

STATE OF TEXAS

Annual Report

Drinking Water State Revolving Fund

www.twdb.texas.gov/financial/programs/DWSRF



SFY 2022

TEXAS WATER DEVELOPMENT BOARD
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- A. SFY 2022 Annual Financial Report – DWSRF Financial Statements
- B. TCEQ – Small Systems Technical Assistance 2022 Annual Report
- C. TCEQ – State Management Program 2022 Annual Report
- D. TCEQ – Local Assistance 2022 Annual Report

1. Executive Summary

The purpose of the Texas Drinking Water State Revolving Fund (DWSRF) is to provide affordable financing to assist public drinking water systems meet or maintain compliance with the primary drinking water regulations or otherwise significantly further the health protection objectives of the Safe Drinking Water Act (SDWA). Funding through the DWSRF goes towards addressing needs in the areas of ensuring public health protection, maintaining and/or bringing systems into compliance, and supporting affordable and sustainable drinking water as set forth in the SDWA.

The Texas Water Development Board (TWDB) and the Texas Commission on Environmental Quality (TCEQ) collectively administer the state's DWSRF program. The TWDB is authorized by statute to administer the DWSRF program in accordance with the SDWA. The TCEQ, as the State's primacy regulatory agency, is responsible for implementing the drinking water regulations established by the SDWA, enforcing the national drinking water standards set by the U.S. Environmental Protection Agency (EPA), administering the Public Water System Supervision (PWSS) program, providing Small System Technical Assistance, and providing Capacity Development across the state.

The TWDB and the TCEQ provide these reports to summarize annual activities, achievements of goals, requirements met, and obligations made as set forth in the State Fiscal Year (SFY) 2022 Intended Use Plan (IUP) and Set-Aside Work Plans for the DWSRF program. The report describes the progress made toward short-term and long-term program goals, the financial status of the DWSRF, and compliance with federal DWSRF requirements during SFY 2022, which was from September 1, 2021, through August 31, 2022.

The SFY 2022 IUP described the intended uses of the funds available in the DWSRF financial assistance program and detailed how the TWDB planned to commit available funds. To comply with the federally mandated program requirements of priority ranking, those eligible entities interested in assistance were required to submit a project information form by March 10, 2021, to be added to the Initial Invited Projects List and be included in the first round of invitations for funding. The TCEQ, using project details outlined in the project information forms, scored them in accordance with their ranking system for SFY 2022, federal DWSRF regulations, and program rules. The TWDB reviewed, scored, and ranked all submissions based on the requirements set forth in TWDB rules and criteria established for SFY 2022. An Initial Invited Projects List was created based upon project ranking and the established criteria.

During this SFY, the TWDB maintained an open IUP throughout the year to enable all interested parties to submit a project information form for inclusion on the Project Priority Lists. Applications from the initial round of invitations were based upon project ranking if the application was submitted by the established deadline. Following the initial round of invitations, subsequent rounds of invitations were sent to apply for assistance and funding was awarded based on priority order.

The TWDB continued to pursue program initiatives to protect public health and improve the quality of the state’s drinking water through the Urgent Need funding reserve. These efforts ensured that communities had access to low-cost financial assistance to meet their most dire needs.

The Federal Fiscal Year (FFY) 2021 Appropriations authorized a \$87,015,000 federal capitalization grant that was used for the SFY 2022 IUP. The TWDB set the SFY 2022 DWSRF program capacity at \$150,000,000. Applicants for equivalency project funding, those that required compliance with all federal cross-cutter requirements, were able to receive an interest rate reduction of 35 percent below market rates. Non-equivalency projects, those that did not need to comply with federal requirements with the exception of federal anti-discrimination laws, were able to receive an interest rate reduction of 30 percent below market rates.

In addition to the EPA capitalization grant, the Texas DWSRF utilizes additional state funding sources to increase the program capacity. The additional available resources include the required state match of 20 percent of the grant, principal repayments from previous DWSRF loans, interest and investment earnings, and, as necessary, revenue bonds issued by the TWDB to fund project demand in excess of available cash on hand. During the SFY, utilizing all the funding sources mentioned, the TWDB made 26 DWSRF commitments totaling over \$65 million.

The TWDB continues to strive to improve our financial assistance programs to ensure applicants have access to the cost savings associated with utilizing these programs to advance safe drinking water infrastructure for all Texas citizens.

2. Goals and Achievements

The primary goal of the Texas DWSRF program is that of the SDWA– to improve public health protection. The overall program goals are to identify and provide funding for maintaining and/or bringing Texas’ public water systems into compliance with the SDWA; to support affordable drinking water and sustainability; and to maintain the long-term financial health of the DWSRF program fund.

The TWDB provides effective and efficient administration of the DWSRF program and offers affordable long-term financing to assist public water systems in providing enough quality and quantity of affordable potable water throughout Texas. The DWSRF program also uses set-aside funds to improve public health protection programs that support the goals of the SDWA. The following sections detail the TWDB’s progress in meeting the short- and long-term goals established in the IUP.

Short-Term Goals of the Texas DWSRF Program

1. *Finance priority projects that enhance emergency preparedness, weatherization, and resiliency of public water systems during severe weather events.*

The TWDB committed \$150,000 toward two projects that addressed these types of needs during SFY 2022. Through these efforts, the TWDB will assist communities with funding for an emergency preparedness evaluation/audit plan. Additionally, several projects are under application review as of the writing of this annual report that will address emergency preparedness.

2. *Encourage the use of green infrastructure and technologies by offering principal forgiveness for green infrastructure, energy efficiency, water efficiency, or environmentally innovative portions of projects and allocating an equivalent of 10 percent of the capitalization grant to approved green project costs.*

The TWDB continued efforts to promote the use of green infrastructure and technologies by setting a goal of committing an equivalent of 10 percent of the capitalization grant, or \$8,701,500, to approved green project costs via a Green Project Reserve. The TWDB enhanced the Green Project Reserve goal with the inclusion of a Green Subsidy category, which offered additional subsidy assistance to projects that contained green components equal to or greater than 30 percent of their total project costs. For more information on projects identified for Green Project Reserve goals and Green Subsidy amounts, please see the Green Project Reserve section of this report and Appendix A, Table 1.

3. *Offer terms of up to 30 years for the planning, acquisition, design, and/or construction for up to 75 percent of available funds in accordance with TWDB determined guidelines and the SDWA.*

Of the closings made during SFY 2022, 15 projects took advantage of terms greater than 20-years. Details on loan terms for these projects may be found in Appendix B.

4. *Increase the amount of DWSRF program funding available by leveraging the program as necessary to meet the demand for funding additional drinking water projects.*

For SFY 2022, at least \$150 million was available under the DWSRF program. This amount includes \$30 million in principal forgiveness and at least \$120 million with subsidized interest rates or zero percent for special funding categories.

5. *Continue to enhance the DWSRF by cross-collateralizing the program with the Clean Water State Revolving Fund (CWSRF) program in accordance with state and federal law.*

The TWDB utilized cross-collateralization when issuing bonds to support both programs during SFY 2022.

6. *Enhance our current level of outreach on the SRF programs by hosting virtual or in person regional financial assistance workshops in conjunction with the continued use of social media.*

The TWDB hosted nine Financial Assistance workshops during the SFY. One workshop was held in San Angelo and eight were webinars broadcast from TWDB's main office for targeted audiences. The targeted webinars were for Austin, Houston, Waco, and a select few water

planning regions. Staff from the agency's regional project development teams participated in various outreach opportunities throughout the state at conferences, regional planning meetings, and one-on-one meetings with individual entities/authorities.

The topics discussed during the workshops and outreach opportunities covered all TWDB financial assistance programs, the IUP process, the project information form submission, DWSRF federal requirements and program changes, specific project related questions and answers, and general outreach. A map showing workshop locations is included in Appendix A.

The use of social media continues to grow at the TWDB with increasing numbers of followers on Facebook, Twitter, LinkedIn, YouTube, and Instagram. TWDB Board members and staff continually share information on various social media sites.

- 7. Assist water systems with urgent needs through financial assistance in the form of principal forgiveness and loans with an additional interest rate subsidy from the Urgent Need reserve.*

The TWDB continued efforts to prioritize urgent need projects through outreach efforts, technical assistance, and utilization of Urgent Need reserve funding. Eligible projects could receive principal forgiveness or a reduced interest rate on financing. The objective of this funding was to assist communities with projects that addressed an imminent peril to public health, safety, environment or welfare with a threat of failure in response to an emergency condition by giving a higher preference for immediate assistance. During SFY 2022, one project meeting these criteria applied for DWSRF funding.

- 8. Provide outreach, technical assistance, and special allocations of funding to reduce the number of public water systems with unresolved health issues as part of the Securing Safe Water initiative.*

The TWDB allocated a specific portion of the available principal forgiveness in the Very Small Systems and Urgent Need funding options toward projects resolving significant health violations as identified by the TCEQ. During SFY 2022, staff extended outreach to these identified systems to explain the DWSRF application process and encourage them to apply for funding. As of August 31, 2022, 17 systems have submitted a project information form for funding consideration. Details of the progress made may be found in Section 8, Program Initiatives.

- 9. Continue to implement the TWDB's AMPSS and CFO to Go initiatives.*

The TWDB continued to offer the Asset Management Program for Small Systems (AMPSS) and the CFO to Go during the SFY. During SFY 2022, activities to prepare for a formal round of funding through the AMPSS program took place culminating in Board approval of 15 pre-qualified contractors and 20 participant systems for a total amount not to exceed \$2,000,000. Additionally, any eligible entity was eligible to receive up to \$100,000 at zero percent financing through the DWSRF program to prepare all applicable AMPSS deliverables as a part of their proposed project. A small system eligible under AMPSS was also eligible to receive up to \$500,000 at zero percent financing through the DWSRF program if they had implemented substantially all the AMPSS deliverables. No entities took advantage of these funding opportunities as of August 31, 2022.

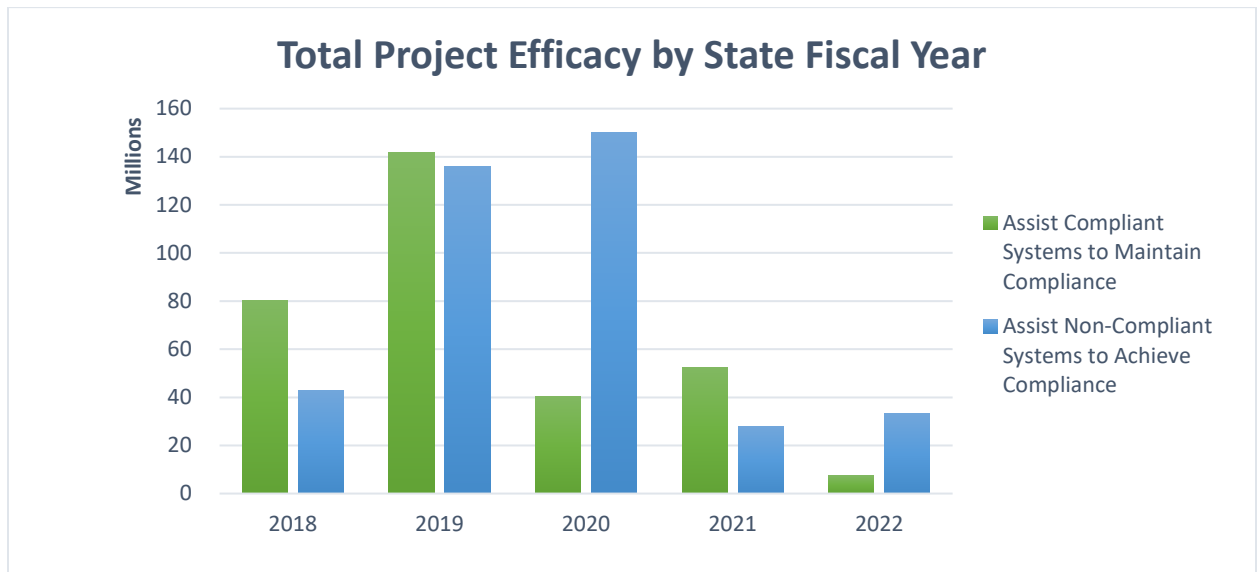
During SFY 2022, TWDB staff began coordinating with five SRF borrowers under the CFO to Go initiative. These entities have received free financial consulting expertise used to identify deficiencies in operations and develop corrective plans to address them. Details of TWDB’s AMPSS program and the four CFO to Go recipients may be found in Section 8, Program Initiatives.

