1,236,675
Seepage Recovery Pilot Project	\$426,604	\$42,660	\$469,264
Telemetry and Flow Measurement Project	\$463,800	\$46,380	\$510,180
Canal Rehabilitation Project	\$3,277,588	\$327,759	\$3,605,346
Total	\$5,292,242	\$529,224	\$6,483,887
Construction Administration			\$636,113
	Total		\$7,120,000

Table 1 – Estimated Project Costs

4 DESCRIPTION OF THE PROJECT SPONSOR

The Willacy County Water Control and Improvement District No. 1 was established in 1929 and is one of the oldest pumping stations on the River in the Lower Rio Grande Valley. Located just south of Weslaco, Texas, it was established to provide water for agricultural irrigation and municipal needs. On June 19, 1980, the District was converted to an irrigation district under the provisions of Chapter 58 of the Texas Water Code and under Article XVI, Section 59 of the Texas Constitution and renamed Delta Lake Irrigation District. A five-member board, one each elected from five precincts within the District, governs the District.

At the time the District was established, the area was sparsely populated and water was generally available. Rapid growth in the last 20 years has brought about a greater demand for water and a new awareness for the need to conserve water. The District has 174,776 acre-feet of authorized water rights and the largest amount of irrigated agriculture of the 28 irrigation districts in the Lower Rio Grande Valley of Texas. Water is pumped from the Rio Grande through the District's main pumping station northward through a 32-mile canal that originates at the Rio Grande and ends at the southeast corner of Delta Lake. The District also operates a secondary pumping plant at the West Reservoir of Delta Lake and approximately 50 re-lift stations and check structures to control water flow into the canals and laterals. The District conveyance system consists of approximately 250 miles of lined or partially lined canals, 42 miles of unlined canals and 122 miles of unlined laterals.

The District delivers raw water for treatment by the City of Lyford, the City of Monte Alto, the City of Raymondville, and North Alamo Water Supply Corporation and for irrigation use by agricultural producers over the Districts 149 square miles. The

District's approximate 4,000 irrigation accounts provide livestock, cotton, grain, vegetables, melons, forage, sugar cane and citrus.

The District's Board of Directors and employees are committed to the conservation of water and the energy associated with its use. The District has implemented metering of all irrigation deliveries and has invested approximately \$400,000 per year in replacing small open laterals with buried pipeline. In 2001, the District installed 4,800 feet of 36" of RC and 10,000 feet of 18" buried PVC pipe. Water conservation is stressed throughout the District and penalties are assessed for overuse or waste of water.

5 DESCRIPTION OF PROJECT SPONSOR FINANCIAL CONDITION

The District charges an annual operation and maintenance assessment fee, an ad valorem tax, and a water delivery charge. These fees are as follows:

- Annual flat rate assessment of \$10.00 per irrigable acre per year, whether the land is irrigated or not
- Ad valorem tax of \$0.54 per \$100 evaluation
- Water delivery charge of \$20 per acre-foot
- Various Water delivery charge rates per 1000 gallons delivered

The District has historically averaged \$1,200,000 in water delivery charges, \$1,100,000 in assessments and tax revenue and approximately \$112,500 in other forms of revenue per year. The District's water delivery charge is collected by the District prior to water being delivered except for water users that have established an account with the District. No water is delivered to any user if the water user's account is delinquent on delivery charges, assessments, or taxes. The District has no short term or long-term debt (see Audited Financial Statement of District of December 31, 2002 attached as Exhibit 2 to this report).

