

Texas Water Development Board Financial Assistance Programs



- Drinking Water / Clean Water State Revolving Fund Programs (DWSRF / CWSRF)
- Infrastructure & Investment Jobs Act (IIJA)
- State Water Implementation Fund for Texas (SWIFT)
- Texas Water Development Fund (DFund)
- Flood Infrastructure Fund (FIF)
- Economically Distressed Areas Program (EDAP)
- Helpful Tips
- TWDB Contacts

Texas Water Development Board

- 1957 Legislature creates agency that will become TWDB
- The mission of the Texas Water Development Board (TWDB) is to lead the state's efforts in ensuring a secure water future for Texas
- Provides water planning, data collection and dissemination, financial assistance, and technical assistance services to the citizens of Texas



State Revolving Funds (SRF)

Drinking Water State Revolving Fund



- Established in 1996 from amendments to the Safe Drinking Water Act
- Assists communities with below market-rate financing and various levels of principal forgiveness for disadvantaged communities, disadvantaged for small/rural communities, very small systems, green, emergency preparedness, and urgent need
- Planning, Acquisition, Design and Construction Phases
- Repayment terms up to 30 years

Who Can Apply?

- Existing community Public Water Systems (PWSs) including political subdivisions, non-profit water supply corporations and privately-owned community water systems
- Non-profit, non-community public water systems
- State agencies

Eligible Projects:

Planning, design, acquisition, and construction to:

- Correct water system deficiencies
- Upgrade or replace water systems
- Consolidate systems
- Purchase capacity
- Purchase other systems
- Implement green projects
- Implement source water protection projects
- Refinance (under limited scenarios)

Clean Water State Revolving Fund

Authorized by the Clean Water Act
Provides low-cost financial assistance for
planning, acquisition, design and
construction of wastewater, reuse and
stormwater infrastructure

- Offers repayment terms up to 30 years
- Partial principal forgiveness available for disadvantaged communities, disadvantaged small/rural communities, green, emergency preparedness, and urgent need



Who Can Apply?

- Political subdivisions, including water supply corporations that are
- Designated Management Agencies (DMAs)
- Federally authorized tribal organizations
- Private entities (for nonpoint source or estuary projects only)

Eligible Projects

Planning, design, acquisition, and construction of:

- Wastewater treatment facilities
- Wastewater recycling and reuse facilities including “purple” pipe distribution systems
- Non-potable reuse
- Wastewater collection systems
- Meter Replacements
- Stormwater control
- Conservation easements
- Nonpoint source pollution control projects, such as correction of failing on-site systems and wetlands restoration
- Estuary management projects identified in either the Galveston Bay or Coastal Bend Estuary Management Plans

SRF Funding Options: Principal Loan Forgiveness or 0% Interest Loan

DWSRF

- Disadvantaged Communities
- Disadvantaged Community Small / Rural only
- Very Small Systems
- Green Projects
- Emergency Preparedness
- Urgent Need

CWSRF

- Disadvantaged Communities
- Disadvantaged Community Small / Rural only
- Green Projects
- Emergency Preparedness
- Urgent Need

Disadvantaged Community Eligibility

- 75% or less of state-wide Annual median Household Income (AMHI) State's
- AMHI is \$61,874 (5-year ACS estimates)

$\$61,874 \times .75 = \$46,405.50$ eligibility threshold

- May be documented with Census data or a household survey
- Household Cost Factor: estimates loan's impact on residential ratepayers
- Calculate level of principal forgiveness of 30%, 50% or 70%

Principal Loan Forgiveness Funding Options as of SFY 2022 IUP

Clean Water SRF

Funding Option	Allocation
Disadvantaged Community – as Principal Forgiveness	\$17,000,000
Disadvantaged Community – Small / Rural only – as Principal Forgiveness	\$2,000,000
Subsidized Green (incl. Reuse/Water Conservation) – as Principal Forgiveness	\$4,600,000
Emergency Preparedness - for Severe Weather – as Principal Forgiveness	\$3,000,000
Urgent Need – as Principal Forgiveness	\$2,000,000

Funding Option	Allocation
Disadvantaged Community – as Principal Forgiveness	\$16,000,000
Disadvantaged Community – for Small / Rural only – as Principal Forgiveness	\$2,000,000
Subsidized Green (incl. Water Conservation) – as Principal Forgiveness	\$2,000,000
Very Small Systems – as Principal Forgiveness	\$2,000,000
Very Small Systems – “Securing Safe Water Initiative – as Principal Forgiveness	\$1,000,000
Emergency Preparedness - for Severe Weather – as Principal Forgiveness	\$3,000,000
Urgent Need – “Securing Safe Water” Initiative / Contaminants (Lead, Radionuclides, Arsenic) – as Principal Forgiveness	\$2,000,000
Urgent Need – Other than Contaminants (Disasters, etc.) – as Principal Forgiveness	\$2,000,000