Long-Term Goals of the Texas DWSRF Program

1. *Maintain the fiscal integrity of the DWSRF in perpetuity.*

The long-term financial health of the DWSRF is monitored through ongoing cash flow and capacity analyses. Efficient and effective use of program resources remained a top priority of the program, especially given the economic pressure of low interest and investment rates. The TWDB lending rate policy has been established to preserve the corpus of the capitalization grants and state match funds, excluding the amount of principal forgiveness and set-aside amounts from each grant. The TWDB will continue to manage the DWSRF to ensure funds will be available in perpetuity for activities under the SDWA.

2. *Employ the resources in the DWSRF in the most effective and efficient manner to protect public health and assist communities in maintaining compliance with SDWA requirements and maintain a strong financial assistance program that is responsive to changes in the state’s priorities and needs.*



During SFY 2022, the TWDB provided DWSRF funds totaling over \$40 million to 11 projects that will protect public health and assist communities in maintaining or achieving compliance with SDWA requirements. To further achieve this goal, the TWDB has an established priority rating system that directly supports the goals of the SDWA. The TWDB reports on its efforts in achieving this goal using EPA’s National SRF Database as required.

- 3. Assist borrowers in complying with the requirements of the SDWA by meeting the demands for funding eligible water projects by providing financial assistance with interest rates below current market levels and with Additional Subsidization in the form of principal forgiveness.*

The TWDB provided funding commitments during the SFY to eligible entities invited to submit an application for assistance thereby ensuring water systems within the state achieved or maintained compliance with the SDWA. In total, 26 funding commitments were made during SFY 2022.

To encourage entities to use the DWSRF, reductions from market interest rates on financing were provided to recipients in the form of a 35 percent reduction for equivalency projects and a 30 percent reduction for non-equivalency projects. The resulting effects were substantial cost savings for the communities. To provide additional savings to disadvantaged communities, green projects, urgent need, and very small systems, the TWDB allocated \$30,000,000 of additional subsidy as shown in the SFY 2022 IUP. During the SFY, the TWDB identified ten projects to receive this additional subsidy with a grand total of \$9,553,610.

- 4. Support the development of drinking water systems that employ effective utility management practices to build and maintain the level of financial, managerial, and technical (FMT) capacity necessary to ensure long-term sustainability.*

Through the promotion of effective management, the TWDB provides additional prioritization points to drinking water systems that demonstrate a commitment to effective utility management practices. Categories in which systems may demonstrate their ability to maintain the level of financial, managerial, and technical capacity include asset management, implementation of water plans, water conservation strategies, use of reclaimed water, and projects increasing energy efficiencies.

Additionally, the TWDB continued to support two programs to assist communities with effective financial, managerial, and technical capacity. The first is the Asset Management Program for Small Systems, or AMPSS. The program is intended to assist small, rural wastewater systems with the development and implementation of an asset management plan and other management tools through use of program funds. The second is the “CFO to Go” Initiative. The TWDB contracted with Certified Public Accountants (CPA) to provide agreed upon procedures and technical assistance services to designated recipients with the intent to assist struggling communities maintain adequate compliance with the requirements of the DWSRF. Further details are available in Program Initiatives, Section 8.

3. Subsidies to Promote Sustainability

According to EPA guidance, among projects with comparable public health and water quality benefits, priority for construction financing should be given to communities that could not otherwise obtain financing for the following purposes:

- Projects that are based on a “fix it first” approach which focuses on system upgrades and replacement in existing communities;
- Investigations, studies, or plans that improve the technical, financial, and managerial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure; and
- Preliminary planning, alternatives assessment, and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conservation of natural resources, and alternative approaches to integrate natural or “green” systems into the built environment.

During SFY 2022, the TWDB prioritized the use of additional subsidization for those entities that met EPA’s guidance criteria. Disadvantaged communities were allocated most of the available subsidy for system upgrades and replacements. The TWDB’s initial allocations to each funding category are explained below.

The TWDB made available \$16,000,000 of additional subsidy for qualifying disadvantaged communities. The maximum allocation in this allocation category was to not exceed 25 percent of the total regular Disadvantaged Community allocation or \$4,000,000 except when the Household Cost Factor was in excess of 5 percent – in that instance, the maximum amount would be 33 percent or \$5,280,000. This maximum applied across all projects pursued by the entity during the SFY. For details on the DWSRF Affordability Criteria and the Household Cost Factor, see the SFY 2022 IUP, Appendix D, Affordability Criteria to Determine Disadvantaged Community Eligibility.

An additional \$2,000,000 was initially made available to Small/Rural disadvantaged communities. If any disadvantaged small/rural communities required a loan component to cover project costs, the TWDB offered zero percent interest. The maximum amount from this allocation was \$300,000, \$400,000, or \$500,000 depending on the entity’s disadvantaged community principal forgiveness level of 30, 50, or 70 percent, respectively. Similar to the maximum amount listed above, this limit was applied to all projects pursued by the entity during the SFY. The total allocation in this category was to not exceed \$9,000,000 from the total funds available.

The TWDB also made available \$3,000,000 of additional subsidy for very small system projects (serving 1,000 or fewer in population) of which \$1,000,000 was allocated to the Securing Safe Water initiative through the first round of funding. Entities were limited to no more than \$300,000 in principal forgiveness from this allocation category for all projects pursued during the SFY. The other components of this guidance were fulfilled in part by awarding additional points in the project ranking criteria for entities implementing effective management that will contribute to sustainable operations.

The EPA’s sustainability strategy, which included financing alternative approaches that integrate a green component into the existing system, was prioritized through an additional subsidy for green costs. The TWDB made available \$2,000,000 of the amount required in additional subsidy for green projects in the form of principal forgiveness. No more than \$1,000,000 was offered to

any project. Applicants with proposed project components that qualified as green were eligible for this additional subsidy. For further details, review Section 4, Green Project Reserve.

Finally, the TWDB made available \$2,000,000 in zero percent interest loan funding to any eligible system pursuing the completion or implementation of an asset management plan consistent with the scope of work and deliverables for the AMPSS program. An eligible system could receive up to \$100,000 for the creation of a plan and up to \$500,000 for a plan's implementation.

Details of the subsidies provided are shown in Appendix A, Table 1.

4. Green Project Reserve

To further the EPA's sustainability strategy, the TWDB set a goal to fund green projects in the amount of 10 percent of the capitalization grant. The green project funding was allocated to projects that addressed green infrastructure, water efficiency, energy efficiency, or other environmentally innovative activities.

The TWDB designated projects as green in the IUP based upon designation by the entity and a review of the initial information submitted demonstrating their green components. The TWDB developed a green project information worksheet to facilitate a uniform approach to providing the information proving eligibility. As of August 31, 2022, the TWDB has not funded any green project costs.

The TWDB continues to invite applicable green projects from the SFY 2022 IUP to make use of the required green project reserve from the Federal Fiscal Year (FFY) 2021 Capitalization Grant. The total of those invitations would satisfy the green project reserve requirement (approximately \$20.1 million in green project funding). Should that list of green projects be exhausted, then the TWDB will attempt to fund green projects from the SFY 2023 IUP with any remaining funds from the FFY 2021 Capitalization Grant. Details of the Green Project Reserve are shown in Appendix A, Table 2.

5. Income from Program Fees

The TWDB assesses fees to recover administrative costs associated with the DWSRF. These fees are placed in a separate account held outside of the program funds. The fees are an assessment of two percent (2%) of the portion of the DWSRF financial assistance that is to be repaid and is assessed in full at closing.

For SFY 2022, the TWDB collected \$4,702,607 in DWSRF administrative fees. Fees are budgeted as a source of revenue for financing DWSRF administration expenses including to fund the AMPSS and CPA to Go initiatives. During SFY 2022, no funds were transferred from the fee account to the general fund for operations. The balance of funds within the fee account was \$51,070,733.86 as of August 31, 2022.

6. Method of Cash Draw

Of the available cash draw methods, the TWDB utilizes the disbursement of the full amount of State Match first, then draws 100 percent Federal Funds from the capitalization grant.

The TWDB demonstrates that the required state match has been deposited and utilized prior to drawing 100 percent federal funds.

In accordance with statute and the FFY 2021 Capitalization Grant, the TWDB deposited \$26,500,000 into the DWSRF on November 4, 2021, to fully meet its requirement to match an amount at least equal to 20 percent of the amount awarded in the capitalization grant. The balance of the match deposited totals to \$30,812,834 in excess of the cumulative required state match which will be applied toward future capitalization grants. Details of the state match are shown in Appendix A, Table 3.

7. Timely and Expeditious Use of Funds

As of August 31, 2022, the outstanding capitalization grant balance was \$11,009,211.76. Federal draws for the SFY totaled \$84,776,165.47. Details of fund balances are shown in Appendix A, Table 4.

The TWDB closed on 20 projects totaling \$252,662,952. Additionally, 14 projects totaling \$95,791,741 began work while 11 projects totaling \$26,824,913 were completed. The TWDB has ensured that recipients of financial assistance make sufficient progress to reasonably ensure completion of their project within the project period.

During SFY 2021, the TWDB completed an inter-fund loan totaling \$75,000,000 between the CWSRF to the DWSRF. The repayment of this loan to the CWSRF is anticipated to be completed in SFY 2022.

8. Program Initiatives

Additional Subsidization

The additional subsidization associated with the FFY 2021 grant was not fully allocated as of August 31, 2022. The TWDB received applications for 10 projects requesting principal forgiveness totaling \$9,955,610. One project has received a commitment and the remaining applications are still under review. Details of the additional subsidization are shown in Appendix A, Table 1.

Disadvantaged Communities Funding

In SFY 2022, the TWDB received applications for six disadvantaged projects totaling \$6,384,002 in principal forgiveness. Three projects have received commitments and count toward the FFY 2021 grant. During the SFY, the TWDB closed on financial assistance (loan and/or principal forgiveness) for nine disadvantaged community projects totaling \$31,095,652. This amount

includes projects that were originally listed in previous year's IUPs. Details of the disadvantaged communities funding are shown in Appendix A, Table 1.