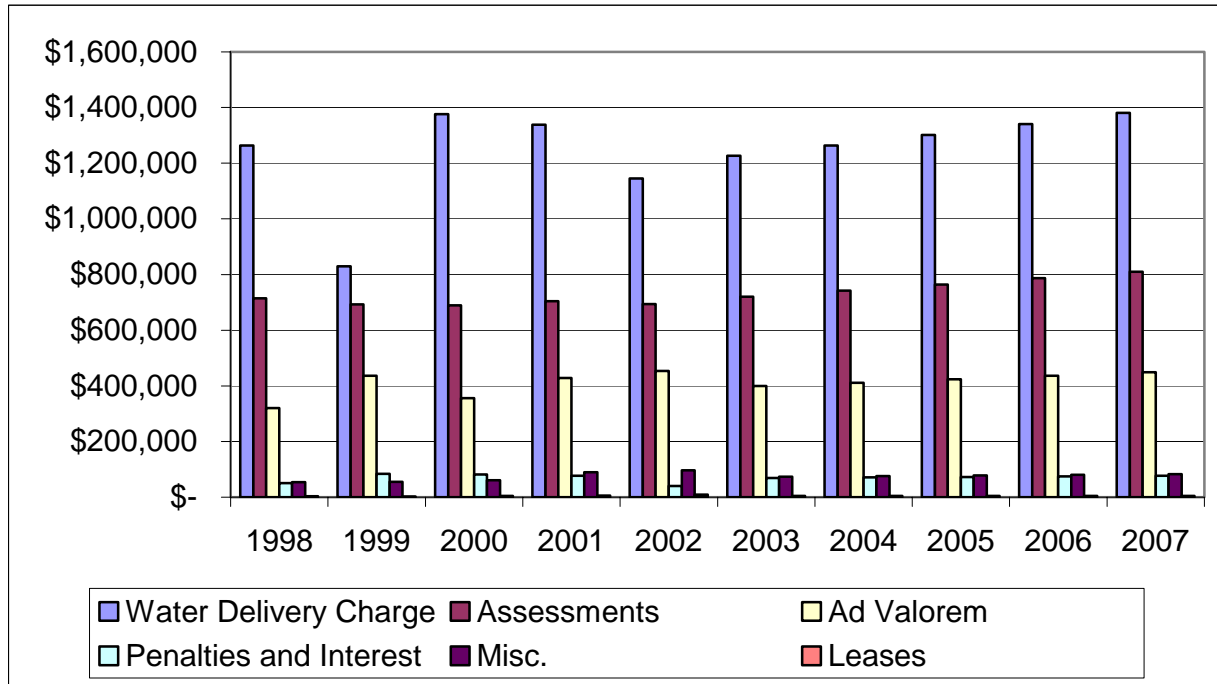


Figure 1. District General Fund Revenue by Category

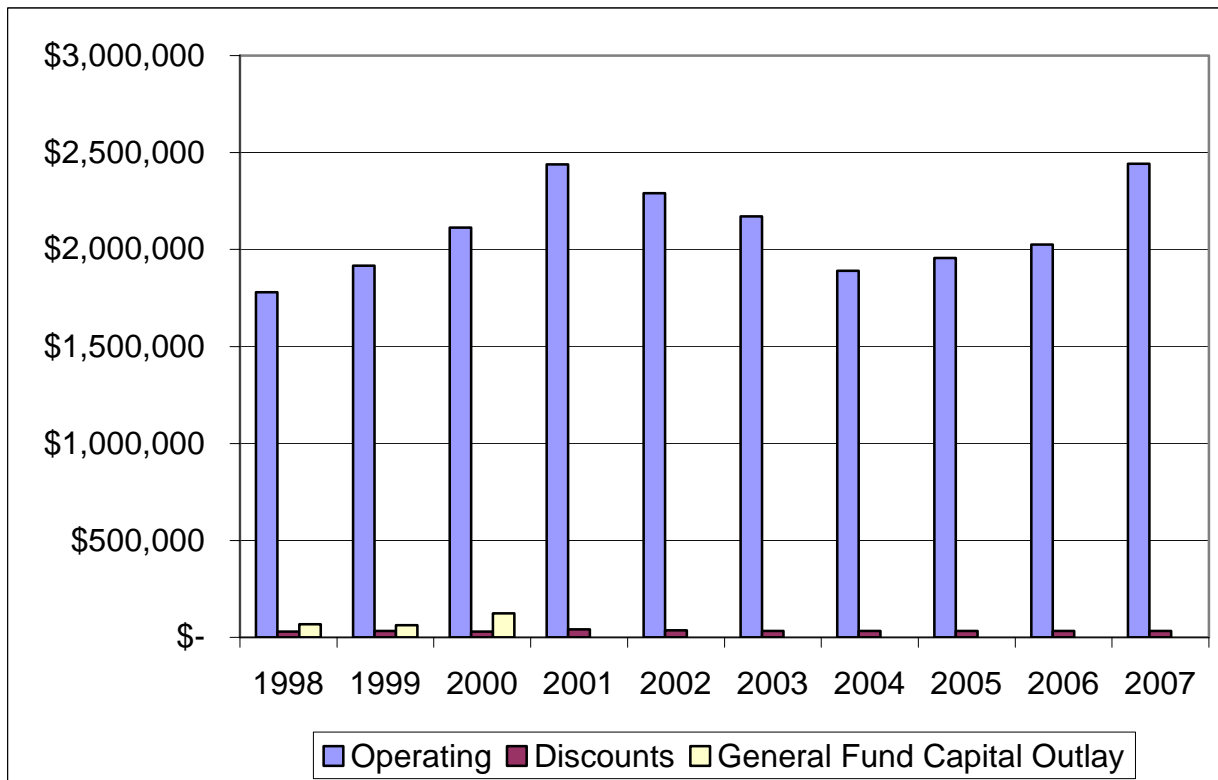


Figure 2. District General Fund Expenses by Category

5.1 District's Ad Valorem Maintenance Tax

The District's ad valorem tax was approved by a voter resolution on November 6, 1969 for purposes of "securing funds for maintenance purposes [as] necessary for the efficient operation of the District". The funds from such ad valorem tax have been used since 1969 to fund construction and maintenance loans, construct pipelines, repair and replace pipelines, replace open laterals with pipelines and many other maintenance activities of the District. The tax is assessed on all taxable properties within the District. Attached as Exhibit 2 to this report is a copy of a letter for an Attorney retained by the Lower Valley Managers' Association, in part on behalf of the District, to provide a legal opinion stating that the District's Board of Director have the legal ability to commit future revenues to fund a proposed project for up to three years.

It was estimated by the District's auditor (see Appendix 2) that for the years 2003 through 2005 the dollar value of the ad valorem tax collected by the District equals \$376,246 per year. The District also has cash reserves of \$791,436 retained from the previous year's construction fund (as documented by the District's auditor in his letter attached to this report as Appendix 2). The amount of ad valorem tax predicted to be available to the District for the next three years, as estimated by the District auditor, is a reasonable and conservative estimate.

5.2 Interlocal Agreement between District and North Alamo WSC

The District is currently negotiating a cost sharing agreement with North Alamo Water Supply Corporation (North Alamo WSC) under the auspices of the Texas Water Development Board's Disaster Contingency Fund program. North Alamo WSC has been awarded \$347,017 toward the excavation of the Delta Lake bypass canal proposed in the District's Water Conservation Project. Approximately \$325,000 of the \$347,017 is anticipated to be available to the District to provide for a portion of the excavation cost of the bypass canal. Attached as Appendix 6 to this report is a copy the Texas Water Development Board's news release notifying North Alamo WSC of the award. The Texas Water Development Board has obligated and reserved these funds for North Alamo WSC solely for the purpose of constructing the DLID bypass canal. The District anticipates that the Interlocal Agreement will be executed no later than November 1, 2003. The funds available to the District under such Interlocal Agreement are restricted by the Texas Water Development Board for use in construction of the by-pass canal. Because of the limited amount of funds available, the great majority of these funds will be used to pay for the excavation cost of the by-pass canal.

5.3 Sources of District Portion of Cost of Funding Proposed Project

Appendix 1 of this report contains a copy of a Resolution of the District's Board of Directors showing that the District has committed the cash reserve of \$791,436 and the estimated income from their ad valorem tax for the tax years of 2003, 2004, and 2005 to meeting the District's cost share portion of the District's proposed NADB Water Conservation Project. The ad valorem tax for 2003 is due on January 1 of 2004. The estimated total of the cash reserve and future ad valorem tax income is \$1,920,186. In addition, DLID will support the additional engineering design cost of \$387,401.

The remaining portion of the District's cost share will come from Texas Water Development Board grants and in-kind services such as excavation and back-fill, installation of pipeline, installation of seepage recovery and flow measurement equipment, as well as construction, maintenance and project management work over the years 2004, 2005, and 2006. The District's general budget items for the proposed Water Conservation Project are as follows.

Planning	District	TWDB	NADB	Total
Proposal to TWDB-SECO for Funds	\$22,000	\$0	\$0	\$22,000
Final Project Plan	\$0	\$35,000	\$0	\$35,000
Final Project Report	\$0	\$77,623	\$0	\$77,623
Totals	\$22,000	\$112,623	\$0	\$134,623
Design and Contracting Cost	\$387,401	\$140,397	\$0	\$527,798
Total Planning and Design	\$409,401	\$253,020	\$0	\$662,421
Construction Cost*	\$2,572,579	\$325,000	\$3,560,000	\$6,457,579
Totals	\$2,981,980	\$578,020	\$3,560,000	\$7,120,000
Percent	42%	8%	50%	

*Construction Cost includes construction administration cost and TWDB-North Alamo WC funds of \$325,000.

