

Texas Water Development Board

Financial Assistance Programs

Henderson, Texas
February 7, 2023

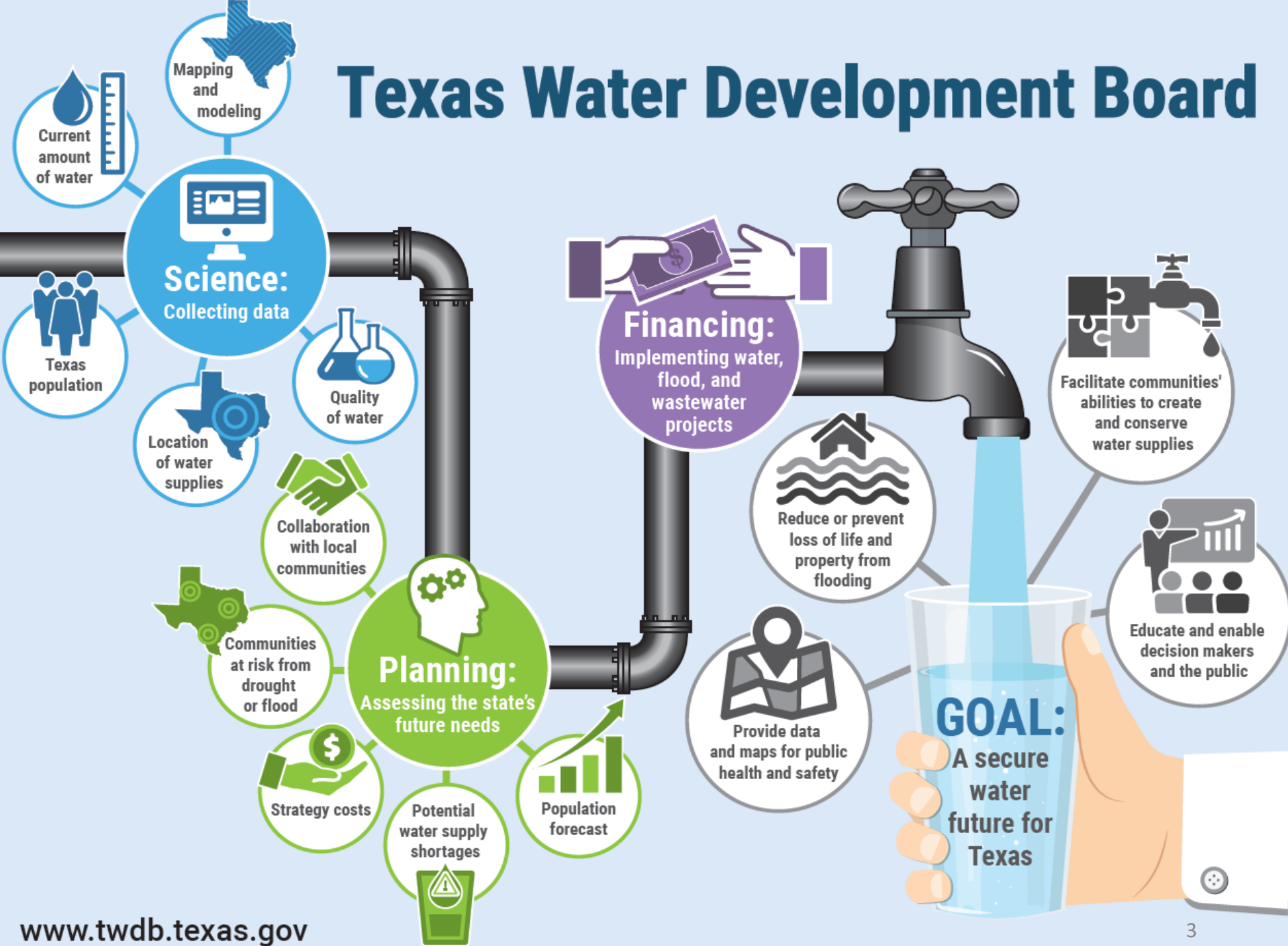


TOPICS

- What is the Texas Water Development Board (TWDB)?
- What financing do we offer?
- How can the TWDB help you complete your project?



Texas Water Development Board



Water Loss, Use, and Conservation

What is LUC?

Loss, Use, and Conservation is a consolidated online application that unifies reporting of the Water Use Survey, Water Loss Audit, and Annual Water Conservation Report. It was developed to streamline data entry and improve data collection and analysis. When the Water Use Survey data is entered and submitted online, certain fields will auto-populate into the Water Loss Audit and Annual Water Conservation Report.