A disadvantaged community is a community that meets the DWSRF's Affordability Criteria based upon income, unemployment rates, and population trends. For details on the DWSRF Affordability Criteria, see the SFY 2022 IUP, Appendix D, Affordability Criteria to Determine Disadvantaged Community Eligibility.

Application Process

During SFY 2022, applicants listed on the IUP's Invited Projects List were required to complete and submit an intent to apply form showing their interest in SRF funding. If they failed to submit their intent form by the established deadline, their project was bypassed. This allowed those with projects further down the Project Priority List access to program funds.

The first round of invitations included projects whose total costs exceeded the amount of the capitalization grant, as evidenced by the Initial Invited Projects List within the SFY 2022 IUP. Applications received by the initial deadline were considered in the priority order listed on the Project Priority List. If any funds remain unallocated, then other projects on the Project Priority List were invited to apply in rank order.

The TWDB continued to utilize an open IUP to allow for the addition of new projects at any time throughout the year. The open IUP encouraged entities with projects that were not on the initial lists to submit a Project Information Form at any time during the year. Those projects were added to the bottom of the SFY 2022 IUP Project Priority List in the order in which they were received.

Bypass of Projects on the Project Priority List

The SFY 2022 IUP, in accordance with DWSRF regulations, included a process to bypass higher ranked projects to ensure that funds available are utilized in a timely manner, and that statutory and capitalization grant requirements were met. Following the application process listed above, higher ranked projects that did not apply for financial assistance were bypassed by lower ranked projects that were ready to apply for financial assistance.

American Iron and Steel

To implement the requirements for American Iron and Steel, the TWDB: (1) advised all DWSRF applicants of the need to comply with the American Iron and Steel requirements during pre-application meetings, via guidance documents, and the agency's website; (2) included a condition in TWDB resolutions requiring recipients of DWSRF financial assistance to comply with the American Iron and Steel requirements; (3) ensured that all financial assistance agreements contained a clause mandating compliance with American Iron and Steel requirements; and (4) provided recipients with de minimis logs and certification forms.

Asset Management Program for Small Systems (AMPSS)

During SFY 2018, the TWDB began implementation of a pilot program for small systems to undertake asset management planning. The pilot program allowed qualified contractors to work with six small water and wastewater system providers to create asset management plans including, but not limited to, an inventory of assets with replacement dates and estimated costs, best practices for operation and maintenance, and associated financial plans for obtaining funding to meet future needs. Funding for the pilot was obtained through use of the CWSRF and DWSRF origination fees. All six communities had completed their asset management plans by the end of SFY 2020.

During SFY 2021, the TWDB hired a full-time staff member to coordinate AMPSS activities. These activities included reviewing the pilot program to find areas of improvement and ways to encourage long-term sustained asset management practices from the participant systems. During SFY 2022, the TWDB successfully implemented the early steps of the next round of AMPSS by updating the scope of work for the contract and soliciting entities for their participation. In early SFY 2023, the Board approved the first round of the AMPSS program with 15 pre-qualified contractors and 20 participant systems for a total amount not to exceed \$2,000,000. The TWDB will continue to provide updates on the status of this initiative in future Annual Reports.

CFO to Go

Beginning in SFY 2019, the TWDB implemented a program to assist CWSRF and DWSRF financial assistance recipients. The focus of the program was to help recipients improve or maintain adequate compliance with State Revolving Fund program requirements. The TWDB contracts with Certified Public Accountants and assigns them to assist with the design and implementation of recipients' financial reporting, compliance and internal control processes and procedures. Some examples of contracted activities include: monitoring compliance with financial instrument covenants; monitoring allowable costs and compliance with cost principles; financial reporting; advising recipients on the design and implementation of internal control procedures; and, enhancing procedures for the preparation of financial statements, among others.

For SFY 2022, a total of \$1,000,000 was authorized for use. The TWDB coordinated financial consulting services for five communities.

<u>Subrecipient</u>	<u>Consulting Firm</u>	<u>Max. Amount</u>	<u>Source of Fees for Payment</u>
Bonham	CohnReznick	\$58,917	CW/DWSRF
Craft-Turney WSC	CohnReznick	\$48,512	DWSRF
Edcouch	Weaver & Tidwell	\$37,250	CWSRF
La Feria	Weaver & Tidwell	\$47,750	CW/DWSRF
Port Arthur	CohnReznick	\$85,525	CW/DWSRF

\$277,954

Efforts to Address Systems with Urgent Needs

The TWDB continues to join with other state, federal, and local agencies to aid communities impacted by disasters. Through the DWSRF's Urgent Need funding reserves, the TWDB was able to make available principal forgiveness and zero-interest financing for damaged and imperiled infrastructure. In continuation of last year's lack of requests for this funding, the TWDB did not see a high number of communities seeking this funding during the fiscal year. One project has received a commitment that would address an urgent need. More information about this project will be made available in a subsequent annual report once the entity closes on the financial assistance.

Securing Safe Water

Beginning in SFY 2020, the TWDB began an initiative called "Securing Safe Water" that involved a comprehensive outreach, technical assistance, and funding strategy to reduce the number of public water systems that have unresolved health issues. By providing these services and funding, the TWDB worked to facilitate EPA's Strategic Plan goal of significantly reducing the number of public water systems with reported health violations.

At the start of the SFY 2022, the TCEQ shared a list of over 250 public water systems with health violations. The TWDB's Outreach staff and the TCEQ's Enforcement Division staff continued outreach efforts to these communities in hopes of resolving their chronic issues. Seventeen entities submitted a PIF for consideration. Four projects were invited and submitted an application for funding in SFY 2022. As of August 31, 2022, a total of two systems have received a funding commitment.

The TWDB will continue to provide updates on the status of this initiative in future Annual Reports.

Financial Indicators

The TWDB annually reviews key financial health indicators of the CWSRF program to ensure the program is keeping "pace" with the national benchmarks. The TWDB's overall indicators have been comparable to the national averages as of the latest update provided by EPA via the last performance evaluation review (see next page).

TX DWSRF Financial Indicators (as of June 30, 2021)					
NIMS Line #	Financial Indicators based on Cumulative Activity	2019	2020	2021	National Average SFY 2021*
418	Return on Federal Investment	158.8%	184.5%	186.8%	213.9%
419	Assistance Provided as a % of Funds Available	83.2%	93.4%	92.1%	95.7%
420	Disbursements as a % of Assistance Provided	98.7%	98.9%	98.4%	86.9%
420.1	Ratio of Undisbursed Project Funds to Disbursements/Undisbursed Funds to Average Disbursements (Years to Disburse)	2.3 yrs.	0.7 yrs.	1.0 yr.	2.9 yrs.
421	Additional Assistance Provided Due to Leveraging	(\$171.7M)	\$174.1M	\$117.7M	N/A
424	Set-aside spending rate	94.0%	94.0%	93.9%	89.9%
425	Net Return/ (Loss)	\$39.8M	\$39.5M	\$27.5M	N/A
426	Net Return on Contributed Capital Excluding Subsidy	3.0%	2.8%	1.9%	N/A
N/A	Total Net	\$95.1M	\$77.4M	\$97.7M	N/A
N/A	Net Interest Margin	1.1%	0.6%	0.1%	0.7%

9. Performance Evaluation Review

Follow-up

The DWSRF requires that states comply with Section 1452 of the Safe Drinking Water Act, 40 CFR 35.3570(c). The EPA conducts an annual Performance Evaluation Review (PER) to evaluate compliance with the program and grant requirements. The SFY 2022 PER review was conducted March 8, 2022 – July 2022. The review was based upon the TWDB SFY 2021 annual activity. For the review, there were interactive discussions, file reviews, completion of the standardized national EPA checklists of program evaluation questions, and an analysis of the EPA Office of Chief Financial Officer's selected cash transactions. Overall, the EPA found that the TWDB is meeting compliance with Section 1452 of the SDWA, 40 CFR 35.3570(c), and the capitalization grant conditions.

The EPA shared five recommendations, which the TWDB accepted.

1. Provide EPA Region 6 with an update on the FFY 2020 capitalization grant's use of additional subsidization.

As of August 31, 2022, the TWDB has closed on \$11,973,552 in principal forgiveness for eligible project funding categories. While this amount still does not satisfy the minimum additional subsidy required to be provided from the FFY 2020 capitalization grant (\$17,256,000), the TWDB is continuing to work toward satisfying the requirement.

2. Continue to improve those financial indicators that do not meet or exceed the national average.

The TWDB has continued to focus on improving the financial indicators relative to their national averages.

3. Ensure that an improper payment of \$0.01 is remedied prior to finalization of the PER.

The TWDB resolved this payment issue before the finalization of the PER.

4. Ensure that an entity received the \$0.60 it was entitled to after TWDB received and approved an outlay that managed to omit the extra funding.

The TWDB resolved this payment issue before the finalization of the PER.

5. Ensure that an improper payment of \$575.74 is remedied prior to finalization of the PER.

The TWDB resolved this payment issue before the finalization of the PER.

10. Compliance Statements

Compliance with FFY 2021 DWSRF Grant Agreement Conditions

The TWDB has complied with all administrative and programmatic conditions in the FFY 2021 DWSRF Capitalization Grant Assistance Agreement (Agreement). The Agreement was adhered to by the TWDB in an appropriate and expeditious manner in compliance with state and federal law. The TWDB understands the terms and conditions as set forth in the Agreement. Any proposed changes or necessary corrections were provided to EPA for appropriate Agreement Amendments.

State Statutes

The TWDB has complied with all applicable state laws pertaining to the TWDB's DWSRF program.