Table 2 – Proposed Budget Items for Water Conservation Project

The District's sources of funds for its portion of the project costs are as follows:

In-Kind Services		\$652,405
Additional Design Cost		\$387,401
Design and Planning Expended To Date		\$22,000
TWDB-SECO Funds		\$253,020
TWDB Construction		\$325,000
Dedicated Reserves		\$791,436
Est. Ad Valorem Tax 2004		\$376,246
Est. Ad Valorem Tax 2005		\$376,246
Est. Ad Valorem Tax 2006		\$376,246
		\$3,560,000

Table 3 – Sources of District's Share of Project Costs

Table 3 above lists the sources of funds available and obligated by the District for contributing to the District's share of project costs. Appendix 1 of this report is a resolution approved by the District Board that obligates the District to funding the lesser of \$3,560,000 or 50% of the project costs. The District anticipates the sources of the \$3,560,000 shall consist of the sum of the funds the District has expended in preparing proposals and grant applications (\$22,000), the District's grant commitments from the TWDB of \$578,020, its capital fund dedicated for construction and maintenance of \$791,436, and the estimated revenue from the District ad valorem tax for 2003, 2004, and 2005 (\$1,128,738). The remaining portion of the District's share of project costs (\$652,405 of In-Kind Services) shall be contributed from the District regular operating budget for labor costs and from charges for construction equipment owned by the District and used by the District to construct the proposed project. The \$652,405 of "In-Kind Services" is a minimum estimate of the services to be provided by the District. Section 5.5 and Appendix 5 of this report provide additional details regarding "In-Kind Services".

5.4 Public Law 106-576 and United States Bureau of Reclamation Agreements

The District's proposed Water Conservation Project was authorized by the United States Government in Public Law 106-576 "Lower Rio Grande Valley Water Resources Conservation and Improvement Act of 2000", as amended, and the District proposed plan for implementing such projects is currently being submitted to the United States Bureau of Reclamation for review and allocation of funding should Congress appropriate such funds. During 2003 Congress appropriated and Reclamation allocated the following funds for Public Law 106-576 authorized projects:

\$752,669	Hidalgo County Irrigation District No. 1	Edinburg, Texas
\$397,331	Harlingen Irrigation District	Harlingen, Texas
\$75,000	Cameron County Irrigation District No. 2	San Benito, Texas

At this time, Congress has made no appropriations for 2004. However, it is anticipated by the District that Congress will appropriate additional funds for PL 106-576 projects. In order for the District to be eligible for funds appropriated in the future by Congress, if any, the District must execute a cost sharing agreement with Reclamation. Execution of such agreement does not guarantee the District any funds from Reclamation unless such funds are appropriated by Congress and allocated by Reclamation to the project. The District is currently pursuing review by Reclamation of the District's plan for implementing the proposed Water Conservation Project and anticipates executing a proposed cost sharing agreement with Reclamation in the winter of 2003. However, as no funds are available to the District from Reclamation at the time of this report, the analysis of the District's ability to fund its share of the proposed Water Conservation Project did not rely upon any financial contributions from Reclamation.

5.5 District's In-Kind Services

Table 3, above, shows the District providing a minimum of \$652,405 of “In-Kind Services”. Such services include, but are not limited to, excavation and backfill, installation of pipelines, installation of a canal seepage recovery system, installation of flow meter and telemetry equipment, construction administration, and other construction and maintenance work related to the District’s Water Conservation Project.

It is anticipated by the District that the majority of the proposed expenditures for the construction of the District’s proposed telemetry and seepage recovery project components will be work completed by third parties. The District shall follow the purchasing requirements of provisions of Chapter 49 of the Texas Water Code and any provisions required by NADB regarding the contracting by the District of such third parties to perform such work.

The District owns numerous pieces of heavy construction equipment such as track excavators, backhoes, and dump trucks and has a long track record of constructing irrigation water conveyance systems and installation buried PVC and RC irrigation pipe. The in-kind services cost will be distributed through the anticipated 3-year construction period for the proposed project. Detailed equipment and hourly labor cost rate tables, and hourly task tables are attached as Appendix 5 to this report. The equipment cost tables in Appendix 5 were generated from the 2003 RS Means Heavy Construction Cost Works program for the McAllen, Texas region.

5.6 Historical and Projected Expenses and Net Revenues

Appendix 4 of this report contains a “*pro forma*” analysis of the District revenues and expenditures for 2003 through 2007 based on the Audited Financial Reports of the District for years 1998 through 2002 (the report for the year 2002 is attached as Exhibit 1). The District’s financial records and audits have been partitioned in a “General Fund” and a “Capital Fund” since at least 1998. The table contained in Appendix 4 of this report reflects the year end status for these two funds as described by the District’s auditor in the District’s Audited Financial Reports and a projection of line items to the year 2007. Details to, and analysis of expenses and revenues are provided in such report and summarized in the sections below.

5.6.1 Exclusion of Land from District

The impact of the amount of land that is excluded from the District each year is approximate and is not expected to impact the District significantly during the years 2004 and 2007.

5.6.2 Miscellaneous Income

Miscellaneous income averages less than 3% of the District's total income and includes revenues from installing irrigation pipe and other appurtenances for non-District parties.

5.6.3 Use of Historic Average in Predicting Future Expenses and Revenues

Prediction of future revenues for any irrigation district in Texas is difficult under drought conditions. The District is currently under restricted water allocations. However, more water is currently available to District water users than was during similar periods in the years 1996, 2001, and 2002. For lack of a better metric, a five-year average of the expenses increased for inflation by 2.5% per year was used to predict future expenses. Revenues for each year in 2003 through 2007 were assumed to be equal the five-year average. Also, operating expenses in 2007 were further increased by the \$19,420 adjusted for inflation for the predicted increase in the District's O&M costs resulting from the proposed project.

5.6.4 Discounts

Discounts are credits provided to taxpayers as an incentive to prepay flat taxes. The amount of discounts is not expected to increase or decrease significantly.

5.6.5 Other Uses and Transfers In and Out of General and Capital Funds

The notation by the District's auditor of "Other Uses and Transfers In" and "Transfers Out" with respect to the District's General Fund and the District's Capital Fund are accounting mechanisms for showing the transfer of the net ad valorem tax received as revenue under the "General Fund" and transferred into the "Capital Fund". After completion of a "Capital" project, funds are transferred back to the "General Fund" to compensate for expenses of construction.

5.6.6 Lease and Royalty Funds

Lease and royalty funds are revenues received by the District for leases of the District's real property and royalties for minerals, oil, or, gas extracted underneath the District's real property.