Due every year by March 1

Water Use Survey

- Data collection of water used annually to determine water demand projections for regional and state water planning
- Required for community public water systems, manufacturers, mining facilities, and electric power generating plants
- www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp

Texas Water Service Boundary Viewer

- Statewide public water system mapping application
- Accessible through the Water Use Survey application
- Requires annual review and submission of service area boundary
- www.twdb.texas.gov/waterplanning/waterusesurvey/serviceboundaryeditor.asp

Due by May 1

Water Loss Audit

- Due every five years or annually if >3,300 connections or a financial obligation to the TWDB
- The Water Use Survey must be submitted before the Water Loss Audit
www.twdb.texas.gov/conservation/municipal/waterloss/index.asp
- Requires a training certification through an in-person workshop or the online video
www.twdb.texas.gov/conservation/municipal/waterloss/auditor_training.asp
- Water loss workshop information
www.twdb.texas.gov/conservation/training/workshop/index.asp

Annual Water Conservation Report

- Due annually if $\geq 3,300$ connections, a \$500,000 or more loan with the TWDB, or have a TCEQ surface water right
- www.twdb.texas.gov/conservation/municipal/plans/ARs.asp

Water Conservation Plan

- Required if $\geq 3,300$ connections, a \$500,000 or more loan with the TWDB, or have a TCEQ surface water right
- Due every five years
- www.twdb.texas.gov/conservation/municipal/plans/index.asp

For more information

Water Use Survey: 512-463-7952 or WaterUseSurvey@twdb.texas.gov
Water Service Boundary Viewer: 512-463-6867 or WSBViewer@twdb.texas.gov
Water Loss Audit: 512-463-0987 or WLA-Group@twdb.texas.gov
Water Conservation Annual Report, Utility Profile, and Conservation Plan: 512-475-1639 or WCPteam@twdb.texas.gov

Texas Water
Development Board
www.twdb.texas.gov

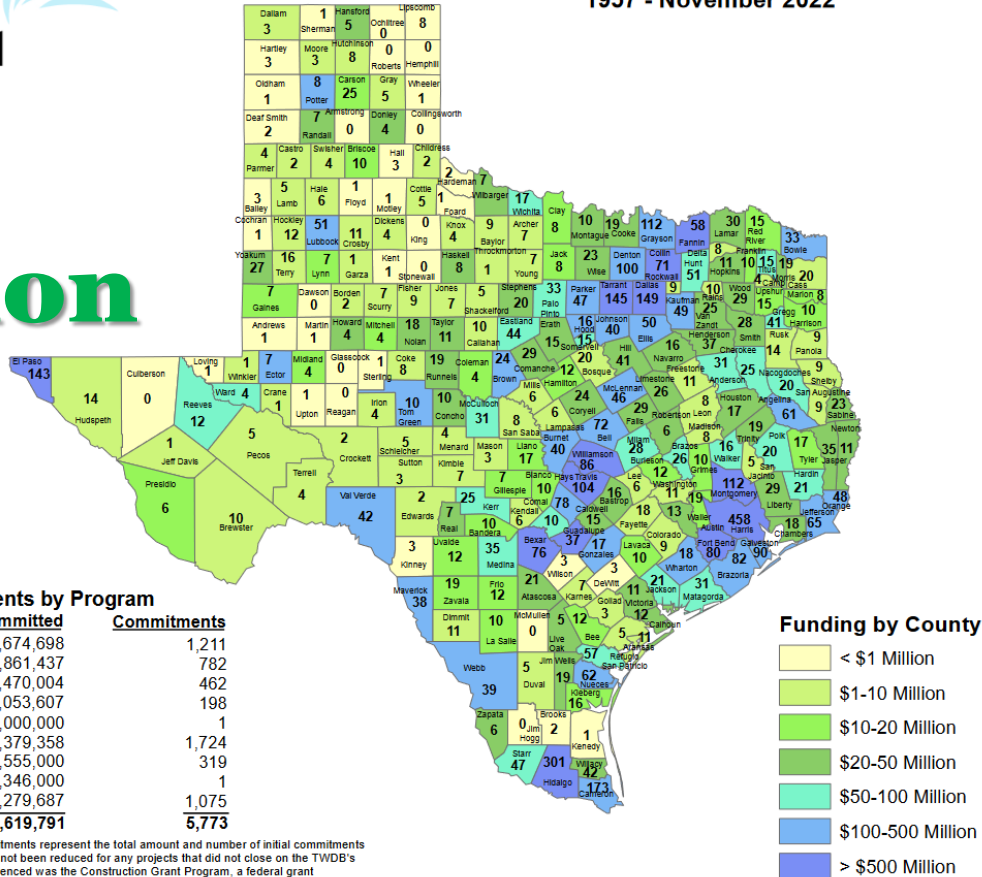


TWDB Funding Commitments



Funding Commitments Since Inception
1957 - November 2022

\$33.5 Billion



Funding and Commitments by Program

Program	Amount Committed	Commitments
CWSRF	\$11,238,674,698	1,211
DWSRF	3,652,861,437	782
EDAP	912,470,004	462
FIF	462,053,607	198
FLOOD	30,000,000	1
STATE	5,418,379,358	1,724
SWIFT	9,923,555,000	319
WIIN	3,346,000	1
Historical Federal Program	1,879,279,687	1,075
Total	\$33,520,619,791	5,773

Notes: The Amount Committed and the number of Commitments represent the total amount and number of initial commitments made since the Agency's inception. These amounts have not been reduced for any projects that did not close on the TWDB's financial assistance. The Historical Federal Program referenced was the Construction Grant Program, a federal grant program created to fund wastewater projects prior to the CWSRF.



Why?