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Appendix A: DWSRF SFY 2022 Tables

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Table 1						
Green Project Reserve and Additional Subsidization - 2021 IUP / 2020 Grant						
IUP and/or Grant Targets	GPR: \$ 8,628,000		Add Sub Minimum			\$ 17,256,000
			Add Sub Maximum			\$ 42,277,200
Recipient	Amount	Green	Green Subsidy	VSS	Disadvantaged	Urgent Need
Arp	\$ 7,367,173	\$ 6,172,164	\$ 925,825	\$ 300,000	\$ 3,739,348	\$ 800,000
Barksdale WSC	124,300	-	-	124,300	124,300	-
Breckenridge	3,637,809	2,221,275	333,191	-	979,618	-
Comanche	2,299,908	1,118,451	167,768	-	626,140	-
Crockett	3,450,905	-	-	-	1,705,905	-
Daingerfield	3,332,157	-	-	-	1,647,157	-
Ellinger Sewer & Water SC	1,400,000	-	-	-	-	500,000
Total Closed	\$ 21,612,252	\$ 9,511,890	\$ 1,426,784	\$ 424,300	\$ 8,822,468	\$ 1,300,000
Gladewater	2,638,000	-	-	-	777,900	-
East Texas of Smith Co.	2,108,530	-	-	-	623,530	-
Total Unclosed	\$ 4,746,530	\$ -	\$ -	\$ -	\$ 1,401,430	\$ -
Alice	\$ 7,000,000	\$ -	\$ -	\$ -	\$ 2,046,000	\$ -
Total Uncommitted	\$ 7,000,000	\$ -	\$ -	\$ -	\$ 2,046,000	\$ -
Grand Totals	\$ 33,358,782	\$ 9,511,890	\$ 1,426,784	\$ 424,300	\$ 12,269,898	\$ 1,300,000
					Total Additional Subsidy:	\$ 15,420,982

Green Project Reserve and Additional Subsidization - 2022 IUP / 2021 Grant							
IUP and/or Grant Targets	GPR: \$ 8,701,500		Add Sub Minimum				\$ 17,451,780
			Add Sub Maximum				\$ 42,686,130
Recipient	Amount	Green	Green Subsidy	Very Small Systems	Disadvantaged	Urgent Need	Emergency Preparedness
M & M WSC	\$ 1,269,700	\$ -	\$ -	\$ -	\$ 305,700	\$ -	\$ 75,000
Total Closed	\$ 1,269,700	\$ -	\$ -	\$ -	\$ 305,700	\$ -	\$ 75,000
Miles	\$ 275,000	\$ -	\$ -	\$ 269,608	\$ -	\$ -	\$ -
Riverside SUD	1,650,000	-	-	-	-	-	75,000
Strawn	2,001,900	-	-	300,000	928,900	-	-
Mullin ISD	1,000,000	-	-	300,000	300,000	-	-
Welch WSC	1,475,000	-	-	300,000	-	500,000	-
Total Unclosed	\$ 6,401,900	\$ -	\$ -	\$ 1,169,608	\$ 1,228,900	\$ 500,000	\$ 75,000
Angelina & Neches RA	\$ 23,970,040	\$ -	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 75,000
Daisetta	2,310,000	-	-	300,000	410,280	600,000	-
Donna	1,647,414	-	-	-	439,122	-	75,000
Medina Highlands	354,000	-	-	300,000	-	-	-
Total Uncommitted	\$ 28,281,454	\$ -	\$ -	\$ 600,000	\$ 4,849,402	\$ 600,000	\$ 150,000
Grand Totals	\$ 35,953,054	\$ -	\$ -	\$ 1,769,608	\$ 6,384,002	\$ 1,100,000	\$ 300,000
					Total Additional Subsidy:	\$ 9,553,610	

GPR = Green Project Reserve; VSS = Very Small Systems
Add Sub = Additional Subsidization in the form of principal forgiveness

Table 2			
Green Project Reserve - 2021 IUP / 2020 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
Arp	Water Efficiency	\$ 6,172,164	The City intends to replace approximately 41,000 linear feet of asbestos cement, cast iron, and galvanized iron pipes with high density polyethylene (HDPE) pipe and replace existing meters with an automatic meter reading (AMR) system. The project will also include the replacement of existing fire hydrants, valves, and valve boxes within the system.
Breckenridge	Water Efficiency	2,221,275	The City desires to install improvements/upgrades at the WTP and raw water intake structure. In addition, the City is planning to rehabilitate various portions of the distribution system in order to reduce the number of water line leaks/breaks that have resulted in numerous boil water notices.
Comanche	Water Efficiency	1,118,451	The City is proposing to make improvements to its water system by replacing lines and installing isolation valves on the main supply line. The improvements also include installing a new well and pump station as a secondary source of water supply.
Grand Total	1	\$ 6,172,164	

Green Project Reserve Requirement: \$ 8,628,000
72%

Green Project Reserve - 2022 IUP / 2021 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
<i>No projects have applied or been committed as of August 31, 2022.</i>			
Grand Total			

Green Project Reserve Requirement: \$ 8,620,200
0%

Table 3 - Grant and Match Funds

FFY	SFY/ IUP	Grant Award #	SRF Grant	State Match 20%	State Match provided from State Appropriations/ Other Sources	State Match provided from Bonds	State Match Provided	In-Kind
1997	1997	FS-99679501	\$ 70,153,800	\$ 14,030,760	\$ -	\$ -	\$ -	\$ -
1998	1998	FS-99679502	54,014,400	10,802,880	13,166,911	-	13,166,911	-
1999	1999	FS-99679503	56,612,200	11,322,440	5,843,600	3,000,000	8,843,600	-
2000	2000	FS-99679504	58,836,500	11,767,300	3,750,000	-	3,750,000	-
2001	2001	FS-99679505	59,079,800	11,815,960	4,098,104	10,000,000	14,098,104	-
2002	2002	FS-99679506	62,023,700	12,404,740	4,098,104	14,500,000	18,598,104	-
2003	2003	FS-99679507	61,651,000	12,330,200	3,130,403	20,000,000	23,130,403	-
2004	2004	FS-99679508	63,953,900	12,790,780	3,130,403	10,000,000	13,130,403	-
2005	2005	FS-99679509	63,818,500	12,763,700	3,636,971	12,800,000	16,436,971	-
2006	2006	FS-99679510	67,799,550	13,563,165	3,636,971	9,000,000	12,636,971	-
2007	2007	FS-99679511	67,801,000	13,560,200	3,735,026	9,622,377	13,357,403	-
2008	2008	FS-99679512	42,112,000	13,422,400	5,183,323	8,242,332	13,425,655	54,887
2009	2009	FS-99679513	10,737,920	13,422,400	-	13,422,400	13,422,400	-
2009	ARRA	2F-96692301	160,656,000	-	-	-	-	-
	2010	No Grant Used	-	-	-	-	-	-
2010	2011	FS-99679514	67,628,080	17,250,800	4,936,171	12,314,629	17,250,800	-
2011	2012	FS-99679515	59,854,000	11,970,800	7,597,404	4,373,396	11,970,800	77,600
2012	2013	FS-99679516	57,041,000	11,408,200	949,408	10,458,792	11,408,200	-
2013	2014	FS-99679517	53,517,000	10,703,400	351,787	10,351,613	10,703,400	-
2014	2015	FS-99679518	63,953,000	12,790,600	2,336,171	10,454,429	12,790,600	-
2015	2016	FS-99679519	63,532,000	12,706,400	2,336,171	10,454,429	12,790,600	-
2016	2017	FS-99679520	60,104,000	12,020,800	2,336,171	9,600,429	11,936,600	-
2017	2018	FS-99679521	59,590,000	11,918,000	2,336,171	9,581,829	11,918,000	-
2018	2019	FS-99679522	87,040,000	17,408,000	2,336,171	15,071,829	17,408,000	-
2019	2020	FS-99679523	86,225,000	17,245,000	2,336,171	14,908,829	17,245,000	20,000
2020	2021	FS-99679524	86,280,000	17,256,000	-	17,256,000	17,256,000	-
2021	2022	FS-99679525	87,015,000	17,403,000	2,952,492	45,263,342	48,215,834	-
Totals			\$ 1,731,029,350	\$ 334,077,925	\$ 84,214,104	\$ 280,676,655	\$ 364,890,759	\$ 152,487

Cumulative Over/(Under) Match: 30,812,834

GO = General Obligations

Notes: The TWDB performed a \$100 million transfer between the DWSRF and the CWSRF. The transferred funds were from the SFY 2008, 2009, and 2011 associated grants, as reflected above.

The amount listed as the State Match 20% for the FFY 2006 grant represents the amount listed on the capitalization grant agreement. The TWDB did not request an amendment from EPA to update the amount to an accurate 20% of the grant and instead overmatched to this amount.

Table 4 – Capitalization Grant Draws			
	Beginning Balance	Expended	Balance - 08/31/2022
FS-99679524 FY 2020			
Construction	\$ -	\$ -	\$ -
Administration	385,869.73	385,869.73	-
TCEQ 2% Set-Aside	1,448,235.28	1,103,164.07	345,071.21
TCEQ 10% Set-Aside	6,565,344.24	6,565,344.24	-
TCEQ 15% Set-Aside	370,927.98	370,927.98	-
Totals	\$ 8,770,377.23	\$ 8,425,306.02	\$ 345,071.21
FS-99679525 FY 2021			
Construction	\$ 68,992,600.00	\$ 68,992,600.00	\$ 0.00
Administration	3,480,600.00	3,248,152.68	232,447.32
TCEQ 2% Set-Aside	1,740,300.00	-	1,740,300.00
TCEQ 10% Set-Aside	8,701,500.00	1,672,752.64	7,028,747.36
TCEQ 15% Set-Aside	4,100,000.00	2,437,354.13	1,662,645.87
Totals	\$ 87,015,000.00	\$ 76,350,859.45	\$ 10,664,140.55
Grand Totals	\$ 95,785,377.23	\$ 84,776,165.47	\$ 11,009,211.76

Table 5 – Binding Commitments Summary

IUP	Recipient	Project ID	Commitment #	Type	Commitment Date	Status	Closing Date	Amount	Required Binding Commitments	Total Commitments / Quarter	% of Required
(1997) - (2021)	Previous SFYs							\$ 3,580,640,720	\$ 1,689,745,408	\$ 3,461,966,499	204.88%
2021	Barksdale WSC	62907	LF1001433	Non-EQ	10/7/2021	Active	12/15/2021	124,300	1,777,559,008	3,462,090,799	194.77%
2021	Crockett	62912	L1001458	EQ	12/16/2021	Active	4/21/2022	1,745,000	1,777,559,008	3,475,894,612	195.54%
2021	Crockett	62912	LF1001465	EQ	12/16/2021	Active	4/21/2022	1,705,905			
2021	Ellinger Sewer & Water SC	62839	L1001420	EQ	12/16/2021	Active	6/29/2022	628,000			
2021	Ellinger Sewer & Water SC	62839	LF1001449	EQ	12/16/2021	Active	6/29/2022	500,000			
2021	Meeker MWD	62911	L1001457	EQ	12/16/2021	Active	4/26/2022	6,925,000			
2021	Comanche	62906	L1001415	EQ	1/6/2022	Active	5/17/2022	1,020,000			
2021	Comanche	62906	L1001470	EQ	1/6/2022	Active	5/17/2022	486,000			
2021	Comanche	62906	LF1001471	EQ	1/6/2022	Active	5/17/2022	793,908			
2021	Breckenridge	62913	L1001493	EQ	3/3/2022	Active	7/13/2022	1,305,000			
2021	Breckenridge	62913	L1001494	EQ	3/3/2022	Active	7/13/2022	1,020,000			
2021	Breckenridge	62913	LF1001495	EQ	3/3/2022	Active	7/13/2022	1,312,809			
2021	Daingerfield	62916	L1001505	EQ	3/3/2022	Active	6/9/2022	1,685,000			
2021	Daingerfield	62916	LF1001506	EQ	3/3/2022	Active	6/9/2022	1,647,157			
2021	Tom Green Co FWSD # 2	62915	LF1001454	EQ	4/11/2022	Active	8/26/2022	300,000			
2022	Pflugerville	62919	L1001499	EQ	4/11/2022	Active	8/25/2022	24,000,000			
2022	M & M WSC	62921	L1001507	EQ	5/11/2022	Active	8/10/2022	889,000			
2022	M & M WSC	62921	LF1001508	EQ	5/11/2022	Active	8/10/2022	380,700			
2022	Strawn	62926	L1001523	EQ	5/11/2022	Commitment		773,000	1,777,559,008	3,527,205,708	198.43%
2022	Strawn	62926	LF1001524	EQ	5/11/2022	Commitment		1,228,900			
2021	East Texas MUD of Smith County	62917	L1001538	EQ	7/7/2022	Commitment		476,000			
2021	East Texas MUD of Smith County	62917	L1001539	EQ	7/7/2022	Commitment		1,020,000			
2021	East Texas MUD of Smith County	62917	LF1001540	EQ	7/7/2022	Commitment		623,530			
2022	Riverside SUD	62923	L1001511	Non-EQ	7/7/2022	Commitment		1,575,000			
2022	Riverside SUD	62923	LF1001512	Non-EQ	7/7/2022	Commitment		75,000			
2020	Parker County SUD	62895	L1001201	EQ	8/18/2022	Commitment		13,000,000			
SFY Totals				26				\$65,239,209			