5.6.7 Texas Water Development Funds

Texas Water Development funds are those funds received by the District directly or through third parties from the Texas Water Development Board in the form of grants or matching grants. Such grants include funds from the Texas Water Development Boards Agricultural Conservation Grants Program, Disaster Contingency Fund (Emergency Water Interconnections), and the Texas State Office of Energy Conservation Water and Energy Conservation Fund. The revenues received in 2003 from the Texas Water

Development Board are assumed to be expended during the same year to support engineering and construction activities directly related to the proposed project.

5.6.8 Transfer of Portion of Year 2004 through 2006 Expenses from General Fund to Capital Fund

The General Fund Expenses for the years 2004 through 2006 were reduced from the five year average (1998 through 2002, adjusted for inflation) by \$565,476 per year. This total reduction is equal to the estimated “In-Kind Service” that would be expended by the District through labor and equipment charges related to the construction of the proposed project.

5.6.9 Adjustment of 2002 Year Expenses for \$22,000 District Contribution to Planning Cost for Proposed Project

The 2002 General Fund total operating expenses were reduced by \$22,000 and the Capital Fund WCIF Project expenses increased by \$22,000 to show the District’s estimated expenses related to preparing proposals, engineering, and administrative services performed by District staff and consultant pursuant to the District’s proposed project.

5.6.10 Estimated Capital Fund Revenue Increased in 2004 through 2006

The Capital Fund Revenues were increased by \$1,186,667 for each of the years 2004 through 2006 for a total of \$3,560,000 to reflect the estimated contributions from NADB WCIF grant toward the cost of the proposed project.

5.6.11 Proposed Water Conservation Project Expense

The expenses listed for the proposed Water Conservation Project include engineering design, construction labor, materials, equipment, administration, subcontracting (services), and will be funded from both District funds and WCIF grant funds.

6 OPINION AS TO ABILITY OF DISTRICT TO FUND 50% OF COSTS

Pursuant to the District auditor’s letter attached as Appendix 2 to this report and review of the District’s existing heavy construction equipment, construction management capabilities, and construction labor resources, it is our opinion that Delta Lake Irrigation District has the ability to meet 50% of the cost of the District’s proposed Water Conservation Project cost over an anticipated 3 year construction period (2004 through 2006). Figure 3 below shows the time relationship between the District total fund balance (the total of both general and capital funds) and the proposed capital outlay for funding the District’s Water Conservation Project. The anticipated revenue from the WCIF grant funds from NADB equals \$3,560,000. The minimum fund balance for the

District occurs in 2007 and equals \$495,065, which is greater than 2 months of the District’s total operating expense for 2007 (\$404,391).

As discussed under Section 5.3 above, the District anticipates receiving some level of federal funding from Reclamation for the proposed project prior to 2006. Should such funding become available, the District’s minimum fund balance will increase in the same amount as the amount of funding allocated by Reclamation to the District.

Based on the information provided to ABE by the District, Dr. A.W. Blair’s personal familiarity and knowledge of the District’s construction capabilities, it is our opinion that the District has both the financial and “in-house” construction abilities to construct, operate, and maintain the proposed water conservation project.

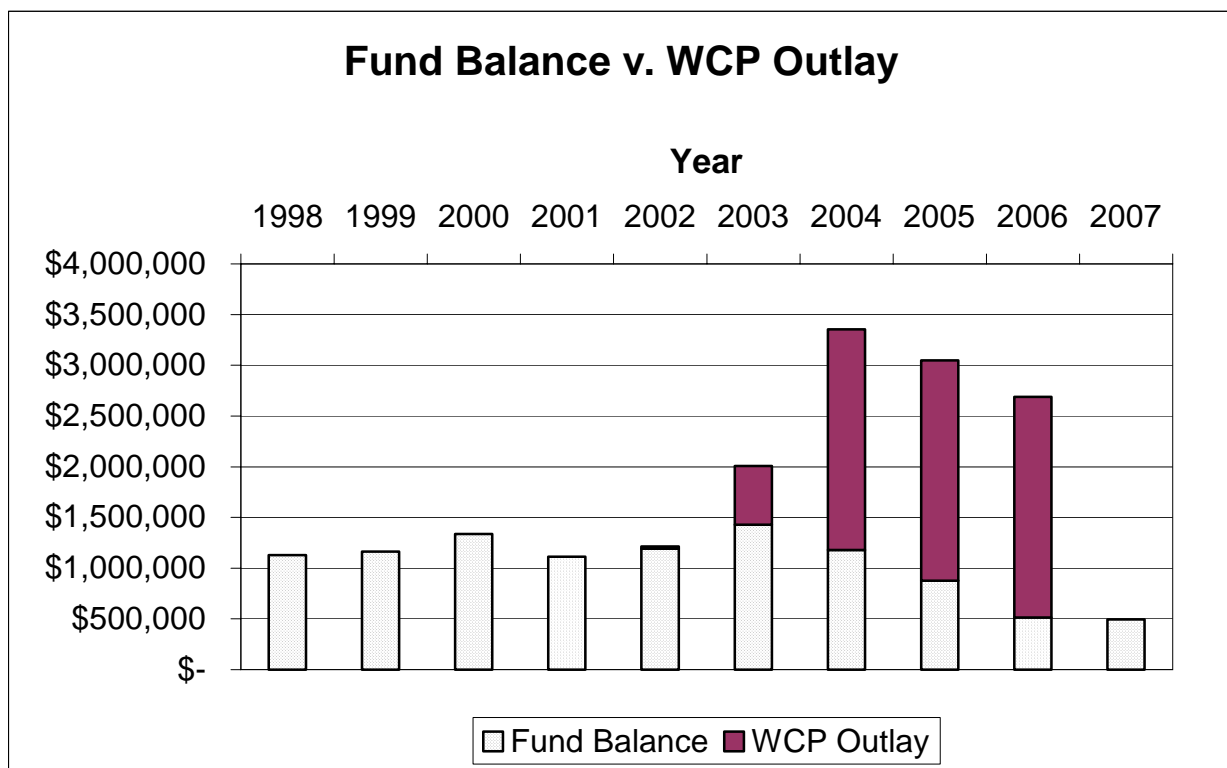


Figure 3 – District Total Fund Balance v. WCIF Project (Water Conservation Project) Outlays

Appendix 1. Resolution to Fund District's Portion of Project Costs

Resolution of the Board of Directors of
Delta Lake Irrigation District, Hidalgo and Willacy Counties, Texas

August 20, 2003

Whereas, Delta Lake Irrigation District, Hidalgo and Willacy Counties, Texas (the District) is an irrigation district organized under Chapter 59, Article 16 of the Texas Constitution and operates under Chapter 58 and Chapter 49, in part, of the Texas Water Code;

Whereas, the District submitted to the Border Environmental Cooperation Commission (BECC) a Step 1 Proposal for grant funding from the North American Development Bank (NADB) for a Water Conservation Project (WCP) within the District and such WCP is anticipated by the District's board to be certified by BECC in September of 2003;

Whereas, the NADB has announced that it has approximately \$3,560,000 in grant fund that may be available to the District for funding 50% of the District's WCP; and

Whereas, in order for the District to receive grant funding from NADB the BECC requires the District to demonstrate financial ability to complete the proposed WCP.