Drinking Water SRF

Program Changes

State Fiscal Year 2022

- IUP New interest rate reduction methodology
- Emergency preparedness for severe weather
- Transformed the emergency relief in the CWSRF funding into urgent need funding consist with DWSRF



SFY 2022 Interest Rate Reduction Methodology

Percentage reduction from the Thomson Reuters Municipal Market Data (MMD) rate*

- CWSRF program:
 - Equivalency projects: 40% reduction
 - Non-Equivalency projects: 35% reduction
- DWSRF program:
 - Equivalency projects: 35% reduction
 - Non-Equivalency projects: 30% reduction

*adjusted for yield to maturity applicable to entity's rating non-rated entities at Baa rate

What does “Equivalency” mean?

➤ **Equivalency projects (Federal Requirements)**

A portion of the CWSRF/DWSRF funded projects must follow all federal requirements commonly known as “cross-cutters”.

Ex. Davis Bacon Wage; Disadvantaged Business Enterprises; National Environmental Policy Act (NEPA) environmental review

This type of financial assistance is referred to broadly as “Equivalency”

➤ **Non-Equivalency projects (State Requirements)**

Non-Equivalency projects are not subject to federal cross-cutter requirements, with the exception of the federal anti-discrimination laws, also known as the “super cross-cutters”.

Clean Water: Non-Equivalency 35% Reduction as of FY 2022

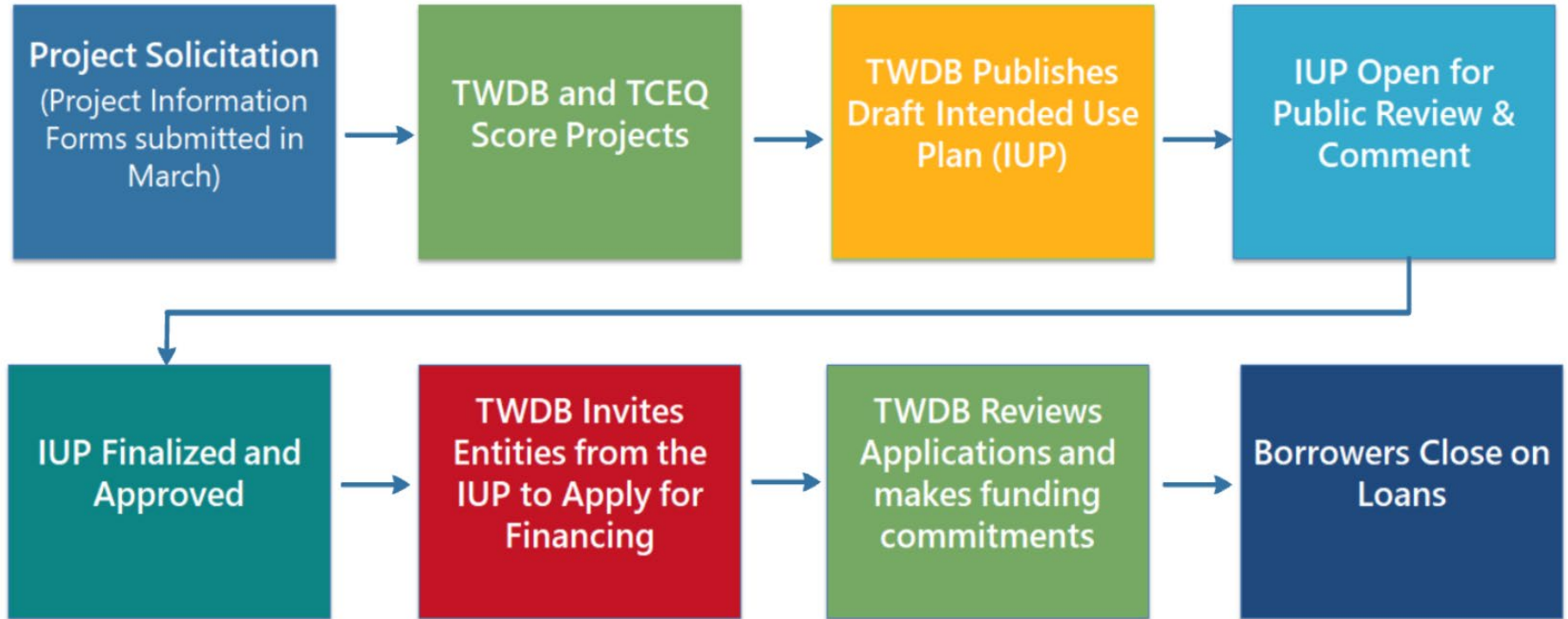
20-yr term	Principal	Interest	Total Debt Service	Net Interest Rate*
TWDB	\$10,000,000	\$1,945,605	\$11,945,605	1.695%
Market 2.79%	\$ 9,828,010	\$3,235,573	\$13,063,583	Cost Savings \$1,117,978