Table 6 - Federal Funds Drawn	
SFY	Amount
1997 - 2009 (incl. ARRA)	\$ 555,881,085
2010	111,652,167
2011	140,761,437
2012	105,178,704
2013	52,114,038
2014	84,209,872
2015	77,716,526
2016	148,192,086
2017	41,890,440
2018	63,039,936
2019	81,759,468
2020	87,741,408
2021	85,086,805
2022	84,776,165
Grand Total	\$ 1,720,000,138

Table 7 – Grant Payments by Quarter					
	SFY 1997 - SFY 2021	SFY 2022			
	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
GRANT PAYMENTS					
All Previous Grants (including ARRA)	\$ 1,721,503,973	\$ -	\$ -	\$ -	\$ -
FS-99679525		87,015,000	-	-	-
QUARTERLY TOTAL	\$ 1,721,503,973	\$ 87,015,000	\$ -	\$ -	\$ -
REQUIRED BINDING COMMITMENTS					
	SFY 1997 - SFY 2022	SFY 2023			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Cumulative EPA Payments	\$ 1,721,503,973	\$ 1,808,518,973	\$ 1,808,518,973	\$ 1,808,518,973	\$ 1,808,518,973
+ State Match	316,674,925	334,077,925	334,077,925	334,077,925	334,077,925
- Set-Asides	262,153,490	336,157,491	336,157,491	336,157,491	336,157,491
REQUIRED BINDING COMMITMENTS (Within One Year From the Date of the EPA Payment)	\$ 1,776,025,408	\$ 1,806,439,407	\$ 1,806,439,407	\$ 1,806,439,407	\$ 1,806,439,407

Table 8 - Administrative Costs

SFY	Funds Received					Total Administration Expended
	Federal Funds (including ARRA Funds)				State Funds	
	4% Administration	Banked Administration	Other	Total Federal Funds		
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	2,806,152	-	-	2,806,152	-	951,001
1999	-	-	-	-	-	1,222,382
2000	2,160,576	-	-	2,160,576	-	830,921
2001	-	-	-	-	-	1,525,991
2002	2,264,488	-	-	2,264,488	-	432,220
2002	2,353,460	-	-	2,353,460	-	-
2003	-	-	-	-	-	1,853,449
2004	2,363,192	-	-	2,363,192	-	1,259,843
2005	2,480,948	-	-	2,480,948	-	2,487,202
2006	2,466,040	-	-	2,466,040	-	3,295,962
2007	2,711,982	-	-	2,711,982	-	3,851,198
2008	2,712,040	1,123,737	-	3,835,777	-	3,909,161
2009	2,684,480	1,722,671	-	4,407,151	-	4,084,522
2009	6,426,240	-	-	6,426,240	-	-
2010	2,684,480	-	-	2,684,480	-	6,439,595
2011	3,450,160	-	-	3,450,160	-	5,162,897
2012	2,394,160	-	-	2,394,160	-	3,268,839
2013	2,149,153	-	-	2,149,153	-	3,443,891
2014	2,140,680	-	-	2,140,680	-	3,075,565
2015	2,558,120	-	-	2,558,120	-	2,558,120
2016	2,541,280	-	-	2,541,280	-	2,541,280
2017	2,404,160	-	-	2,404,160	-	2,316,747
2018	2,383,600	-	-	2,383,600	-	2,471,013
2019	3,481,600	-	-	3,481,600	-	3,147,212
2020	3,449,000	-	-	3,449,000	-	3,642,372
2021	3,451,200	-	-	3,451,200	-	3,206,346
2022	3,480,600	-	-	3,480,600	-	3,634,022
Grand Totals	\$ 67,997,791	\$ 2,846,408	\$ -	\$ 70,844,199	\$ -	\$ 70,611,752

Table 9 - DBE Utilization			
	Construction	Non-Construction	Total Dollar Value
M/WBE Participation	38,081,071	24,337,415	62,418,486
Total Procurements	265,399,436	79,137,807	344,537,243

Total M/WBE Participation	18.12%
---------------------------	--------

M/WBE Participation = Combined minority- and women-owned business activity

Table 10 - Multi-Year Funding					
Recipient	Project ID	Commitment #	Commitment Date	Anticipated Closing Date	Commitment Amount
Austin	62854	LM231040	10/03/2019	11/17/2022	24,630,000
Bay City	62902	LM231193	02/25/2021	02/14/2023	4,975,000
Bay City	62902	LM241193	02/25/2021	05/31/2024	4,820,000
Bay City	62902	LM251193	02/25/2021	05/31/2025	3,735,000
Creedmoor Maha WSC	62805	LM20876	10/16/2018	10/28/2022	4,667,500
North Alamo WSC	62858	LM221121	03/12/2020	12/16/2022	2,527,000
Riverbend Water Resources	62883	LM221181	08/05/2020	04/30/2023	8,640,000
Riverbend Water Resources	62883	LM221182	08/05/2020	04/30/2023	5,760,000
Riverbend Water Resources	62883	LM231181	08/05/2020	04/30/2024	44,580,000
Riverbend Water Resources	62883	LM231182	08/05/2020	04/30/2024	29,720,000
Terrell	62808	LM22881	10/30/2018	12/08/2022	4,150,000
Grand Totals	6	Unique projects			138,204,500

Table 11 – Sources and Uses of Funds (Cash Basis)

Cash Available:	\$ 254,409,614
 SOURCES:	
Federal Grants Drawn	\$ 84,776,165
State Match Deposited	\$ 616,321
Principal Repayments	\$ 86,170,001
Interest Repayments	\$ 18,415,645
Investment Earnings on Funds	\$ 2,293,124
DWSRF Revenue Bond Proceeds	\$ 370,165,630
TOTAL SOURCES:	\$ 562,436,887
 USES:	
<u>Set-Asides Used</u>	
Administration Expenses - 4% Set-Aside	\$ 3,634,022
TCEQ Small Systems Technical Assistance Program - 2% Set-Aside	\$ 1,103,164
TCEQ Texas State Management Program - 10% Set-Aside	\$ 8,238,097
TCEQ Capacity Development - 15% Set-Aside	\$ 2,808,282
Total Set-Asides:	\$ 15,783,565
 <u>Projects Funded</u>	
Funds Disbursed	\$ 252,661,767
Total Projects Funded:	\$ 252,661,767
 <u>Debt Service</u>	
Revenue Bonds - Principal Paid	\$ 19,210,000
Match General Obligation Bonds - Principal Paid	\$ 9,308,009
Total Interest Paid	\$ 23,547,818
Total Debt Service:	\$ 52,065,826
 TOTAL USES:	 \$ 320,511,159
 NET SOURCES (USES):	 \$ 241,925,728
 Cash - Ending Balance (8/31/2022):	 \$ 496,335,342

Fees are not deposited into the Fund; therefore, based on EPA guidance they are not included in the Sources and Uses of Funds.

Revenue Bond Proceeds are net of cost of issuance and include proceeds issued for state match.

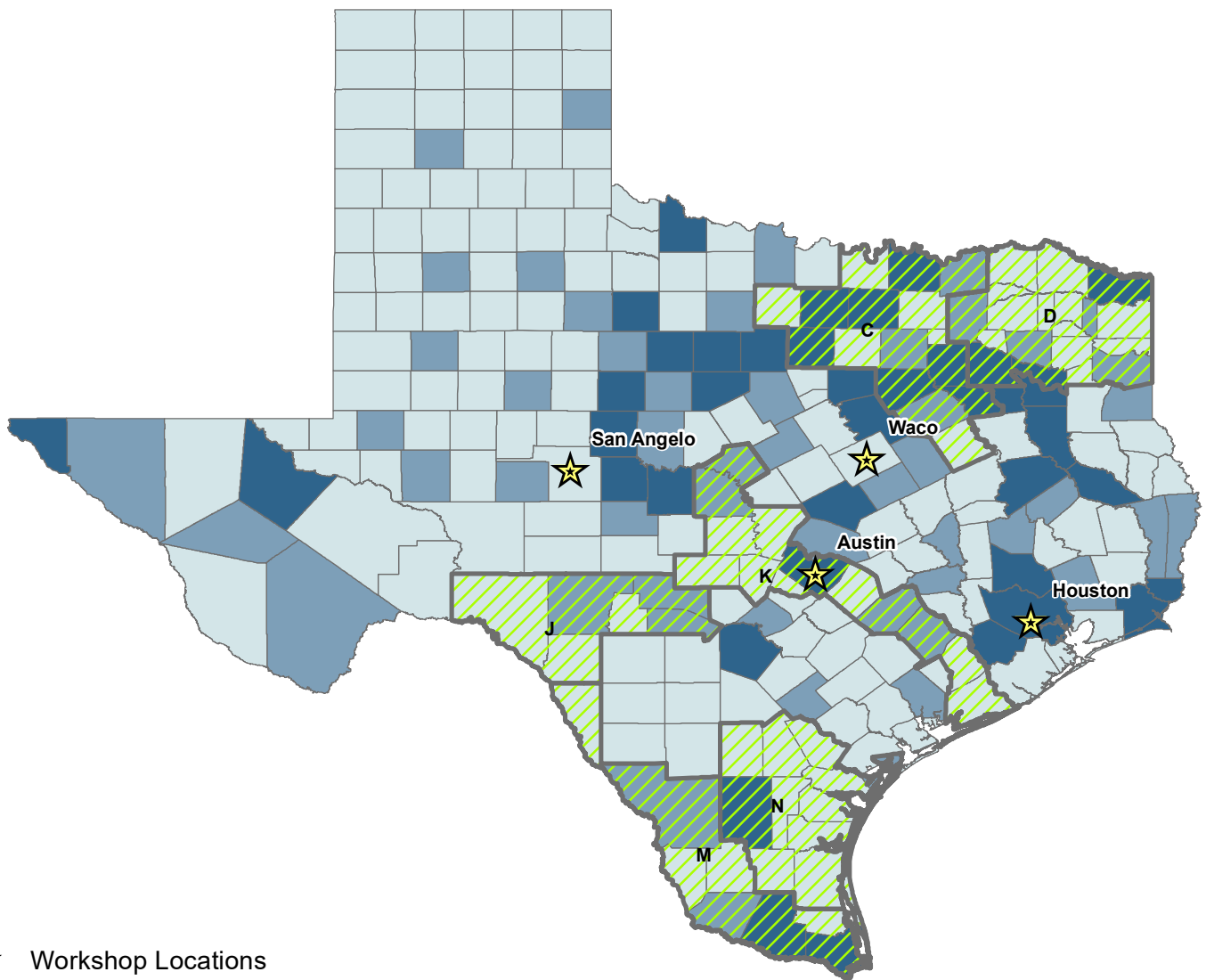
**TEXAS WATER DEVELOPMENT BOARD
DRINKING WATER STATE REVOLVING FUND
PROJECTED ANNUAL CASH FLOW COVERAGE¹
AS OF AUGUST 31, 2022**