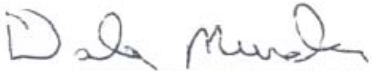
Now Therefore; the District's Board of Directors do hereby resolve to fund a portion not to exceed the lesser of \$3,560,000 dollars or fifty percent (50%) of the total cost of the District's WCP, using a portion of the District reserve funds as identified in the letter dated August 20, 2003 from the District's auditor, and the net revenue of the District's ad valorem tax collections for the years 2003, 2004, and 2005, and in-kind services such as, but not limited to, excavation and backfill, installation of pipelines, installation of a canal seepage recovery system, installation of flow meter and telemetry equipment, project administration, and other construction and maintenance work.

Delta Lake Irrigation District



Neal Galloway, President

Attest:



Dale Murden, Secretary

Appendix 2. Statement of Available Funds

BUFFO & BERKMAN

CERTIFIED PUBLIC ACCOUNTANTS
324 E. HIDALGO BOX 710 956-689-2479
RAYMONDVILLE, TEXAS 78580

J. A. BUFFO, CPA
G. L. BERKMAN, CPA

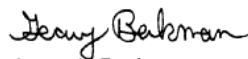
August 20, 2003

To whom it may concern:

From my review of the August 20, 2003, Elsa State Bank statement attached to this letter, the Delta lake Irrigation District has \$791,436 available to be applied to the proposed water conservation project.

From my review of the District's advalorem tax collections, the District should be able to designate \$376,250 per year for the next four years to the proposed project.

Sincerely yours,



Geary L. Berkman
Certified Public Accountant

elsadelta.lett

Appendix 3. Confirmation Of Funds On Deposit

Current Statement

Page 1 of 1

Selective Statement	Recent Statement	Current Statement W/Charge	Prior Statement	12 Mo Balances	Balances	Average Balances
Current Statement		162 Elsa State Bank and Trust		2730	08:28:37	8-20-2003

Delta Lake Irrigation
 Construction Fund (Money Market)
 Rt. 1, Box 225
 Edcouch, Texas 78538

Customer Number 4004841-00

Key Customer 0

Statement Period 07-31-2003 to 08-20-2003

Account	Balance Forward	Debits No.	Debits		Credits		Closing Balance
			Amount	No.	Amount	Date	
MMA02	711,436.48	0	.00	1	80,000.00		791,436.48
Account		Description			Amount	Date	Balance
MMA 02	4004841	Auto Dp			80,000.00	08/19	791,436.48

Appendix 4. Historical and Projected Expenses and Net Revenues

Fiscal Year Ending December 31	Historical (a)					Projected (b)				
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES (General)										
Water Sales (Delivery Charges)	\$1,263,242	\$ 829,584	\$1,376,278	\$1,338,304	\$1,145,163	\$1,190,514	\$1,190,514	\$1,190,514	\$1,190,514	\$1,190,514
Flat Rate Assessments	\$ 714,841	\$ 692,628	\$ 688,632	\$ 704,168	\$ 694,318	\$ 698,917	\$ 698,917	\$ 698,917	\$ 698,917	\$ 698,917
Ad Valorem Tax	\$ 320,813	\$ 436,254	\$ 355,854	\$ 428,787	\$ 454,026	\$ 399,147	\$ 399,147	\$ 399,147	\$ 399,147	\$ 399,147
Penalties and Interest Assessments	\$ 50,031	\$ 83,810	\$ 81,973	\$ 77,206	\$ 40,244	\$ 66,653	\$ 66,653	\$ 66,653	\$ 66,653	\$ 66,653
TWDB Grants (Metering Equipment)	\$ -	\$ 9,739	\$ -	\$ -	\$ 9,083	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	\$ 53,487	\$ 55,432	\$ 61,200	\$ 89,512	\$ 95,952	\$ 71,117	\$ 71,117	\$ 71,117	\$ 71,117	\$ 71,117
Other Sources and Transfers In	\$ 151,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES (General)	\$2,553,926	\$2,107,447	\$2,563,937	\$2,637,977	\$2,438,786	\$2,426,348	\$2,426,348	\$2,426,348	\$2,426,348	\$2,426,348
EXPENSES (General)										
Total Operating Expenses	\$1,779,208	\$1,916,335	\$2,112,621	\$2,438,480	\$2,291,111	\$2,160,240	\$1,659,571	\$1,715,197	\$1,772,214	\$2,417,568
Discounts	\$ 30,034	\$ 32,576	\$ 29,190	\$ 41,319	\$ 35,604	\$ 33,745	\$ 33,745	\$ 33,745	\$ 33,745	\$ 33,745
Capital Outlay	\$ 67,674	\$ 61,915	\$ 124,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Uses and Transfers Out	\$ 254,950	\$ 261,702	\$ 239,184	\$ 311,270	\$ 351,310	\$ 376,246	\$ 376,246	\$ 376,246	\$ 376,246	\$ 376,246
TOTAL EXPENSES (General)	\$2,131,866	\$2,272,528	\$2,505,485	\$2,791,069	\$2,678,025	\$2,570,230	\$2,069,561	\$2,125,187	\$2,182,204	\$2,827,559
NET INCOME (Loss)	\$ 422,060	\$ (165,081)	\$ 58,452	\$ (153,092)	\$ (239,239)	\$ (143,883)	\$ 356,787	\$ 301,160	\$ 244,144	\$ (401,211)
GENERAL FUND BALANCE January 1	\$ 419,056	\$ 859,273	\$ 694,192	\$ 752,644	\$ 599,552	\$ 360,313	\$ 216,430	\$ 573,217	\$ 874,377	\$1,118,521
PRIOR PERIOD ADJUSTMENT	\$ 18,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL FUND BALANCE December 31	\$ 859,273	\$ 694,192	\$ 752,644	\$ 599,552	\$ 360,313	\$ 216,430	\$ 573,217	\$ 874,377	\$1,118,521	\$ 717,310
REVENUES (Capital Outlay)										
Lease and Royalty Income (Capital Projects)	\$ 3,373	\$ 2,770	\$ 4,453	\$ 6,071	\$ 8,932	\$ 5,120	\$ 5,120	\$ 5,120	\$ 5,120	\$ 5,120
Penalties and Interest (Capital Projects)	\$ 594	\$ 8,234	\$ 25,386	\$ 18,662	\$ 13,271	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income (Capital Outlay)	\$ -	\$ -	\$ -	\$ -	\$ 576	\$ -	\$ -	\$ -	\$ -	\$ -
TWDB Grants (SECO and Interconnect)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 578,020	\$ -	\$ -	\$ -	\$ -
NADB WCIF Grant Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,186,667	\$1,186,667	\$1,186,667	\$ -
Other Sources and Transfers In	\$ 254,950	\$ 261,702	\$ 239,184	\$ 311,270	\$ 351,310	\$ 376,246	\$ 376,246	\$ 376,246	\$ 376,246	\$ 376,246
TOTAL REVENUES (Capital Outlay)	\$ 258,917	\$ 272,706	\$ 269,023	\$ 336,003	\$ 374,089	\$ 959,386	\$1,568,032	\$1,568,032	\$1,568,032	\$ 381,366
EXPENSES (Capital Outlay)										
Capital Outlay	\$ -	\$ 71,276	\$ 155,870	\$ 406,333	\$ 33,732	\$ -	\$ -	\$ -	\$ -	\$ -
Proposed Water Conservation Project	\$ -	\$ -	\$ -	\$ -	\$ 22,000	\$ 578,020	\$2,173,327	\$2,173,327	\$2,173,327	\$ -
Other Uses and Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES (Capital Outlay)	\$ -	\$ 71,276	\$ 155,870	\$ 406,333	\$ 55,732	\$ 578,020	\$2,173,327	\$2,173,327	\$2,173,327	\$ -
NET INCOME (Loss)	\$ 258,917	\$ 201,430	\$ 113,153	\$ (70,330)	\$ 318,357	\$ 381,366	\$ (605,294)	\$ (605,294)	\$ (605,294)	\$ 381,366
CAPITAL FUND BALANCE January 1	\$ 9,379	\$ 268,296	\$ 469,726	\$ 582,879	\$ 512,549	\$ 830,906	\$1,212,272	\$ 606,978	\$ 1,683	\$ (603,611)
PRIOR PERIOD ADJUSTMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL FUND BALANCE December 31	\$ 268,296	\$ 469,726	\$ 582,879	\$ 512,549	\$ 830,906	\$1,212,272	\$ 606,978	\$ 1,683	\$ (603,611)	\$ (222,245)
TOTAL FUND BALANCE December 31	\$1,127,569	\$1,163,918	\$1,335,523	\$1,112,101	\$1,191,219	\$1,428,702	\$1,180,195	\$ 876,061	\$ 514,910	\$ 495,065