Dollars Committed and Cost Savings Estimate

Selected Examples FY21

	Authority Type	Rural	Program	Commitment Amount	Cost Savings
	District	NO	CWSRF	\$ 44,000,000	\$ 10,310,512
	City	YES	CWSRF	\$ 6,500,000	\$ 757,523
	District	YES	DWSRF	\$ 13,000,000	\$ 4,835,176
	District	YES	DWSRF	\$ 6,925,000	\$ 1,616,089
	District	NO	FLOOD	\$ 10,486,000	\$ 3,944,400
	City	YES	FLOOD	\$ 3,284,000	\$ 1,471,308
	City	YES	SWIFT	\$ 14,500,000	\$ 2,032,994
	Water Supply Corporation	YES	WDF	\$ 600,000	\$ 99,980
	City	NO	WDF	\$ 28,790,000	\$ 105,567

Illustrative Lending Rates – February 3rd

Clean Water State Revolving Fund - 30 Year Term

Equivalency CWSRF Estimated Rates

Rating	Market ¹	TWDB ^{2,3}
AAA	3.75%	2.25%
AA	3.96%	2.38%
A	4.09%	2.45%
BAA	4.36%	2.62%

Non-Equivalency CWSRF Estimated Rates

Rating	Market ¹	TWDB ^{2,3}
AAA	3.75%	2.44%
AA	3.96%	2.57%
A	4.09%	2.66%
BAA	4.36%	2.65%

Drinking Water State Revolving Fund - 30 Year Term

Equivalency DWSRF Estimated Rates

Rating	Market ¹	TWDB ^{2,3}
AAA	3.75%	2.44%
AA	3.96%	2.57%
A	4.09%	2.66%
BAA	4.36%	2.83%

Non-Equivalency DWSRF Estimated Rates

Rating	Market ¹	TWDB ^{2,3}
AAA	3.75%	2.63%
AA	3.96%	2.77%
A	4.09%	2.86%
BAA	4.36%	3.05%

General Obligation Programs – Estimated Rates

Type of Funds	Terms	Market ¹	TWDB ²	Difference
Development Fund (Tax Exempt)	20	3.81%	3.77%	0.04%
Development Fund (Tax Exempt)	30	4.26%	4.02%	0.24%

Eligible Applicants

- ❖ Political Subdivisions: cities, counties, river authorities, and districts
- ❖ Public & Private Community Water Systems
- ❖ Non-Profit Water Supply Corporations
- ❖ Non-Profit, Non-Community Public Water Systems
- ❖ Authorized Indian Tribal Organizations



Examples of Eligible Projects

- ❖ Current Water Needs
- ❖ Future Water Needs
- ❖ Water Transmission & Distribution
- ❖ Potable Reuse
- ❖ Wastewater Collection
- ❖ Water and Wastewater Treatment
- ❖ Non-Point Source Pollution Control
- ❖ Flood Control & Storm Water Management
- ❖ Irrigation Systems Improvements
- ❖ Demonstration and Technology Transfer
- ❖ Equipment Cost Share



How Can These Programs Work for You?

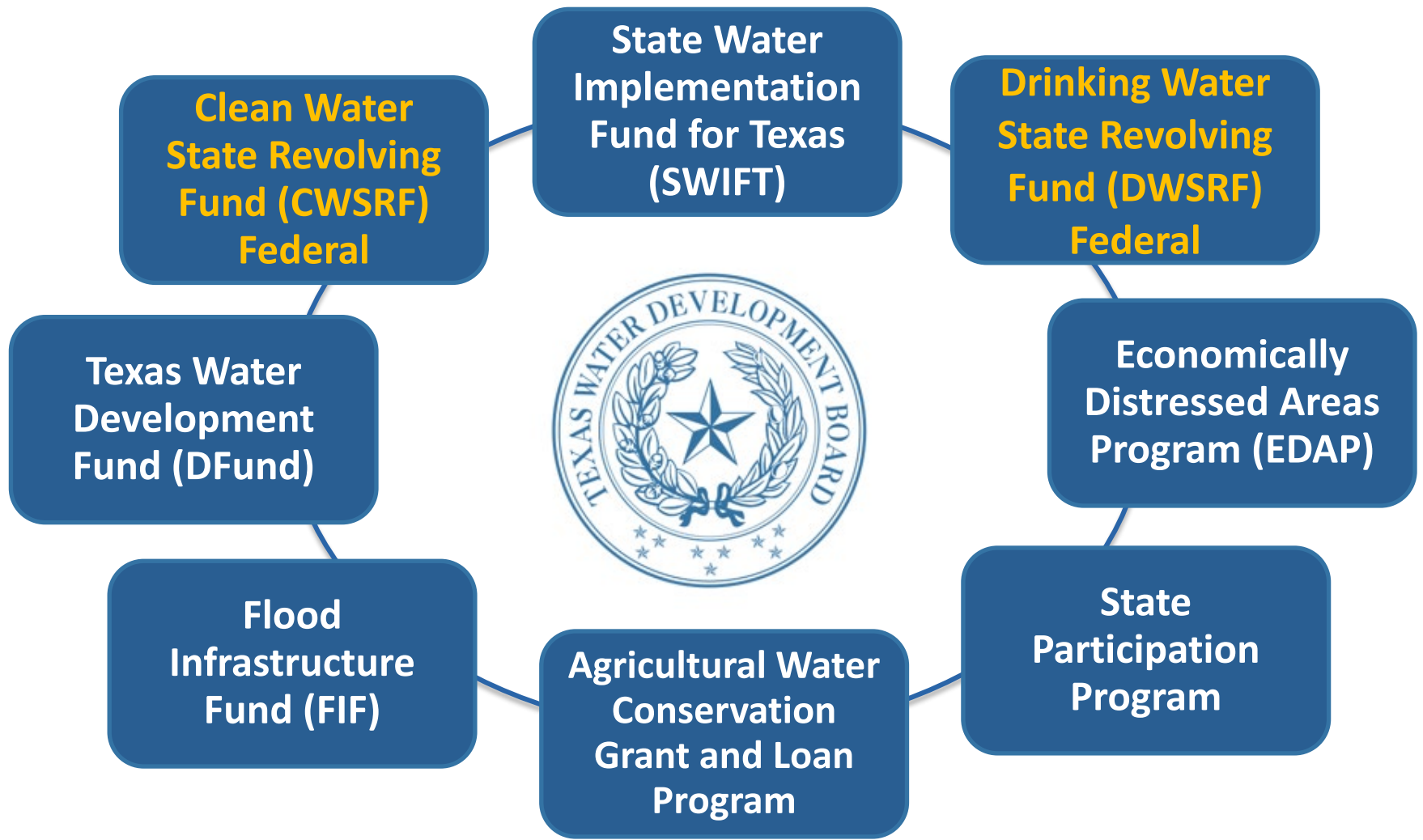
AAA Bond Rating/
Interest Rate
Subsidization