Drinking Water: Non-Equivalency 30% Reduction as of FY 2022

20-yr term	Principal	Interest	Total Debt Service	Net Interest Rate*
TWDB	\$10,000,000	\$2,103,349	\$12,103,349	1.774%
Market 2.79%	\$ 9,803,922	\$3,255,992	\$13,029,913	Cost Savings \$926,564

*Illustrative Rates only based on Baa rating for non-rated entities

SRF Annual Funding Cycle



Project Information Forms - Due March 4

Infrastructure Investment and Jobs Act (IIJA)

Infrastructure Investment and Jobs Act

- Signed into law November 15, 2021
- Infrastructure priorities—
 - Roads
 - Bridges
 - Rail
 - Transit
 - Ports
 - Airports
 - Electric Grid
 - **Water Systems**
 - Broadband
- \$55 billion for water infrastructure over 5 years



Impact on the Drinking Water State Revolving Fund (DWSRF)

- Drinking Water State Revolving Fund
\$11.713 billion
- Drinking Water State Revolving Fund for Lead Service Line Replacement
\$15 billion
- Drinking Water State Revolving Fund for Emerging Contaminants (per-and polyfluoroalkyl substances – PFAS)
\$4 billion
- Water Infrastructure Improvements for the Nation (WIIN) Grants to address emerging contaminants (PFAS, small and disadvantaged communities)
\$5 billion

Note: Totals are based on funding for all States and Territories

Impact on Clean Water State Revolving Fund (CWSRF)

- Clean Water State Revolving Fund **\$11.713 billion**
- Clean Water State Revolving Fund for Emerging Contaminants (PFAS) **\$1 billion**



Note: Totals are based on funding for all States and Territories

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 total allotment for Texas is **\$507,672,000**
- DWSRF and CWSRF Base program requires that **49%** of the funds are provided as additional subsidy.
- DWSRF Lead Service Line Replacement SRF requires that **49%** of the funds are provided as additional subsidy.
- DWSRF and CWSRF Emerging Contaminant program requires **100%** of the funds are provided as additional subsidy.

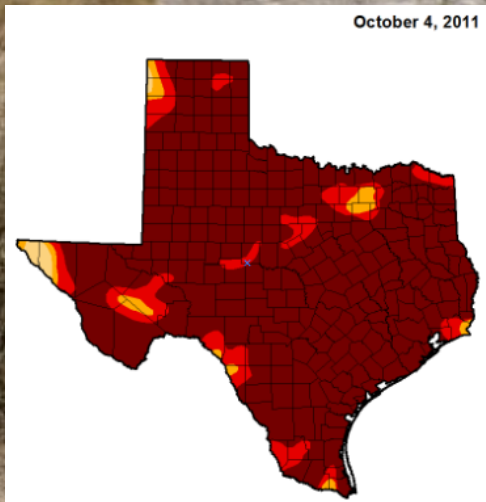
Note: Per current EPA information. EPA rules and guidance are not complete

STATE WATER IMPLEMENTATION FUND FOR TEXAS (SWIFT)

State Water Implementation Fund for Texas

SWIFT Timeline

- 1950-1957
Drought of Record; multiple years of statewide drought
- 1957
Texas Water Development Board created; statewide water planning begins
- 1995-1996
Severe drought; Senate Bill 1 in 1997
- 2010-2014
Severe multiple-year drought; SWIFT legislation





State Water Implementation Fund for Texas

The SWIFT programs include two funds:

- State Water Implementation Fund for Texas (SWIFT)
- State Water Implementation Revenue Fund for Texas (SWIRFT)

Bonds for the program are issued through SWIRFT.

Who Can Borrow?

Political Subdivisions

- Municipalities
- Counties
- River Authorities
- Special Law Districts
- Water Improvement District
- Water Control and Improvement Districts
- Irrigation Districts
- Groundwater Conservation Districts





Eligible Projects

- Conservation
- Reuse
- Desalinating groundwater and seawater
- Building new pipelines
- Developing reservoirs and wells fields
- Purchasing water rights
- Numerous other

All project phases eligible: Planning, Acquisition, Design, and Construction

Interest Rate Subsidies for FY 2021 Funding Cycle

Term	Low-Interest Loans		Rural/Agriculture	
	Tax-Exempt	Taxable	Tax-Exempt	Taxable
20 Years	25%	20%	50%	40%
21-25 Years	18%	14%	34%	27%
26-30 Years	14%	10%	27%	22%

FY2022 funding cycle subsidy percentages will be determined at the time of prioritization, in Spring 2022

Rural/Ag Eligibility:

- Agriculture water conservation/irrigation project; or
- Project serving a population of 10K or less, which falls entirely outside urbanized areas as defined in most recent US Census data.



