

ENGINEER'S REPORT
NOVEMBER 2008 BOND ELECTION

SPRING CREEK FOREST
PUBLIC UTILITY DISTRICT

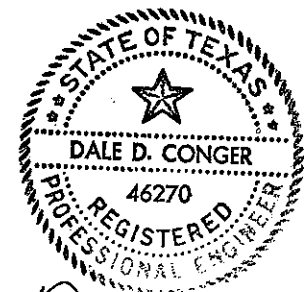
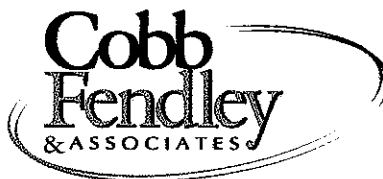
**WATER SUPPLY & STORAGE FACILITY CHLORAMINE
CONVERSIONS, CAPITAL REPLACEMENT, AND CAPITAL
CONTRIBUTIONS**

\$5,000,000.00

CFA Project No. 5410-300-00-01

AUGUST 2008

Prepared By:



Dale D. Conger 8-19-08

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOVEMBER 2008 BOND ELECTION - \$5,000,000.00

Introduction

The purpose of the proposed November 2008 Bond Election in Spring Creek Forest Public Utility District ("SCFPUD") is to obtain voter authorization for SCFPUD to provide financing for multiple utility and facility improvements within the District. The improvements to be funded include the conversion of SCFPUD's existing Water Supply & Storage Facilities ("Water Plants") to chloramine disinfection systems (a required project relating to the mandated surface water conversion – see below), estimated future Capital Contributions to the North Harris County Regional Water Authority ("NHCRWA") for the construction of surface water transmission lines and distribution facilities, and various Capital Replacement projects within the District.

SCFPUD is required to complete chloramine conversions at both Water Plants prior to September 2009 so that those facilities will be prepared to receive pre-treated surface water from the NHCRWA; in an effort to achieve the mandated 30% Surface Water Supply stipulation by 2010, the NHCRWA intends to deliver pre-treated surface water to SCFPUD in the near future. Therefore, SCFPUD must finance and complete these chloramine conversion projects prior to receiving pre-treated surface water from the NHCRWA. At this time, the anticipated scope of work to be performed at each Water Plant is as follows:

- **Water Supply & Storage Facility No. 1** – Provide all equipment, piping, and electrical upgrades necessary for a complete and fully functional chloramine disinfection system. Provide an adequate building or enclosure to house and protect any equipment, electrical devices, chemical storage reservoirs, and chemical feed equipment necessary for a complete and fully functional chloramine disinfection system.
- **Water Supply & Storage Facility No. 2** – Provide all equipment, piping, and electrical upgrades necessary for a complete and fully functional chloramine disinfection system. Provide an adequate building or enclosure to house and protect any equipment, electrical devices, chemical storage reservoirs, and chemical feed equipment necessary for a complete and fully functional chloramine disinfection system.

In addition to funding the conversion of the District's Water Plants to chloramine disinfection systems, SCFPUD will be given the option to finance its pro-rata share of the Capital Improvements proposed by the NHCRWA. At this time, the District's estimated future pro-rata Capital Improvements contribution is **\$2,175,000.00**.

Finally, SCFPUD must finance various Capital Replacement repairs and improvements within the District. These projects may include, but not be limited to, improvements and/or repairs to the existing water and sanitary sewer systems, improvements and/or repairs to the existing Water Plants, and any emergency repairs required within the District. At this time, SCFPUD estimates that it will need **\$1,152,500.00** for Capital Replacement projects.

Following a voter-approved Bond Election, the District Engineer shall apply to the State of Texas for authorization to issue bonds to fund the projects listed above on an as needed basis. The discourse that follows reflects the District Engineer's current estimate of costs associated with each project.

WATER SUPPLY & STORAGE FACILITY NO. 1

Construct/Install Chloramine Disinfection System	\$325,000.00
Engineering Fees	\$ 50,000.00
Surveying Fees	\$ 10,000.00
Construction Observation	\$ 15,000.00
SUB-TOTAL ESTIMATED COST	\$400,000.00

WATER SUPPLY & STORAGE FACILITY NO. 2

Construct/Install Chloramine Disinfection System	\$325,000.00
Engineering Fees	\$ 50,000.00
Surveying Fees	\$ 10,000.00
Construction Observation	\$ 15,000.00
SUB-TOTAL ESTIMATED COST	\$400,000.00

ESTIMATED FUTURE CAPITAL CONTRIBUTIONS

Estimated Future Capital Contributions to NHCRWA	\$ 2,175,000.00
SUB-TOTAL ESTIMATED COST	\$ 2,175,000.00

CAPITAL REPLACEMENT PROJECTS

Estimated Capital Replacement Project Costs	\$936,400.00
Engineering Fees	\$144,100.00
Surveying Fees	\$ 28,800.00
Construction Observation	\$ 43,200.00
SUB-TOTAL ESTIMATED COST	\$ 1,152,500.00

NON-CONSTRUCTION COSTS

Legal Fees (2.0%)	\$ 100,000.00
Fiscal Agent Fees (2.0%)	\$ 100,000.00
Capitalized Interest (1 year of par at 6.5%)	\$ 325,000.00
Underwriter's Discount (3.0%)	\$ 150,000.00
Administration and Bond Issuance Expenses (3 issues)	\$ 75,000.00
TCEQ Bond Issuance Fees (0.25%)	\$ 12,500.00
Bond Application Report Costs (3 issues)	\$ 105,000.00
Attorney General Fee (0.1%)	\$ 5,000.00
SUB-TOTAL ESTIMATED COST	\$ 872,500.00

TOTAL BOND ISSUE **\$5,000,000.00**