Operational Minimum DSC: **1.10**
Lowest Total DSC: **1.49**

Fiscal Year (2)	Pledged Loan		Pledged Principal & Non-Pledged		Revenue Bond		Total Debt Service	Total Debt Service Coverage (8)	Annual Excess Revenue
	Receipt Interest 7/1 - 6/30 (3)	Debt Service for Match (4)	Match Excess	Loan Receipts 7/1 - 6/30 (5)	Revenue Bond Debt Service (6)	Debt Service Coverage (7)			
2023	\$19,254,971	\$20,454,729		\$80,003,642	\$46,112,227	1.73	\$66,566,956	1.49	\$32,691,657
2024	\$18,979,916	19,590,085		82,523,828	46,116,225	1.79	65,706,310	1.54	35,797,433
2025	18,431,686	18,453,436	-	82,810,016	46,115,725	1.80	64,569,161	1.57	36,672,541
2026	17,829,018	17,273,213	555,805	84,701,230	46,123,475	1.85	63,396,688	1.62	39,133,560
2027	17,163,267	16,186,709	976,558	85,484,869	46,121,475	1.87	62,308,184	1.65	40,339,952
2028	16,439,856	14,108,929	2,330,928	86,111,413	46,117,475	1.92	60,226,404	1.70	42,324,865
2029	15,695,399	11,701,542	3,993,857	84,101,438	46,118,725	1.91	57,820,267	1.73	41,976,570
2030	14,973,039	8,246,816	6,726,223	83,711,882	46,111,975	1.96	54,358,791	1.82	44,326,130
2031	14,201,788	4,512,171	9,689,616	82,265,644	46,114,475	1.99	50,626,646	1.91	45,840,786
2032	13,395,039	3,452,775	9,942,264	81,664,827	46,122,475	1.99	49,575,250	1.92	45,484,617
2033	12,535,318	2,850,455	9,684,863	82,681,712	46,117,225	2.00	48,967,680	1.94	46,249,350
2034	11,620,087	2,726,939	8,893,148	79,416,689	46,115,725	1.91	48,842,664	1.86	42,194,112
2035	10,742,098	2,044,200	8,697,898	77,148,661	46,121,425	1.86	48,165,625	1.82	39,725,135
2036	9,932,889	2,043,600	7,889,289	70,129,584	46,123,825	1.69	48,167,425	1.66	31,895,048
2037	9,162,327	-	9,162,327	65,975,329	46,117,225	1.63	46,117,225	1.63	29,020,431
2038	8,391,563	-	8,391,563	64,615,313	46,115,288	1.58	46,115,288	1.58	26,891,589
2039	7,640,206	-	7,640,206	61,543,167	42,699,500	1.62	42,699,500	1.62	26,483,873
2040	6,924,165	-	6,924,165	55,598,169	28,419,938	2.20	28,419,938	2.20	34,102,397
2041	6,218,304	-	6,218,304	53,645,871	22,288,856	2.69	22,288,856	2.69	37,575,319
2042	5,495,239	-	5,495,239	53,540,884	12,190,313	4.84	12,190,313	4.84	46,845,811
2043	4,757,655	-	4,757,655	53,256,043	12,190,625	4.76	12,190,625	4.76	45,823,074
2044	4,026,147	-	4,026,147	52,041,635	-	-	-	-	56,067,782
2045	3,305,346	-	3,305,346	51,547,091	-	-	-	-	54,852,437
2046	2,589,561	-	2,589,561	45,683,491	-	-	-	-	48,273,052
2047	1,989,878	-	1,989,878	41,688,183	-	-	-	-	43,678,061
2048	1,441,081	-	1,441,081	40,148,689	-	-	-	-	41,589,771
2049	962,215	-	962,215	33,912,524	-	-	-	-	34,874,738
2050	603,262	-	603,262	26,489,438	-	-	-	-	27,092,699
2051	340,853	-	340,853	18,830,190	-	-	-	-	19,171,042
2052	139,943	-	139,943	11,037,097	-	-	-	-	11,177,040
2053	25,897	-	25,897	2,256,376	-	-	-	-	2,282,273
2054	292	-	292	57,000	-	-	-	-	57,292
2055	-	-	-	-	-	-	-	-	-
2056	-	-	-	-	-	-	-	-	-
2057	-	-	-	-	-	-	-	-	-
	\$275,208,305	\$143,645,600	\$133,394,383	\$1,874,621,925	\$855,674,196		\$999,319,795		\$1,150,510,435

- (1) This cash flow coverage provides a presentation of only the DWSRF, and identifies the portion of outstanding debt designated for state match that is to be repaid only from interest earnings, as required by the EPA. This is distinct from and not reflective of the pledge portrayed in the cash flow coverage provided under SRF Revenue Bond offering documents.
- (2) The Texas Water Development Board's fiscal year runs from 9/1 to 8/31.
- (3) Represents pledged loan interest repayments received from July 1st through June 30th.
- (4) Represents debt service requirements on GO State Match Bonds, and the portion of SRF Revenue Bonds designated for state match.
- (5) Represents pledged loan principal repayments and non-pledged principal and interest repayments received from July 1st through June 30th, excluding prepayments of principal.
- (6) Represents debt service requirements on SRF Revenue Bonds not designated for state match.
- (7) Represents debt service coverage ratio for SRF Revenue Bonds not designated for state match.
- (8) Total revenue to debt ratio. Total revenue includes loan repayments from July 1st through June 30th.

Map of Workshops Completed in SFY 2022



★ Workshop Locations

▨ Planning Region receiving a Webinar

PIF Count

0

1

2+

PIF = Project Information Form



1 inch = 130.09 miles

Appendix B: DWSRF SFY 2022 Projects

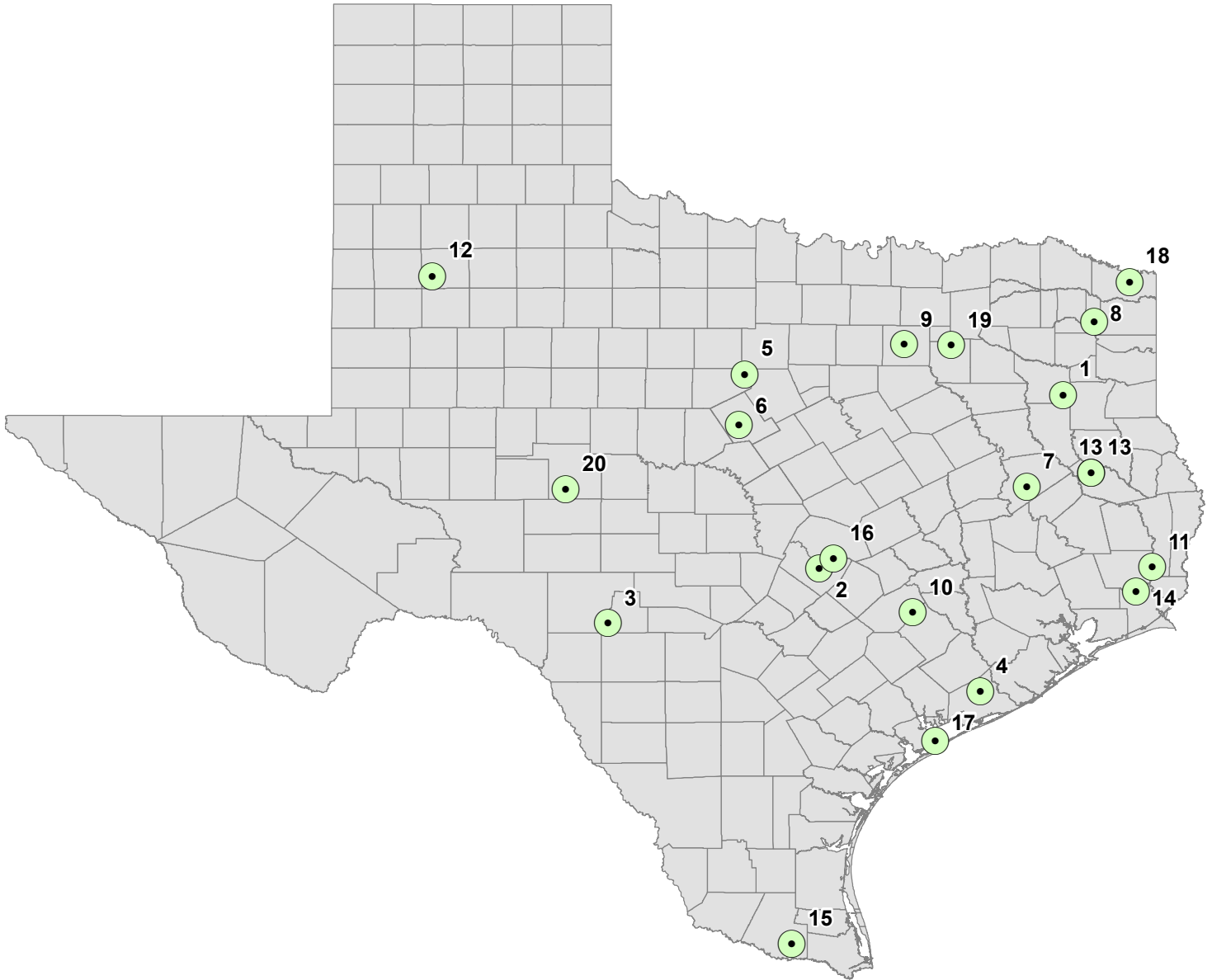
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Commitments Closed											
Map ID	Entity	Commitment #	Loan Amount	Principal Forgiven	Total Closed	Equivalency	First Principal Payment	Last Principal Payment	Interest Rate	IUP Year	Small Community
1	Arp	L1001436	\$ 1,602,000	\$ -	\$ 1,602,000	EQ	06/15/2023	06/15/2051	0.00%	2021	Yes
1	Arp	LF1001437		5,765,173	5,765,173	EQ				2021	Yes
2	Austin	LM221040	30,000,000		30,000,000	EQ	11/15/2022	11/15/2051	0.08%	2019	
3	Barksdale WSC	LF1001433		124,300	124,300	Non-EQ				2021	Yes
4	Bay City	LM221193	5,645,000		5,645,000	Non-EQ	09/01/2023	09/01/2051	1.57%	2020	
5	Breckenridge	L1001493	1,305,000		1,305,000	EQ	03/15/2024	03/15/2053	1.33%	2021	Yes
5	Breckenridge	L1001494	1,020,000		1,020,000	EQ	03/15/2024	03/15/2053	1.33%	2021	Yes
5	Breckenridge	LF1001495		1,312,809	1,312,809	EQ				2021	Yes
6	Comanche	L1001415	1,020,000		1,020,000	EQ	09/01/2024	09/01/2053	0.00%	2021	Yes
6	Comanche	L1001470	486,000		486,000	EQ	09/01/2024	09/01/2053	2.18%	2021	Yes
6	Comanche	LF1001471		793,908	793,908	EQ				2021	Yes
7	Crockett	L1001458	1,745,000		1,745,000	EQ	08/15/2024	08/15/2043	0.00%	2021	Yes
7	Crockett	LF1001465		1,705,905	1,705,905	EQ				2021	Yes
8	Daingerfield	L1001505	1,685,000		1,685,000	EQ	02/15/2023	02/15/2052	0.00%	2021	Yes
8	Daingerfield	LF1001506		1,647,157	1,647,157	EQ				2021	Yes
9	Dallas	LM21066	44,000,000		44,000,000	EQ	10/01/2023	10/01/2051	1.03%	2017	
10	Ellinger Sewer & Water SC	L1001420	628,000		628,000	EQ	03/15/2023	03/15/2052	0.00%	2021	Yes
10	Ellinger Sewer & Water SC	LF1001449		500,000	500,000	EQ				2021	Yes
11	Evadale WCID # 1	LF1001146		300,000	300,000	EQ				2020	Yes
12	Lubbock	L1001355	10,445,000		10,445,000	Non-EQ	02/15/2022	02/15/2041	0.83%	2020	
13	M & M WSC	L1001507	889,000		889,000	EQ	03/15/2023	03/15/2047	0.00%	2022	Yes
13	M & M WSC	LF1001508		380,700	380,700	EQ				2022	Yes
14	Meeker MWD	L1001457	6,925,000		6,925,000	EQ	09/01/2023	09/01/2052	1.90%	2021	Yes
15	North Alamo WSC	LM211121	7,903,000		7,903,000	EQ	11/01/2022	11/01/2052	1.60%	2020	
16	Pflugerville	L1001499	24,000,000		24,000,000	EQ	08/01/2024	08/01/2052	2.27%	2022	
17	Port O'Connor ID	L1001184	6,000,000		6,000,000	Non-EQ	09/01/2023	09/01/2052	2.28%	2020	Yes
18	Riverbend Water Resources	LM211181	55,800,000		55,800,000	EQ	10/15/2022	10/15/2051	2.07%	2020	
18	Riverbend Water Resources	LM211182	37,200,000		37,200,000	EQ	10/15/2022	10/15/2051	0.40%	2020	
19	Terrell	LM21881	1,535,000		1,535,000	EQ	08/15/2022	08/15/2051	0.57%	2018	
20	Tom Green Co FWSD # 2	LF1001454		300,000	300,000	EQ				2021	Yes
Totals		30	\$ 239,833,000	\$ 12,829,952	\$ 252,662,952						