Funding to
accommodate
projects of all sizes

Some projects
qualify for combined
funding through
multiple programs

All project phases are
eligible: planning,
design, acquisition,
construction

Financial Assistance Programs



SRF - Federal Financial Assistance Programs

Drinking Water State Revolving Fund

Established in 1996 as part of amendments to the Safe Drinking Water Act. Below market-rate financing and principal forgiveness available. Repayment terms up to 30 years.

Clean Water State Revolving Fund

Authorized by the Clean Water Act in 1986. Low-cost financial assistance including principal forgiveness. Repayment terms up to 30 years.

Drinking Water State Revolving Fund DWSRF

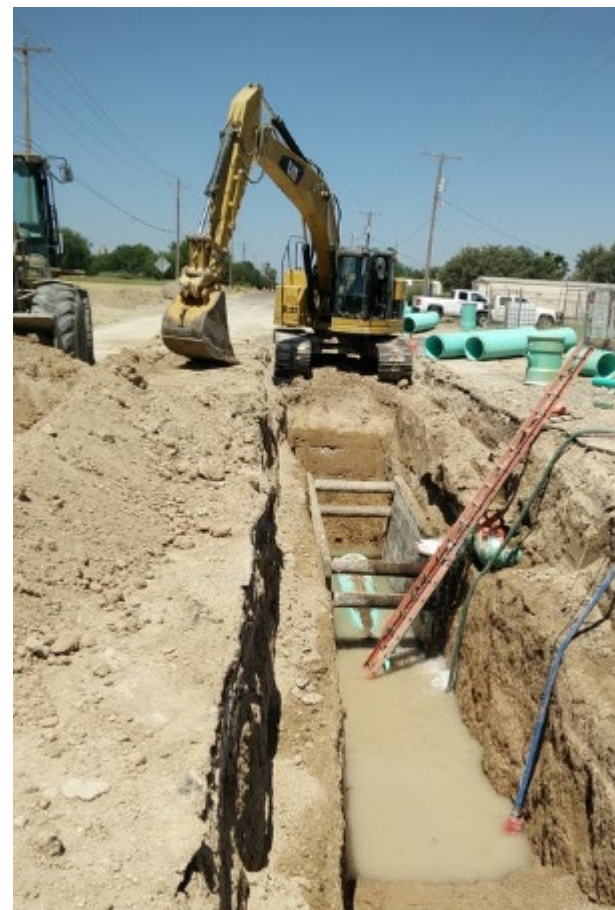
- Below market fixed interest rate financing
- Public/private owned water systems, nonprofit water supply corporations, nonprofit, non-community public water systems
- Planning, Acquisition, Design, Construction
- Address water infrastructure needs such correct water system deficiencies, upgrade or replace water systems, consolidate systems, purchase capacity, purchase other systems, green projects
- Principal forgiveness (grants) for disadvantaged communities, small/rural disadvantaged, very small systems, green, emergency preparedness, urgent need
- Up to 30-year repayment terms
- Program Requirements



Clean Water State Revolving Fund

CWSRF

- Below market fixed interest rate financing
- Political subdivisions, water supply corporations that are designated management agencies, authorized Indian tribal organizations, private entities (for nonpoint source or estuary projects only)
- Planning, Acquisition, Design, Construction
- Address wastewater, stormwater, and reuse such as wastewater treatment facilities, wastewater recycling and reuse facilities, non potable reuse, wastewater collection systems, stormwater control, nonpoint source pollution control projects
- Principal forgiveness (grants) for disadvantaged communities, small/rural disadvantaged, very small systems (SFY 2023), green, emergency preparedness evaluation/audit projects, urgent need
- Up to 30-year repayment terms
- Program Requirements



Definitions

Disadvantaged Community -

\$50,491 is the *general* eligibility threshold for a funding recipient's Annual Median Household Income (AMHI).