Other Funding Options

- Deferred Loans
- Board Participation
- Multi-year commitments



Special Requirements 2022

With abridged application:

- Eligible projects must be recommended water management strategy projects with an associated nonzero capital cost in the 2022 State Water Plan
- Water Use Survey response for the previous 3 years must be on file for the applicant.
(Wholesalers exempted)

With full application:

- Private placement memorandum
- Executed Financing Agreement
- >\$500,000 must adopt a water conservation & drought contingency plan
- U.S. Iron & Steel Manufactured Goods
- Review of legislative requirements regarding water loss threshold limits
- Historically Underutilized Business reporting
- State level environmental review
- Master Agreement for Board Participation Funding
- Reservoir funding must be segmented or phased; permitting is required prior to a construction commitment



SWiFT Cycle Timeline

Swift Abridged Application Period (December)

- 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

Abridged Applications (February)

- 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

Spring 2022

Spring 2022

Summer 2022

Fall/Winter 2022



Texas Water Development Fund (DFund)

Texas Water Development Fund

- Many eligible project types

Water, Wastewater, Flood Control

- Can fund water and wastewater projects in a single commitment

- Low rates based on TWDB's cost of funds

- AAA Bond Rating

- Repayment terms up to 30 years

Call us for
availability of
funds

Special Requirements:

- Water supply projects must be consistent with the current TWDB State Water Plan

- Entities receiving assistance greater than \$500 K must adopt a water conservation and drought contingency plan

- U.S. Iron and Steel Manufactured Goods requirements

- Review of legislative requirements regarding water loss threshold limits

Flood Infrastructure Fund (FIF)

Flood Infrastructure Fund

- 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

- 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

Economically Distressed Areas Program (EDAP)

What is EDAP



EDAP was created in 1989 and provides financial assistance through **grants and loans** for **water and wastewater projects** in **economically distressed areas** where service is **unavailable or inadequate** to meet state standards.

Economically Distressed Area Definition

➤ Water supply or sewer service are inadequate to meet minimal needs of residential users

➤ Financial resources are inadequate to provide water supply or sewer service that will satisfy those needs; and*

➤ An established residential subdivision was located on June 1, 2005

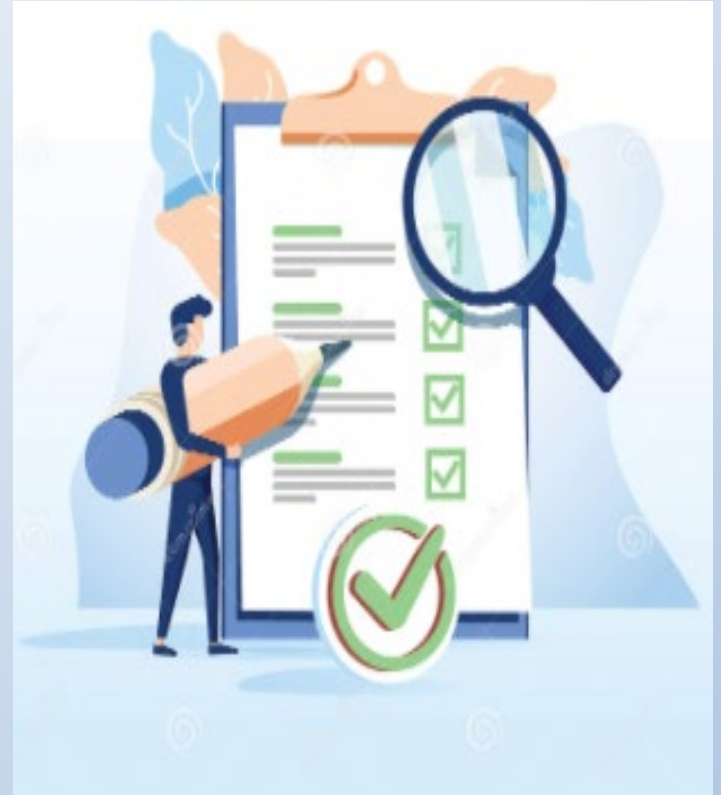
* The Annual Median Household Income (AMHI) for the service area can not be greater than 75% of the statewide AMHI.