Appendix 5 – “In Kind” Equipment and Labor Costs

The following information regarding “In-Kind” capabilities and cost are included in this appendix.

1. Estimated Breakdown on Source of Funds for Each Component
2. Estimated Breakdown of Costs by Category
3. Estimated Total Number of Hours for In-House Labor
4. Estimated Total Number of Hours for In-House Equipment
5. Table Listing Labor Categories and Hourly Cost
6. Listing of Equipment by Type and Unit Cost

Estimated Breakdown on Source of Funds for Each Component

	NADB	USBR	DLID	Total
Design and Planning	\$0	\$0	\$662,421	\$662,421
Canal Rehabilitation and Pipelines	\$2,105,355	\$0	\$1,500,000	\$3,605,355
By Pass Canal	\$911,675	\$0	\$325,000	\$1,236,675
Seepage Recovery Pilot Project	\$244,264	\$0	\$225,000	\$469,264
Flow and Level Telemetry	\$298,706	\$0	\$211,474	\$510,180
Construction Administration	\$0	\$0	\$636,105	\$636,105
Totals	\$3,560,000	\$0	\$3,560,000	\$7,120,000

Estimated Costs for Materials, Labor, Equipment, and Services

	Materials	Labor	Equipment	Services	Total
Design and Planning	\$0	\$0	\$0	\$662,421	\$662,421
Canal Rehabilitation and Pipelines	\$1,900,000	\$814,385	\$890,970	\$0	\$3,605,355
By Pass Canal	\$325,000	\$168,333	\$743,342	\$0	\$1,236,675
Seepage Recovery Pilot Project	\$25,000	\$25,406	\$12,000	\$406,858	\$469,264
Flow and Level Telemetry	\$320,000	\$35,899	\$24,000	\$130,281	\$510,180
Construction Administration	\$0			\$636,105	\$636,105
Totals	\$2,570,000	\$1,044,024	\$1,670,311	\$1,835,665	\$7,120,000

In the above table of “Estimated Costs for Material, Labor, Equipment, and Services” the categories have the following general definitions:

Materials: materials such as pipe, gravel, concrete, gates, valves, rebar, liners, pumps, telemetry systems, meters, and other material and hardware need to construct project.

Labor: work performed by District personnel directly related to the field or shop construction of the project at rates identified in the table below titled “Estimated Total Number of Hours for In-House Labor”.

Equipment: cost directly related to the daily or hourly operation and cost of heavy construction equipment owned or leased by the District in construction the project.

Services: engineering, geotechnical, surveying, laboratory, field, contract, administrative, management, and other services required to complete the project.