Factors for calculating disadvantaged community eligibility:

- **75% or less of the State's AMHI**. Texas AMHI is \$67,321 (2017-2021 ACS 5-year estimates).
- $\$67,321 \times .75 = \$50,491$ eligibility threshold.
- Household Cost Factor (HCF) considers income, unemployment rates, population trends, and the loan's impact on residential ratepayers.

Definitions

Rural -

- An entity that provides services predominately in a rural area.
- Population of 10,000 or less and located outside the extraterritorial jurisdiction of a city with a population of 500,000.
- An entity in a county in which no urban political subdivision exceeds 50,000 population.
- This is a *general* definition. A project specific determination is based upon the most current data available from the U.S. Bureau and TWDB review.

Small Community – an entity serving a population of not more than 10,000.

Very Small System – populations of 1,000 or fewer.

Definitions

Equivalency projects (Principal Loan Forgiveness) -

A portion of the SRF funded projects must follow all federal requirements commonly known as “cross-cutters”. This type of financial assistance is referred to broadly as “Equivalency”. A portion of the available Equivalency funds may be reserved for projects receiving Additional Subsidization.

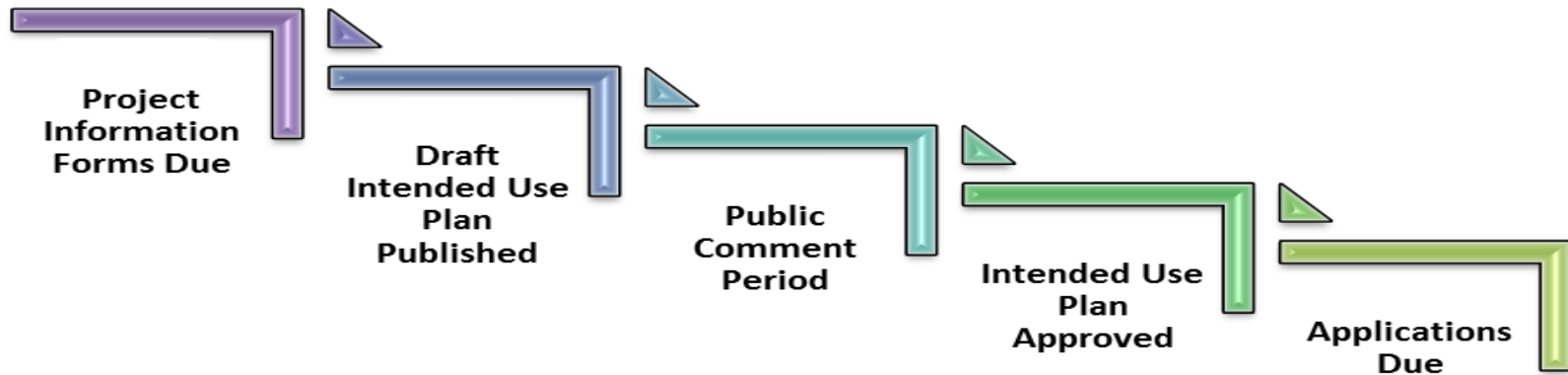
- American Iron and Steel Provisions
- Davis-Bacon Wage Rate Requirements
- Certified Payroll Requirements
- Disadvantaged Business Enterprise Program
- Buy America, Build America Act

Non-Equivalency projects

Projects are not subject to federal cross-cutter requirements, except for the federal anti-discrimination laws, also known as the “super cross-cutters”.

State Revolving Fund Annual Cycle

Major steps in the production of the Intended Use Plan (IUP) for SFY 2024



Timeline Estimate:

1. Project Information Form (PIF) Due - March 3, 2023
2. Draft IUP - Late Summer
3. Public Comment Period - September
4. IUP Approved - October
5. Formal Applications due within 4-months – December Target

CWSRF Allocations and Terms Available Under Each Funding Option

Funding Option	Amount ****	Principal Forgiveness/ Add. Subsidization	Interest Rates		Origination Fee
			Equivalency	Non-Equivalency	
Disadvantaged Community	\$30,500,000 as Principal Forgiveness	70%*	Interest rate reduction of 40%**	N/A	1.75% ***
Disadvantaged Community – Small / Rural only Principal Forgiveness	\$8,900,000	Maximum amount per project/entity \$1,000,000	N/A	N/A	N/A
Subsidized Green Principal Forgiveness	\$4,600,000	Up to 15% of CWSRF-funded Green Costs –	N/A	N/A	N/A
Emergency Preparedness	\$3,000,000	Up to \$75,000 per entity	N/A	N/A	N/A
Urgent Need Principal Forgiveness	\$4,000,000	Maximum amount per project/entity \$800,000	N/A	N/A	N/A
Very Small Systems	\$2,000,000	Up to \$400,000 per project	N/A	N/A	N/A
Urgent Need Loans/Bonds	\$3,000,000	N/A	N/A	0%	1.75% ***
Disadvantaged Community – Small / Rural only– Bond/Loan	\$10,000,000	N/A	0%	N/A	1.75% ***
Asset Management Bonds/Loans (AMPSS) – for preparation of asset management plans and implementation of plans	\$2,000,000	N/A	0%	0%	1.75%
Bonds/Loans	\$340,000,000	N/A	Interest rate reduction of 40%**	Interest rate reduction of 35%**	1.75%
TOTAL	\$408,000,000				