"EQ" = equivalency' "Non-EQ" = non-equivalency

Project Locations of Closings



1 inch = 119.76 miles

Descriptions of Closed Projects

Arp			
Distribution System Repairs			
Project # 62905			
Commitment Amount	\$7,367,173	Closing Date	12/14/2021
Commitment Code(s)	L1001436, LF1001437	Map Location	1
<p>Project Need: The City of Arp's aging distribution system consists of approximately 100,000 linear feet of water lines that are made of asbestos cement, cast iron, galvanized iron, and polyvinyl chloride (PVC). The deteriorating asbestos cement pipes date from the 1960s and the cast iron and galvanized iron pipes date from the 1920s. These pipes are past their useful life and contribute to water loss throughout the system and asbestos maximum contaminant level (MCL) violations with the Texas Commission on Environmental Quality (TCEQ). The City's manual read water meter inaccuracy has resulted in reduced water revenue and taken up essential manpower resources.</p> <p>Project Description: The City intends to replace approximately 41,000 linear feet of asbestos cement, cast iron, and galvanized iron pipes with high density polyethylene (HDPE) pipe and replace existing meters with an automatic meter reading (AMR) system. The project will also include the replacement of existing fire hydrants, valves, and valve boxes within the system.</p>			
Austin			
North Austin Reservoir & Pump Station Replacement			
Project # 62854			
Commitment Amount	\$30,000,000	Closing Date	11/17/2021
Commitment Code(s)	LM221040	Map Location	2
<p>The City of Austin (City) needs to rehabilitate and upgrade water system facilities at the North Austin Reservoir and Ullrich Pump Station that are at the end of their useful lives. The upgrades will improve reliability, safety, and allow for repairs with parts that meet current industry standards.</p> <p>At the City's North Austin Reservoir, the City proposes to decommission existing infrastructure and construct a new facility that will include a new 8-million-gallon ground storage tank and a pump station. At the Ullrich Pump Station, the City proposes to construct a new electrical building, including site work, and replace electrical equipment and a generator.</p>			
Barksdale WSC			
Water System Improvement			
Project # 62907			
Commitment Amount	\$124,300	Closing Date	12/15/2021
Commitment Code(s)	LF1001433	Map Location	3
<p>The Barksdale Water Supply Corporation (Corporation) provides water service to the City of Barksdale, located 125 miles west of San Antonio. In February 2018, the Texas Commission on Environmental Quality (TCEQ) notified the Corporation that the water supply from its two alluvial wells are deemed to be Groundwater Under the Influence of Surface Water (GUI) and that enhanced treatment was required. Since a portion of the groundwater source's recharge is from surface water, the groundwater source is considered at risk of contamination from pathogens such as Giardia lamblia and viruses, which are not normally found in groundwater. In October 2019, TCEQ issued a violation for failure to provide enhanced treatment. In addition, the Corporation's water loss exceeds the threshold for apparent water loss.</p>			

The Corporation proposes to add enhanced filtration to its existing wells by installing cartridge water filtration units. New valves, piping and fittings will be required to connect the filtration to the existing water system. The Corporation also proposes to replace its 89 existing manual meters with automated meters to improve metering accuracy and reduce the Corporation's apparent water loss.

Bay City
 Design and Construction of Bay City Water System Improvements
 Project # 62902

Commitment Amount	\$5,645,000	Closing Date	03/09/2022
Commitment Code(s)	LM221193	Map Location	4

The City does not have adequate water plant capacity and system pressure due to centrally located water plant facilities with increasing demand in the periphery. The City needs to expand the water system's capacity outside of the City core to meet current and projected need and provide adequate pressure to development in the north and northeast regions of the system in the City's extraterritorial jurisdiction. The current capacity of the City's six water treatment plants (WTP) is 9 million gallons-per-day (MGD).

The City proposes to expand and rehabilitate its water production, treatment, and distribution system by constructing two new WTPs with total average capacity of 0.855 MGD and a 1,000-gallons-per-minute well at each WTP. The project includes advanced metering infrastructure with new meters city-wide and 12-inch transmission lines to loop the system and reduce outages. The City proposes to improve three of its water treatment plants (6th Street & Avenue I WTP, Mockingbird WTP, and 4th Street and Avenue B WTP) including electrical, rework, and recoating, improvements at Whitson and Liberty Elevated Storage Tanks, installation of fire hydrants, and replacement of valves.

Breckenridge
 Breckenridge Water System Improvements
 Project # 62913

Commitment Amount	\$3,637,809	Closing Date	07/13/2022
Commitment Code(s)	L1001493, L1001494, LF1001495	Map Location	5

Project Need: Various components at the City of Breckenridge's WTP are in need of upgrades and improvements, as is the raw water intake structure at Lake Daniels. In addition, various sections of the City's distribution system are in frequent need of repair due to line breaks. Almost 70 boil water notices were issued by the TCEQ from 2017 to the beginning of 2019 alone due to these waterline breaks.

Project Description: The City proposes WTP upgrades including the chemical bulk storage area, the existing clearwell, and the filter backwash pond. The proposed improvements at the Lake Daniels raw water intake structure include replacement of the wheel operated intake gates and concrete repairs to the structure. In addition, the City also proposes to rehabilitate various portions of the distribution system via waterline replacements to address water loss issues. The project also includes the development of an asset management plan.

Comanche
Water System Improvements
Project # 62906

Commitment Amount	\$2,299,908	Closing Date	05/17/2022
Commitment Code(s)	L1001415, L1001470, LF1001471	Map Location	6

The City has been cited by the TCEQ for violating the required 0.6 gallon per minute supply per connection and for excess trihalomethanes in its system. Water system improvements are needed in order to bring the system back into compliance with these minimum pressure and water quality parameters.

The proposed project includes installation of isolation valves on the City's main water line, improvements to the existing 1.1 million-gallon (MG) standpipe, improvements to an existing pump station, and replacement of approximately 10,000 linear feet of distribution lines and approximately 150 water service meters.

Crockett
DWSRF Water Line Rehabilitation
Project # 62912

Commitment Amount	\$3,450,905	Closing Date	04/21/2022
Commitment Code(s)	L1001458, LF1001465	Map Location	7

The City of Crockett's existing water lines along State Highway 7 and State Highway 21 are failing due to age causing numerous leaks. The deteriorating water lines damage roadway pavement and contribute to overall water loss. The Texas Department of Transportation (TxDOT) has plans to rehabilitate these roadways and require existing utility lines to be relocated or rehabilitated prior to roadway construction.

The City intends to rehabilitate approximately 13,000 feet of existing six-inch water lines along State Highways 7 and 21 between the City's 5th Street and East Loop 304. The pipe rehabilitation will utilize the pipe bursting method with select excavations for the connection to existing water mains and service connections.

Daingerfield
Water System Upgrades
Project # 62916

Commitment Amount	\$3,332,157	Closing Date	06/09/2022
Commitment Code(s)	L1001505, LF1001506	Map Location	8

The City's water distribution system is undersized for the amount of connections currently serviced. Waterlines are aging and in need of replacement to prevent water loss and maintain pressure throughout the system. The elevated storage tank is deteriorating and does not meet TCEQ regulatory requirements related to size, condition, and elevation.

The City proposes to replace aging undersized waterlines with PVC pipe and to construct a new 200,000 gallon elevated storage tank at the site of the existing tank. The project also includes sitework, a hydropneumatic pressure tank, yard piping, valves, and a future determination of the raw water pump station.

Dallas
Water Distribution System Improvements (5 Year)
Project # 62741

Commitment Amount	\$44,000,000	Closing Date	05/18/2022
Commitment Code(s)	LM21066	Map Location	9

Dallas Water Utilities’ small diameter water main replacement program provides for the rehabilitation or replacement of approximately 40 miles of small diameter water main every year. The purpose of the program is to maintain integrity of the water distribution system, thereby reducing main breaks, maintenance costs, water losses and impacts to the public.

The City of Dallas will utilize DWSRF funds to construct multiple segments of small diameter water main (less than 20-inch) replacements totaling nearly 40 miles/year.

Ellinger Sewer & Water SC
Water Plant Improvements
Project # 62839

Commitment Amount	\$1,128,000	Closing Date	06/29/2022
Commitment Code(s)	L1001420, LF1001449	Map Location	10

The Ellinger Sewer and Water Supply Corporation (Corporation) serves the unincorporated area of Ellinger, which is approximately 80 miles west of Houston on State Highway 71. The Corporation must comply with Texas Commission on Environmental Quality (TCEQ) requirements for arsenic in their water distribution system. The Corporation recently received a loan from the United States Department of Agriculture for a new well and intends to blend groundwater from the new well to reduce arsenic and bring the system into compliance with the TCEQ. After numerous attempts to find quality water that was arsenic free and would meet TCEQ standards and requirements for their water system, the Corporation has decided to obtain additional funds and upgrade their water treatment plant to permanently address this issue and bring their system into compliance.