Who Can Apply

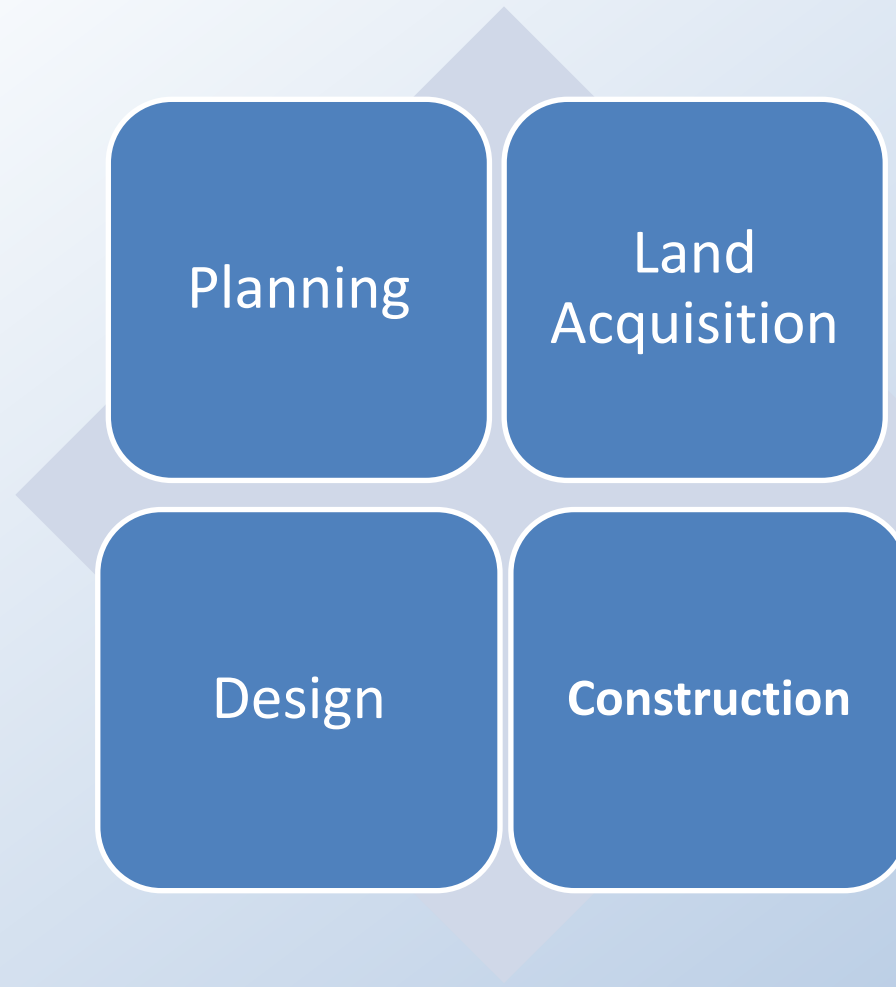
Economically distressed political subdivisions, such as:

- Cities
- Counties
- Nonprofit Water Supply Corporations
- Water Districts

Note: The city or county where the project is located must adopt and enforce Model Subdivision Rules.



Eligible Activities



Eligible EDAP Projects



- First-time water and wastewater service
- Water supply and/or treatment system improvements
- Wastewater collection system and/or treatment works improvements

First Time Water and Wastewater

- Residential connections to a new public water supply system constructed with financial assistance
- Individual, on-site, or cluster treatment systems such as septic tanks
- Yard line service connections
- Indoor plumbing facilities and fixtures
- Residential connections to a sanitary sewer system constructed with financial assistance
- Necessary connection and permit fees

Water Supply and/or Treatment System Improvements

- Treatment plant improvements
- Water transmission and distribution lines
- Wells
- Pump stations
- Water system asset management planning
- Regionalization projects



Wastewater Collection System and/or Treatment Works Improvements

- Treatment plant improvements
- Wastewater collection and transmission lines
- Lift stations
- Septic tank decommissioning
- Wastewater system asset management planning
- Regionalization projects



Financial Assistance

Q: Are Loans or Grants Available?

- Financial assistance provided as *combination grant and loan*.
 - Portion not paid by a grant must be provided as an EDAP loan.
- Maximum of 70% grant per project
 - Grant percentage may not exceed 50% unless a public health nuisance exists, as determined by DSHS or TWDB (see EDAP IUP)
 - Grant also subject to availability of funds (see next slide)
- Low-interest rates loans based on TWDB's cost of funds

Financial Assistance

Q: How Much Funding is Available?

- Available financing based on Legislative appropriations for debt service.
- **TWDB expects to fund projects using up to an estimated \$100 million of bonds over the next two years (\$50 million per year)**
- Prioritization process will determine funding for eligible projects, including criteria for those that address public health and safety concerns and those in areas under enforcement action.