Estimated Total Number of Hours/Days for In-House and Lease Equipment

Qty	Description	Unit	Unit Cost	Quant.	Total
1	Office trailer, furnished, no hookups, 20' x 8', rent per month	Month	160.00	30	\$4,800
1	Field office expense, office equipment rental, average	Month	150.00	30	\$4,500
1	Field office expense, office supplies, average	Month	90.00	30	\$2,700
1	Field office expense, telephone bill, avg bill/month incl long dist	Month	220.00	30	\$6,600
1	Field office expense, field office lights & HVAC	Month	101.00	30	\$3,030
1	Rent pump concrete truck mounted 4"line 80'boom	Day+	1,166.00	6	\$6,996
1	Rent saw concrete manual gas 18 HP	Day+	81.20	0	\$0
4	Rent vibrators concrete electric 60 cycle 2 HP	Day+	94.20	149	\$14,036
2	Rent excavation diesel hydraulic crawler mounted 1 CY capacity	Day+	1,570.80	520	\$816,816
2	Rent excavation diesel hydraulic crawler mounted 2.5 CY capacity	Day+	2,236.00	60	\$134,160
1	Rent backhoe-loader wheel type 80 HP 1-1/4 CY capacity	Day+	360.58	240	\$86,539
1	Rent backhoe-loader wheel type 112 HP, 1-1/2 CY capacity	Day+	597.30	125	\$74,663
1	Attachments, backhoe-loader, hydraulic hammer 1200 ft-lbs	Day+	231.40	14	\$3,240
1	Rent grader self-propelled 25000 lb	Day+	595.98	20	\$11,920
1	Rent scrapers tow type 9 to 12 CY capacity	Day+	223.43	0	\$0
2	Rent tractor dozer crawler diesel 105 HP	Day+	1,301.96	125	\$162,745
2	Rent truck dump tandem 12 ton payload	Day+	867.24	125	\$108,405
1	Rental, aerial lift, telescoping boom to 40' high, 500 lb cap	Day+	365.20	25	\$9,130
1	Rent air compressor portable gas engine 160 CFM	Day+	113.30	125	\$14,163
2	Gen equipment rental; level laser type, for pipe laying, self leveling	Day+	213.18	125	\$26,648
2	Rent pump, centrifugal, gas drive 3", 15 MGPH	Day+	144.98	250	\$36,245
2	Rent toilet portable chemical	Day+	37.40	639	\$23,899
1	Trench box, 7200 lbs, 6'x 20'	Day+	187.92	120	\$22,551
4	Rent truck pickup 3/4 ton 4 wheel drive	Day+	417.21	125	\$52,151
1	Rent crane truck mounted, hydraulic, 55 ton capacity	Day+	1,775.40	25	\$44,385
				Total	\$1,670,320

Estimated Total Number of Hours for In-House Labor

JOB DESCRIPTION	Labor	Pipeline		ByPass		Seepage		Telemetry	
	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
FOREMAN#1	\$14.27	2020	\$28,825	410	\$5,851	60	\$856	0	\$0
CREW#1	\$12.03	2020	\$24,301	410	\$4,932	60	\$722	0	\$0
CREW#1	\$11.67	2020	\$23,573	410	\$4,785	60	\$700	0	\$0
CREW#1	\$11.67	2020	\$23,573	410	\$4,785	60	\$700	0	\$0
CREW#1	\$11.67	2020	\$23,573	410	\$4,785	60	\$700	0	\$0
BACKHOE#1	\$10.13	2020	\$20,463	410	\$4,153	60	\$608	0	\$0
FOREMAN#2	\$14.27	2020	\$28,825	410	\$5,851	0	\$0	205	\$2,925
CREW#2	\$12.27	2020	\$24,785	410	\$5,031	0	\$0	205	\$2,515
CREW#2	\$12.27	2020	\$24,785	410	\$5,031	0	\$0	205	\$2,515
CREW#2	\$11.67	2020	\$23,573	410	\$4,785	0	\$0	205	\$2,392
BACKHOE#2	\$13.28	2020	\$26,826	410	\$5,445	0	\$0	205	\$2,722
MACHINE & TRUCKS	\$11.97	2020	\$24,179	410	\$4,908	0	\$0	0	\$0
SCRAPERS	\$10.13	0	\$0	0	\$0	0	\$0	0	\$0
SCRAPERS	\$9.11	0	\$0	0	\$0	0	\$0	0	\$0
MAINTAINER	\$10.66	0	\$0	0	\$0	0	\$0	0	\$0
WATER & DUMP TRUCK	\$10.13	2020	\$20,463	410	\$4,153	0	\$0	0	\$0
SERVICE TRUCK	\$13.10	2020	\$26,462	410	\$5,371	0	\$0	0	\$0
WELDING TRUCK	\$13.10	2020	\$26,462	410	\$5,371	40	\$524	205	\$2,686
EXCAVATOR	\$14.77	2020	\$29,835	410	\$6,056	20	\$295	0	\$0
FUEL TRUCK	\$10.84	2020	\$21,897	410	\$4,444	20	\$217	0	\$0
BACKHOE#3	\$9.47	2020	\$19,129	410	\$3,883	0	\$0	0	\$0
WINCH TRUCK/HAUL TRAILER	\$15.07	2020	\$30,441	410	\$6,179	10	\$151	0	\$0
EXCAVATOR	\$15.96	2020	\$32,239	600	\$9,576	0	\$0	0	\$0
EXCAVATOR	\$15.07	2020	\$30,441	600	\$9,042	0	\$0	0	\$0
EXCAVATOR	\$14.77	2020	\$29,835	600	\$8,862	0	\$0	0	\$0
ELECTRICIAN	\$16.08	0	\$0	80	\$1,286	60	\$965	0	\$0
CONSTRUCTION MANAGER	\$23.55	2020	\$47,571	410	\$9,656	410	\$9,656	410	\$9,656
FIELD TECHNICIAN	\$15.78	2020	\$31,876	410	\$6,470	410	\$6,470	410	\$6,470
			\$643,936		\$140,688		\$22,563		\$31,882
Increase Due to Estimated Overtime			\$170,450		\$27,645		\$2,843		\$4,017
Totals			\$814,385		\$168,333		\$25,406		\$35,899

Table Listing Labor Categories and Hourly Cost*

JOB DESCRIPTION	WAGE	FRINGES	TOTAL	TIME
FOREMAN#1	\$10.48	\$3.79	\$14.27	Regular
CREW#1	\$8.60	\$3.43	\$12.03	Regular
CREW#1	\$8.30	\$3.37	\$11.67	Regular
CREW#1	\$8.30	\$3.37	\$11.67	Regular
CREW#1	\$8.30	\$3.37	\$11.67	Regular
BACKHOE#1	\$7.00	\$3.13	\$10.13	Regular
FOREMAN#2	\$10.48	\$3.79	\$14.27	Regular
CREW#2	\$8.80	\$3.47	\$12.27	Regular
CREW#2	\$8.80	\$3.47	\$12.27	Regular
CREW#2	\$8.30	\$3.37	\$11.67	Regular
BACKHOE#2	\$9.65	\$3.63	\$13.28	Regular
MACHINE & TRUCKS	\$8.55	\$3.42	\$11.97	Regular
SCRAPERS	\$7.00	\$3.13	\$10.13	Regular
SCRAPERS	\$6.15	\$2.96	\$9.11	Regular
MAINTAINER	\$7.45	\$3.21	\$10.66	Regular
WATER & DUMP TRUCK	\$7.00	\$3.13	\$10.13	Regular
SERVICE TRUCK	\$9.50	\$3.60	\$13.10	Regular
WELDING TRUCK	\$9.50	\$3.60	\$13.10	Regular
EXCAVATOR	\$10.90	\$3.87	\$14.77	Regular
FUEL TRUCK	\$7.60	\$3.24	\$10.84	Regular
BACKHOE#3	\$6.45	\$3.02	\$9.47	Regular
WINCH TRUCK/HAUL TRAILER	\$11.15	\$3.92	\$15.07	Regular
EXCAVATOR	\$11.90	\$4.06	\$15.96	Regular
EXCAVATOR	\$11.15	\$3.92	\$15.07	Regular
EXCAVATOR	\$10.90	\$3.87	\$14.77	Regular
ELECTRICIAN	\$12.00	\$4.08	\$16.08	Regular
CONSTRUCTION MANAGER	\$18.27	\$5.28	\$23.55	Regular
FIELD TECHNICIAN	\$11.75	\$4.03	\$15.78	Regular

* Rates taken from HIDCC and are assumed typical of DLID rates, actual rates will be used for reimbursement requests.