2023 CWSRF IUP Rating Criteria - Publicly Owned Treatment Works

- 30 pts. – **Enforcement action** (court, EPA, or TCEQ order) imposes a schedule.
- 20 pts. – Enforcement action: Participation in TCEQ's **Sanitary Sewer Overflow Initiative**
- 11 pts. – **Unserved area** of an existing developed community is extended service.
- 30 pts. – Unserved area to be served has a **nuisance documented** by letter from the TCEQ.
- 10 pts. – Water body impacted by project is listed in a Watershed Protection Plan approved by the EPA.
- 5 pts. – Water body impacted by project is listed in a Watershed Protection Plan that is under development.
- 15 pts. – Innovative or alternative types of collection or treatment are proposed.
- 30 pts. – **More stringent permit limits** are to be met, or conversion to a no-discharge or **partial reuses** facility to avoid higher level of treatment.
- 10 pts. – **Regional project** removes or prevents plant outfalls, or Regional project results in delivery of flow to, or receipt of flow at, a regional facility, thereby avoiding construction of a separate wastewater treatment plant facility.

2023 CWSRF IUP Rating Criteria - Publicly Owned Treatment Works

Effective Management Rating Criteria

- 5 pts. – Entity has adopted an asset management plan within the past 5 years that incorporates an inventory of all assets, an assessment of the criticality and condition of the assets, a prioritization of capital projects needed, and a budget.
- 5 pts. – Entity has adopted an Asset Management / Financial Planning tool within the past 5 years that contains the product deliverables under the AMPSS initiative as described in Section X.
- 1 pt. – Entity is planning to prepare an asset management plan as part of the proposed project. 1 pt. – Asset management training has been administered to the entity's governing body and employees.
- 1 pt. – Proposed project addresses a specific goal in a water conservation plan created within the past 5 years.
- 1 pt. – Proposed project addresses a specific goal in an energy assessment, audit, or optimization study conducted within the past three years.
- 2 pts. – Project is consistent with a state or regional water plan, integrated water resource management plan, regional facility plan, regionalization, or consolidation plan, or a TMDL implementation plan.

\$1.2 trillion Infrastructure Investment and Jobs Act (IIJA)

US H.R. 3684



Infrastructure Investment & Jobs Act (IIJA)

- ❖ Supplement to the existing State Revolving Funds
- ❖ \$2.5 Billion Allocation for Texas
- ❖ 5-year period and released on a yearly basis
- ❖ State Match of 10% FY22-23 and 20% FY24-26
- ❖ Includes principal loan forgiveness depending on category and eligibility
- ❖ Funding categories
 - Drinking Water State Revolving Fund
 - Base
 - Lead Service Line Replacement
 - Emerging Contaminants
 - Clean Water State Revolving Fund
 - Base
 - Emerging Contaminants

Texas' IJA SRF Allocations

Program	Purpose	State Matching Requirement	Per FY (estimated)	Total (5 years)
CWSRF - Base	Wastewater treatment, nonpoint source pollution management, stormwater management, water reuse, energy efficiency.	10% for FY 22-23, 20% FY 24-26	\$81,347,000*	\$406,735,000
CWSRF - Emerging Contaminants	Address emerging contaminants.	None.	\$4,000,000**	\$20,000,000
DWSRF - Base	Drinking water infrastructure projects.	10% for FY 22-23, 20% FY 24-26	\$140,993,000*	\$704,965,000
DWSRF - LSL replacement	Lead service line (LSL) replacement projects and associated activities directly connected to identification, planning, design, and replacement of LSLs.	None.	\$222,000,000* *	\$1,110,000,000
DWSRF - Emerging Contaminants	Address emerging contaminants in drinking water with a focus on PFAS.	None.	\$59,000,000**	\$295,000,000

Total Texas Allotment Over 5 Years:

\$2,536,700,000

IIJA 1st Year Texas Allotments

Category	Amounts
DWSRF	\$140,697,000
DWSRF Lead Service Line Replacement	\$221,567,000
DWSRF Emerging Contaminants	\$ 59,085,000
CWSRF	\$ 82,018,000
CWSRF Emerging Contaminants	\$ 4,305,000
1st year estimate total allotment for Texas	\$507,672,000



Buy America, Build America Act (BABAA)

- BABAA applies to all infrastructure projects with federal funds and includes:
 - American Iron and Steel
 - Manufactured Goods
 - Construction Materials
- EPA Implementation Memo November 3, 2022
- BABAA waiver exempts certain items **if** the project's design or planning was completed prior to May 14, 2022

State Water Implementation Fund for Texas (SWIFT)