Special Requirements

- Model Subdivision Rules
- U.S. Iron & Steel
- State Level Environmental Review
- If >\$500K, Water Conservation & Drought Contingency Plan
- Water Loss Threshold Limits Review
- Water Supply Projects Consistent with State Water Plan
- Certificate of Convenience & Necessity
- On Site Sewer Facility Site Maps
- TCEQ On Site Sewer Facility Authorized Agent

Model Subdivision Rules (MSRs)

Certification of MSR Adoption and Enforcement

THE STATE OF TEXAS _____ §
COUNTY OF _____ §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared _____ a person who is known to me. After I administered an oath to _____, upon _____ oath _____ said:

1. My name is _____ and I am the _____ select _____ for _____, State of Texas. I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
2. The residential subdivision regulations adopted by _____ on _____ fully incorporate the model rules as adopted by the Texas Water Development Board and found in 31 TEX. ADMIN. CODE Ch. 364.
3. Any residential subdivision plats approved by _____ fully comply with the regulations of _____.
4. Should the Executive Administrator of the Texas Water Development Board determine that _____ is not enforcing the model rules as adopted, I understand that all funds provided by the Texas Water Development Board under its Economically Distressed Areas Program rules as found in 31 TEX. ADMIN. CODE ch. 363 and committed for projects in _____ shall be suspended.

Affiant's Signature _____
Title: _____ select _____

SWORN TO AND SUBSCRIBED BEFORE ME, _____,
this _____ day of _____, 20____.

Notary Public in and for the State of Texas
My Commission expires: _____

(SEAL)

- The city or county where the project is located must adopt and enforce model subdivision rules for the regulation of subdivisions in the project area.
- Adoption and enforcement of the MSRs must be done prior to submitting an EDAP abridged application.
- The MSRs be consistent with the rules adopted by the TWDB.

Model Subdivision Rules (MSRs)

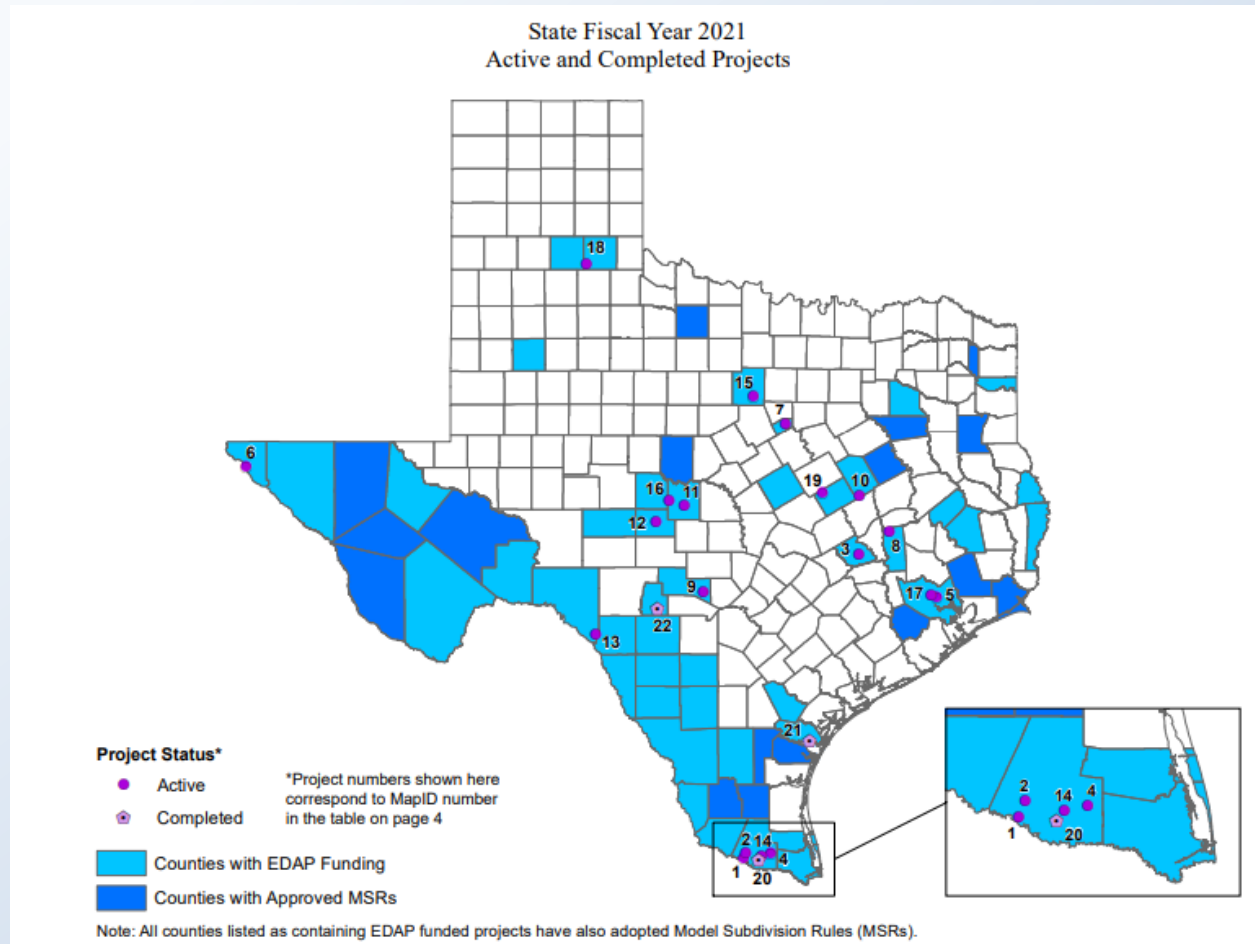
All applicable information is available on the TWDB MSRs website:

- ❖ Laws
- ❖ Rules
- ❖ Samples
- ❖ Forms
- ❖ MSR training

<https://www.twdb.texas.gov/financial/programs/EDAP/MSR>

**Model Subdivision Rules
Training Course**

EDAP Project Funding



*Complete information may be found in the 2021 EDAP Annual Report:
http://www.twdb.texas.gov/publications/reports/edap_reports/doc/Status.pdf

2022 Funding Cycle



Abridged Application Window Is Open

Due Date: May 13, 2022

- Provides information needed to determine eligibility and prioritize projects
- Eligible projects receiving priority for financial assistance will be invited to submit a full application
- Submit Abridged Applications to financial_assistance@twdb.texas.gov

EDAP Abridged Application

By submitting this Abridged Application, you understand and confirm that the information provided is true and correct to the best of your knowledge and further understand that the failure to submit a complete Abridged Application by the stated deadlines, or to respond in a timely manner to additional requests for information, may result in the withdrawal of the Abridged Application without review.

GENERAL INFORMATION

Entity Name	
Entity Type (City, County, District, etc.)	

Contact Who should TWDB contact with questions during the review of this submission?	Name	
	Title	
	Phone	
	Email	

SAMPLE

PROJECT INFORMATION

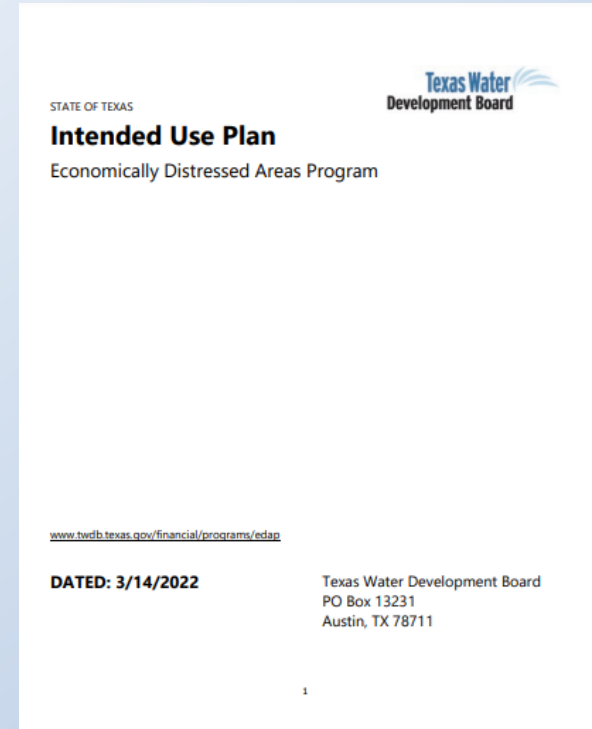
Project Name			
EDAP Request	\$		
Applicant has adopted and is enforcing Model Subdivision Rules (per Texas Water Code Section 16.343 and 31 TAC Chapter 364)	<input type="checkbox"/> Yes; Year adopted _____		
Project Phase(s) for which Assistance is Requested			
<input type="checkbox"/> Planning	<input type="checkbox"/> Acquisition	<input type="checkbox"/> Design	<input type="checkbox"/> Construction

EDAP Abridged Application and more information available on our website:

<http://www.twdb.texas.gov/financial/programs/EDAP>

EDAP Intended Use Plan













- EDAP IUP outlines proposed structure and type of financing available
- Includes details on:
 - Additional requirements for applying
 - Specific loan and grant eligibilities
 - Available funding capacity
 - Prioritization criteria
 - Nuisance determinations



EDAP IUP and more information available on our website:

<http://www.twdb.texas.gov/financial/programs/EDAP>

Eligible Project Activities & Programs

	DWSRF	CWSRF	DFund	SWIFT	EDAP
Water Supply: Current Need					
Water Supply: Future Need					
Water Treatment					
Water Transmission & Distribution					
Potable Reuse					
Wastewater Collection					
Wastewater Treatment					
Conservation (Meters)					

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
- Rates and Charges 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 has the ability to issue bonds, TWDB buys those bonds

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

TWDB Contacts

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/Interim State Programs Coordinator

Alyssa Azari

512-463-5801

alyssa.azari@twdb.texas.gov

State Outreach

Enriqueta Caballero

512-435-9071

enriqueta.caballero@twdb.texas.gov

General Questions

financial_assistance@twdb.texas.gov

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

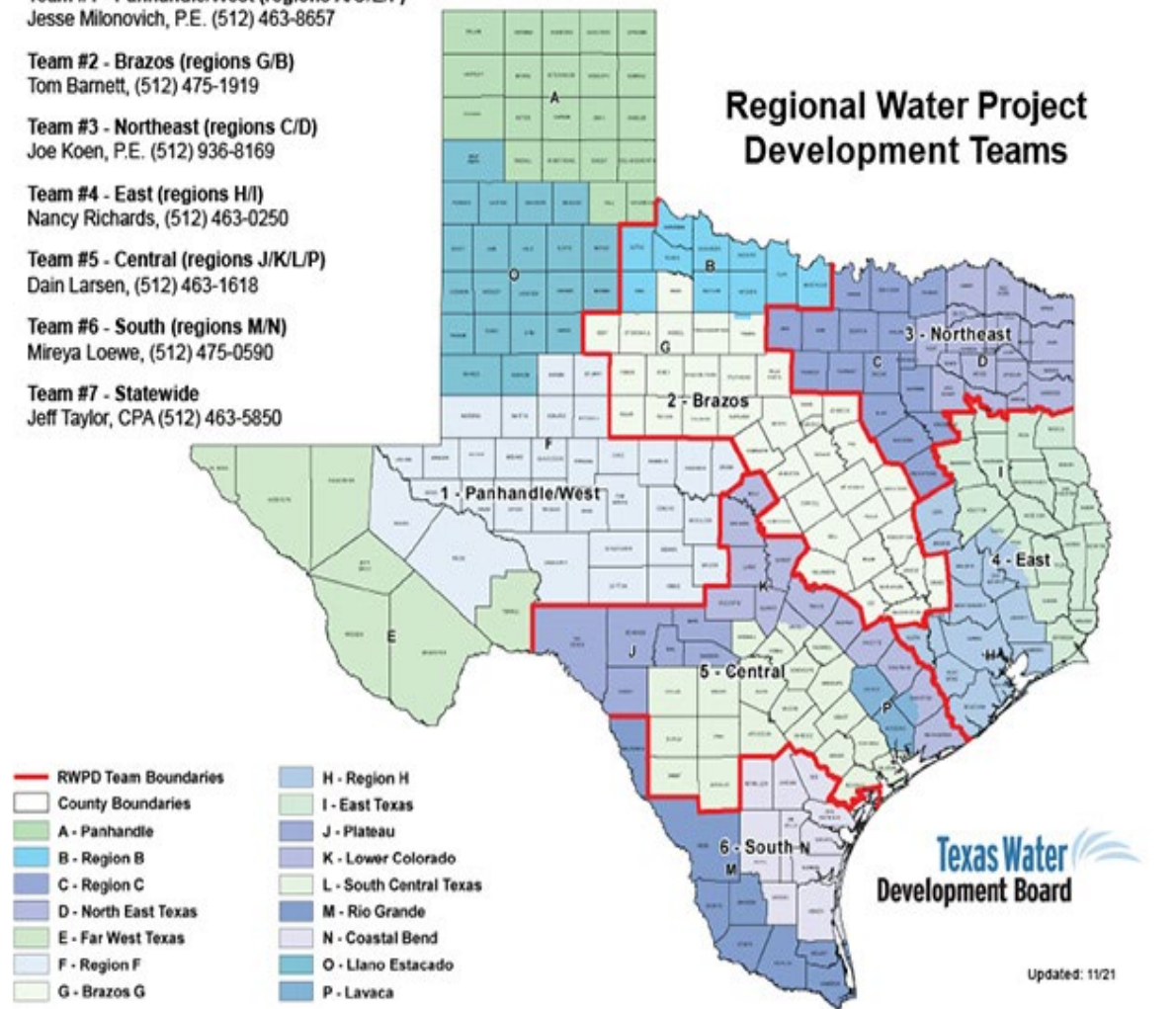
Team #3 - Northeast (regions C/D)
Joe Koen, P.E. (512) 936-8169

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



QUESTIONS?