Note: Overtime Cost is at 1.5 times wage rate plus fringe.

Listing of Equipment by Type and Unit Cost

Qty	CSI Number	Description	Unit	Total Incl. O&P
1	011077001100	Surveying, crew for building layout, 2 person crew	Day	320.00
1	014505005550	Testing, technician for inspection, per day, earthwork	Day	163.00
1	015205000250	Office trailer, furnished, no hookups, 20' x 8', rent per month	Month	160.00
1	015205500100	Field office expense, office equipment rental, average	Month	150.00
1	015205500120	Field office expense, office supplies, average	Month	90.00
1	015205500140	Field office expense, telephone bill, avg bill/month incl long dist	Month	220.00
1	015205500160	Field office expense, field office lights & HVAC	Month	101.00
1	015901002120	Rent pump concrete truck mounted 4"line 80'boom	Day+	1,166.00
1	015901002600	Rent saw concrete manual gas 18 HP	Day+	81.20
1	015901002700	Rent vibrators concrete electric 60 cycle 2 HP	Day+	23.55
1	015902000100	Rent excavator diesel hydraulic crawler mounted 1/2 CY capacity	Day+	512.60
1	015902000120	Rent excavator diesel hydraulic crawler mounted 5/8 CY capacity	Day+	666.82
1	015902000140	Rent excavator diesel hydraulic crawler mounted 3/4 CY capacity	Day+	724.90
1	015902000150	Rent excavation diesel hydraulic crawler mounted 1 CY capacity	Day+	785.40
1	015902000200	Rent excavator diesel hydraulic crawler mounted 1-1/2 CY capaci	Day+	1,100.00
1	015902000300	Rent excavator diesel hydraulic crawler mounted 2 CY capacity	Day+	1,425.60
1	015902000320	Rent excavator diesel hydraulic crawler mounted 2.5 CY capacity	Day+	2,236.30
1	015902000460	Rent backhoe-loader wheel type 80 HP 1-1/4 CY capacity	Day+	360.58
1	015902000470	Rent backhoe-loader wheel type 112 HP, 1-1/2 CY capacity	Day+	597.30
1	015902000486	Attachments, backhoe-loader, hydraulic hammer 1200 ft-lbs	Day+	231.40
1	015902001860	Rent grader self-propelled 25000 lb	Day+	595.98
1	015902001910	Rent grader self-propelled 30000 lb	Day+	685.96
1	015902003410	Earthwork equipment rental;rotary mower,brush,60" w/tractor	Day+	338.36
1	015902003450	Rent scrapers tow type 9 to 12 CY capacity	Day+	223.43
1	015902004150	Rent tractor dozer crawler diesel 105 HP	Day+	650.98
1	015902004200	Rent tractor dozer crawler diesel 140 HP	Day+	816.20
1	015902004260	Rent tractor dozer crawler diesel 200 HP	Day+	1,327.70
1	015902005250	Rent truck dump tandem 12 ton payload	Day+	433.62
1	015904000170	Rental,aerial lift,telescoping boom to 40' high, 500 lb cap	Day+	365.20
1	015904000300	Rent air compressor portable gas engine 160 CFM	Day+	113.30
1	015904002300	Rent electric generator gas engine 10 KW	Day+	122.43
1	015904003410	Gen equipment rental;level laser type,for pipe laying,self leveling	Day+	106.59
1	015904004300	Rent pump, centrifugal, gas drive 3", 15 MGPH	Day+	72.49
1	015904006410	Rent toilet portable chemical	Day+	18.70
1	015904007040	Trench box, 7200 lbs, 6'x 20'	Day+	187.92
1	015904007200	Rent truck pickup 3/4 ton 4 wheel drive	Day+	104.30
1	015906002600	Rent crane truck mounted, hydraulic, 55 ton capacity	Day+	1,775.40

Appendix 6 – North Alamo WSC Grant Information

TEXAS WATER DEVELOPMENT BOARD APPROVES \$887,272 IN GRANTS TO THE NORTH ALAMO WSC FOR EMERGENCY WATER INTERCONNECTIONS AUSTIN - (February 19, 2003) - The Texas Water Development Board (TWDB) approved grant financial assistance totaling \$887,272 to the North Alamo Water Supply Corporation (NAWSC) to construct emergency water interconnections with the Santa Cruz Irrigation District No. 15 (\$540,255) and with the Delta Lake Irrigation District (\$347,017). These grants are made available through the TWDB's Water Loan Assistance Fund. The NAWSC will use the \$540,255 grant to construct an emergency interconnection with the Santa Cruz Irrigation District No. 15. The Santa Cruz project will provide for replacement of a leaking earthen lateral owned by that irrigation district with approximately 2,700 linear feet of 54-inch and 200 linear feet of 36-inch water supply line and gate structures.

The NAWSC will use the \$347,017 grant to construct an emergency interconnection with the Delta Lake Irrigation District. The Delta Lake project will consist of construction of approximately 17,000 linear feet of earthen canal to bypass the eastern portion of Delta Lake to prevent excessive water evaporation. This improvement will allow the Delta Lake Irrigation District to deliver additional water to several public water utilities including the cities of Raymondville and Lyford. Upon completion, this project will assist in alleviating subsequent drought conditions by conserving as much as 5,000 to 7,000 acre-feet of water per year.

Both of these projects will provide additional water to the North Alamo Water Supply Corporation (NAWSC) during extended drought or water production facility failures.

The NAWSC provides water and wastewater services to rural residents of eastern Hidalgo County, Willacy County, and northwestern Cameron County. The NAWSC currently provides water service to approximately 24,400 connections.

The TWDB is the state agency charged with collecting and disseminating water-related data, assisting with regional planning, preparing the State Water Plan for the development of the state's water resources, and administering cost-effective financial programs for the construction of water supply, wastewater treatment, flood control and agricultural water conservation projects.