SWIFT

- Projects in the State Water Plan
- Eligible applicants such political subdivisions or nonprofit water supply corporations
- Planning, Acquisition, Design, Construction
- Projects are the recommended water management strategies with an associated capital cost
- Projects include conservation and reuse, desalinating groundwater and seawater, building new pipelines, developing reservoirs and well fields, and purchasing water rights, as well as numerous other strategies
- Interest rates reflect the TWDB low cost of funds (additional subsidies may apply and set by the Board for each funding cycle)
- Up to 30-year repayment period



SWIFT

➤ Flexible Financing Options

1. Low interest loans
 2. Deferred Loans – Principal and interest deferred up to 8 years or until end of construction (for planning and design phase costs), whichever is sooner
 3. Board Participation – Temporary TWDB ownership interest in the excess capacity of a state water plan project, providing an entity the opportunity to reasonable finance an optimally sized regional facility. The TWDB may participate up to 80% of the total project costs
- Additional interest rate subsidies for rural or agricultural water conservation/irrigation projects
 - No maximum funding limit
 - Multi year commitments
 - Program Requirements

SWIFT

Swift Abridged
Application
Period
(December)

Abridged
Applications
(February)

Spring 2023

Spring 2023

Summer 2023

Fall/Winter 2023

- Board considers prioritization of abridged applications
- Board identifies amount of funds available by category; establishes the structure of financing and the subsidy terms
- Invitations extended to submit full financial applications
- Full application due from invited entities
- Board considers and approves applications
- Board authorizes TWDB bond sale
- TWDB bond sale
- TWDB bond closing
- Borrower obligation closings

Texas Water Development Fund (DFUND)



DFund

- Financing various types of infrastructure projects
- Eligible applicants include political subdivisions and nonprofit water supply corporations
- Planning, Acquisition, Design, Construction
- Eligible projects include water supply, conservation, water quality enhancement, flood control, wastewater
- Long term fixed interest rates based on the TWDB's cost of funds
- 20/30-year repayment terms
- No maximum funding limit
- Access to loan funding on a periodic basis

**Call us for
availability of
funds**



Flood Infrastructure Fund (FIF)



Flood Infrastructure Fund (FIF)

The FIF program provides financing in the form of grants and 0% loans for drainage, flood mitigation, and flood control projects

➤ Eligible Applicants

- Categories 1–4: Political subdivisions, including cities, counties, and any district or authority created under Article III, Section 52 or Article XVI, Section 59 of the Texas Constitution.
- Category 1 only: Any political subdivision of the state, interstate compact commission to which the state is a party, and nonprofit water supply corporation created and operating under Chapter 67.

➤ Project Categories

- Category 1: Flood Protection Planning for Watersheds
- Category 2: Planning, Acquisition, Design, Construction, Rehabilitation
- Category 3: Federal Award Matching Funds
- Category 4: Measures Immediately Effective in Protecting Life and Property

Flood Infrastructure Fund (FIF)

- The current FIF IUP is closed, and additional projects are not being considered at this time.
- To be eligible in the future for FIF funding, the TWDB may only provide financing for flood projects included in the State Flood Plan.
- Contact your Regional Flood Planning Group for more information.

State Flood Plan Timeline

08/01/2022:	Draft regional flood plans due
01/10/2023:	Final regional flood plans due
07/14/2023:	Amended regional flood plans due
09/01/2024:	State flood plan due

Helpful Tips

➤ **Financial Audits**

- Are they up to date?
- Audits are a requirement after financial assistance is received for the life of the project.
- Costs can be captured in project budget.

➤ **Ability to Take on Debt**

- Analysis will be completed.
- What rates and charges are in place? Will they need to be raised?

➤ **Updated Water use Survey and Water Loss Audit**

➤ **Water Conservation and Drought Contingency Plan (if applicable)**

Helpful Tips

➤ **Online Loan Application (OLA)**

- Communicate/coordinate data entry.
- Only one person at a time can work on Project Information Form (PIF) application.

➤ **Project Scope and Budget**

- Make sure all consultants and entity officials are clear on project elements/details.
- Be mindful of project schedules and budgets.
- With funding caps in place have alternate funding in mind.

➤ **Most Financing Through Bonds/COs**

- Recommend seeking out bond counsel and financial advisor early if planning to apply.
- Only WSC and private entities receive “loans”.
- If an entity can issue bonds, TWDB buys those bonds.

Talk early and often with TWDB staff – we are happy to provide guidance and support.

Team #1 - Panhandle/West (regions A/O/E/F)

Jesse Milonovich, P.E. (512) 463-8657

Team #2 - Brazos (regions G/B)

Tom Barnett, (512) 475-1919

Team #3 - Northeast (regions C/D)

Joe Koen, P.E. (512) 936-8169

Team #4 - East (regions H/I)

Nancy Richards, (512) 463-0250

Team #5 - Central (regions J/K/L/P)

Dain Larsen, (512) 463-1618

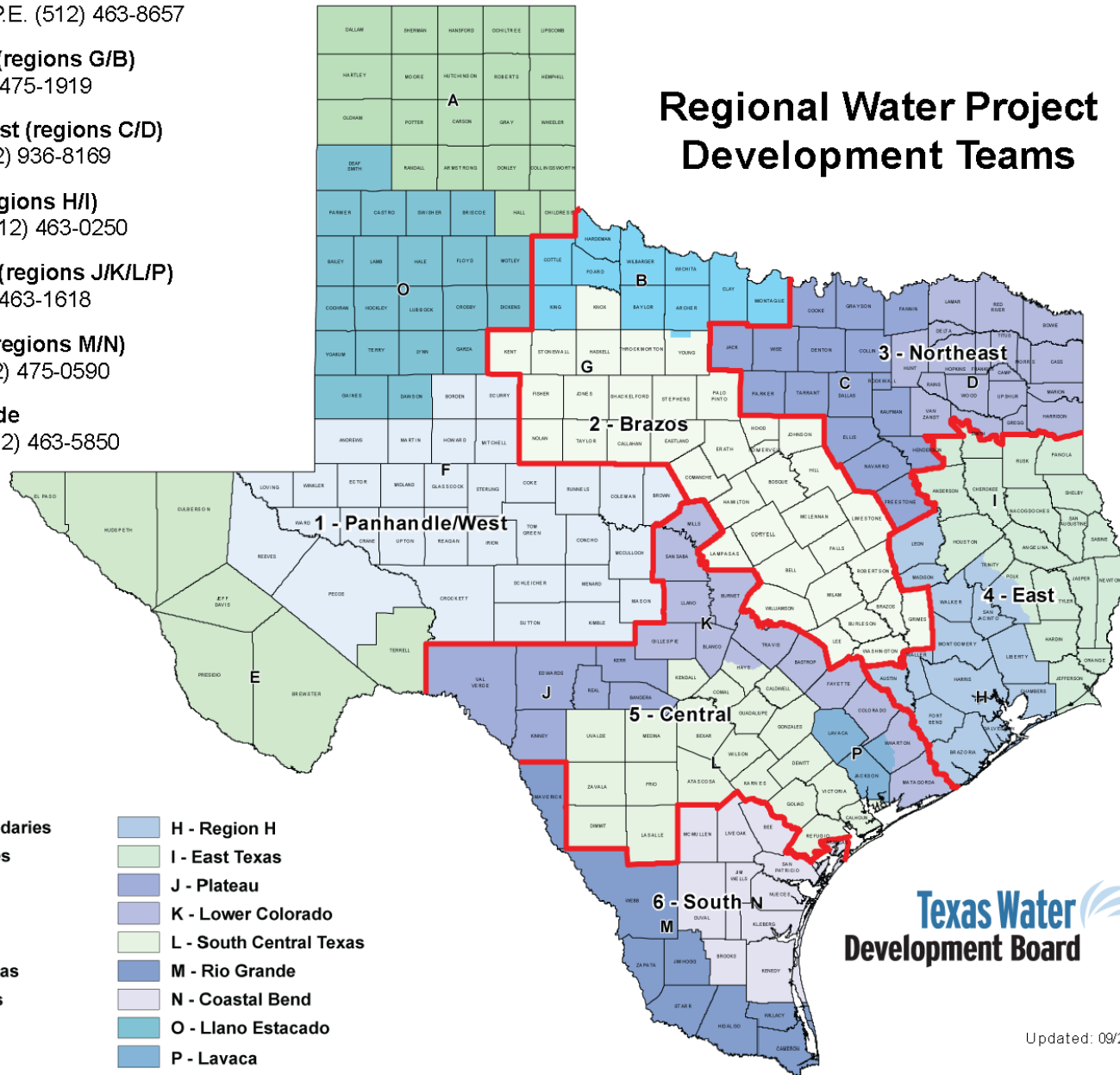
Team #6 - South (regions M/N)

Mireya Loewe, (512) 475-0590

Team #7 - Statewide

Jeff Taylor, CPA (512) 463-5850

Regional Water Project Development Teams



- RWPD Team Boundaries
- County Boundaries
- A - Panhandle
- B - Region B
- C - Region C
- D - North East Texas
- E - Far West Texas
- F - Region F
- G - Brazos G
- H - Region H
- I - East Texas
- J - Plateau
- K - Lower Colorado
- L - South Central Texas
- M - Rio Grande
- N - Coastal Bend
- O - Llano Estacado
- P - Lavaca



Program Administration & Reporting

CWSRF Coordinator

financial_assistance@twdb.texas.gov

DWSRF Coordinator

Heather O'Keefe

281-895-0722

heather.okeefe@twdb.Texas.gov

FIF Coordinator

Sara Sopczynski

512-936-0852

sara.sopczynski@twdb.texas.gov

Program Administration Manager

Alyssa Azari

512-463-5801

alyssa.azari@twdb.texas.gov

State Programs

William Alfaro

512-463-4741

Wlliam.Alfaro@twdb.Texas.gov

Outreach

Scott Galaway

281-895-0722

Scott.Galaway@twdb.Texas.gov

Outreach

Enriqueta Caballero

512-435-9071

enriqueta.caballero@twdb.texas.gov

Disadvantaged Business Enterprise

Jo Bradshaw

512-463-4841

Jo.Bradshaw@twdb.texas.gov