As part of this strategy, the Corporation needs to replace an aging and deteriorated standpipe. The new ground storage tank will add an estimated 50,000 gallons of storage and provide reliable, long-term storage for the blended water. In addition to constructing the new ground storage tank, the Corporation will now construct a new arsenic filtration treatment system at their current water treatment plant that will include a building for the filtration equipment, pressure tank modifications, piping, valves, and meters, chlorination equipment, booster pumps, new pressure tank, driveway, and electrical service.

Evadale WCID # 1
Water System Improvements
Project # 62873

Commitment Amount	\$300,000	Closing Date	09/29/2021
Commitment Code(s)	LF1001146	Map Location	11

Project Need: The Evadale Water Control Improvement District No. 1's (District) aging distribution system was constructed in the 1970s and later purchased by the District in the 1990s. The distribution system has many deteriorated and undersize water lines that are causing leaks and breaks. This contributes to water loss and further strains the District's aging water wells.

Project Description: The District will replace approximately 9,000 feet of four- and six-inch deteriorating water lines with polyvinyl chloride (PVC) pipe. The proposed project will decrease water loss and service interruption and increase production capacity and reliability.

Lubbock

Low Head C Pump Station

Project # 62904

Commitment Amount	\$10,445,000	Closing Date	10/14/2021
Commitment Code(s)	L1001355	Map Location	12

The City of Lubbock has three water supply sources. The City's Western Pressure Zone is primarily fed by water from the Bailey County Well Field (BCWF) and water purchased from the Canadian River Municipal Water Authority (CRMWA). The Bailey County Well Field water supply is being drawn down more rapidly than it is being replenished. The City's third water source, Lake Alan Henry, is not currently being conveyed to the City's Western Pressure Zone. Providing Lake Alan Henry water to the Western Pressure Zone would increase the water system's resiliency should an interruption of service occur in the BCWF or CRMWA supplies. Furthermore, utilization of Lake Alan Henry water would allow for increased recharge in the Bailey County Well field.

The City intends to construct a 15 million gallon per day (MGD) firm capacity pump station (expandable to 30 MGD firm capacity). Firm capacity indicates amount of water that the project will be able to pump with its largest pump out of service. The project will convey treated water sourced from Lake Alan Henry from an existing 5 million gallon ground storage tank at the Pump Station 14 site to an existing 8 million gallon ground storage tank at the Pump Station 16 site. Project components include installation of variable frequency drives to operate the pumps with energy efficiency in mind, security cameras, badge entry access points, and a motorized vehicle gate for site entrance. The project also includes pumping, piping, and electrical equipment. The pump station building will provide more protection and longevity to the equipment than if the pumps were installed outside without a building.

M & M WSC

M&M WSC - Water System Improvements

Project # 62921

Commitment Amount	\$1,269,700	Closing Date	08/10/2022
Commitment Code(s)	L1001507, LF1001508	Map Location	13

The Corporation is currently experiencing elevated total trihalomethane (TTHM) levels in their water supply and are under an agreed order with the Texas Commission on Environmental Quality (TCEQ) due to failure to comply with the maximum contaminant level (MCL) for TTHM.

The Corporation intends to resolve the issue with TTHMs exceeding the MCL by installing mixers into their existing elevated storage tanks. The Corporation also plans to reduce the frequent replacement of the 150-pound chlorine cylinders by upgrading the system with a 1-ton chlorine cylinder.

Meeker MWD

Proposed Water Well & Production Facilities

Project # 62911

Commitment Amount	\$6,925,000	Closing Date	04/26/2022
Commitment Code(s)	L1001457	Map Location	14

The Meeker Municipal Water District has two pre-existing planned developments under construction which will add approximately 1,100 new connections over the next 15 years. The District's water supply and production facilities need to be expanded to meet the water supply demands from these developments.

The District intends to purchase a new well site, drill a new ground water well, and construct new production facilities. The new production facilities will include a ground storage tank, booster pumps, chemical feed system, electrical facilities, and a 10-inch water line to connect to the existing system.

North Alamo WSC

Energy-Efficient Brackish Groundwater Desalination Project

Project # 62858

Commitment Amount	\$7,903,000	Closing Date	12/17/2021
Commitment Code(s)	LM211121	Map Location	15

The North Alamo Water Supply Corporation (Corporation) needs to develop new water supply sources to keep up with the population growth and water demand in the area. To this end, the Corporation conducted a feasibility study to evaluate cost-effective means to improving groundwater use by reducing energy requirements and the cost of groundwater desalination facilities, as well as to facilitate expansion of existing brackish groundwater treatment plants.

The feasibility study recommended energy efficient desalination technologies that will substantially reduce the energy requirements to produce fresh water. The request by the Corporation includes funding for a pilot study to verify the projected performance of the proposed treatment technology and to collect data to inform the design and permitting of production facilities, as well as for the design and construction of three new groundwater wells and associated transmission facilities, installation of one new nanofiltration (NF) treatment train and retrofitting seven existing RO trains to NF membranes.

Pflugerville

Water Treatment Plant Expansion Design

Project # 62919

Commitment Amount	\$24,000,000	Closing Date	08/25/2022
Commitment Code(s)	L1001499	Map Location	16

The City's water treatment plant (WTP) treats water from Lake Pflugerville, which is a reservoir supplied by the Colorado River. Hydrilla and zebra mussel raw water infestations in Lake Pflugerville have inflicted damage on the City's membrane equipment. In addition, the TCEQ issued an administrative order for several violations at the WTP in the past two years due to concentration time and cryptosporidium removal issues. The City also needs to increase capacity for a projected population increase of nearly 100,000 in the next 20 years.

The City proposes to upgrade the WTP to address the infestations and TCEQ violations and expand capacity from 17.7 to 30 MGD to meet projected water demand. The proposed upgrades include architectural, structural, building mechanical, electrical, instrumentation, control, and SCADA improvements.

Port O'Connor ID

New Water Wells & RO Development

Project # 62893

Commitment Amount	\$6,000,000	Closing Date	05/23/2022
Commitment Code(s)	L1001184	Map Location	17

The Port O'Connor Improvement District (District) currently purchases approximately 20 percent of the treated water capacity of Guadalupe Blanco River Authority's (Authority) Port Lavaca Treatment Plant. The District has negotiated a new contract with the Authority to reduce the District's utilization to just under 10 percent of capacity and plans to expand its use of locally obtained groundwater.

The District proposes to construct at least five new water wells and connecting water lines. With the reduced level of water purchases from the Authority, the District's water supply capacity will nearly double to 2.56 million gallons-per-day. The water well will be discharged into a new ground storage tank and then treated by a new reverse osmosis treatment facility to get the water within acceptable TCEQ limits. The reverse osmosis treated water will be discharge into the existing ground storage tank where it will be blended with water from the Authority before being pumped into the distribution system.

Riverbend Water Resources
 Riverbend Regional Water System
 Project # 62883

Commitment Amount	\$93,000,000	Closing Date	02/24/2022
Commitment Code(s)	LM211181, LM211182	Map Location	18

Need: Riverbend Water Resources District and its member entities purchase treated water on a wholesale basis from Texarkana Water Utility (TWU). TWU’s production limitation has resulted in the member entities being in non-compliance with minimum water supply capacity requirements. This has impacted the member entities’ ability to serve their growing water demands and expand their water service area. As noted in the 2016 Region D Water Plan, each of the Riverbend Water Resources District’s member entities are projected to have a water supply shortage due to the production limits of the aging TWU water treatment plant.

Description: Riverbend Water Resources District would serve as the lead funding sponsor for the project and regional wholesale water provider. The project consists of constructing a new raw water intake on Wright Patman Lake, raw water pump station and transmission pipeline, a new 25 MGD water treatment plant, environmental mitigation efforts, and decommissioning of TWU’s New Boston Road Water Treatment Plant and raw water conveyance system.

Terrell
 City of Terrell Drinking Water Improvements
 Project # 62808

Commitment Amount	\$1,535,000	Closing Date	09/02/2021
Commitment Code(s)	LM21881	Map Location	19

Project Need: The City of Terrell (City) is requesting funds to make improvements to its aging storage tank and to replace water pipe lines that will need to be relocated due to new road construction.

Project Description: The City’s proposed project will consist of the construction of a new 1.5 million-gallon storage tank and associated piping, water line replacement and utility relocations.

Tom Green Co FWSD # 2
 Water Well Rehabilitation and Emergency Generator
 Project # 62915

Commitment Amount	\$300,000	Closing Date	08/26/2022
Commitment Code(s)	LF1001454	Map Location	20

The Tom Green County Fresh Water Supply District No. 2 (District)'s water system was originally constructed in the 1950's and 1960's, and has difficulty meeting general emergency provisions required by the TCEQ and accurately measuring customer usage. The electrical system at each of its three water wells is aged and in need of replacement. The District has experienced a reduction in production levels at its water wells caused by silt and sand buildup in the well screens leading to concerns with meeting water demands. Backup power supply is needed for the water treatment plant and high service pumps due to periodic power outages.

The District proposes to replace the pumps, repair or replace the screens, and remove accumulated sand and gravel from each of its three existing water wells. Also included are upgrades to the electrical system at the water wells and the purchase and installation of an emergency backup generator at its water treatment plant to ensure high service pumps are operational during power outages. Other proposed electrical improvements would include installing a central control center outside the floodplain that can operate the three wells and include a remote operation center at the water treatment plant.

Project Funding Considered "Equivalency" - SFY 2021					
Recipient	Project ID	Commitment #	Amount	Commitment Date	Closing Date
Arp	62905	L1001436	\$ 1,602,000	08/19/2021	12/14/2021
Arp	62905	LF1001437	5,765,173	08/19/2021	12/14/2021
Breckenridge	62913	L1001493	1,305,000	03/03/2022	07/13/2022
Breckenridge	62913	L1001494	1,020,000	03/03/2022	07/13/2022
Breckenridge	62913	LF1001495	1,312,809	03/03/2022	07/13/2022
Comanche	62906	L1001415	1,020,000	01/06/2022	05/17/2022
Comanche	62906	L1001470	486,000	01/06/2022	05/17/2022
Comanche	62906	LF1001471	793,908	01/06/2022	05/17/2022
Crockett	62912	L1001458	1,745,000	12/16/2021	04/21/2022
Crockett	62912	LF1001465	1,705,905	12/16/2021	04/21/2022
Daingerfield	62916	L1001505	1,685,000	03/03/2022	06/09/2022
Daingerfield	62916	LF1001506	1,647,157	03/03/2022	06/09/2022
East Texas MUD of Smith County	62917	L1001538	476,000	07/07/2022	Not Yet Closed
East Texas MUD of Smith County	62917	L1001539	1,020,000	07/07/2022	Not Yet Closed
East Texas MUD of Smith County	62917	LF1001540	623,530	07/07/2022	Not Yet Closed
Ellinger Sewer & Water SC	62839	L1001420	628,000	12/16/2021	06/29/2022
Ellinger Sewer & Water SC	62839	LF1001449	500,000	12/16/2021	06/29/2022
Meeker MWD	62911	L1001457	6,925,000	12/16/2021	04/26/2022
Tom Green Co FWSD # 2	62915	LF1001454	300,000	04/11/2022	08/26/2022
Totals	9		\$ 30,560,482		

"Equivalency" funding as defined in the SFY 2021 Intended Use Plan.

Amount of Grant (2020 Appropriations): \$ 86,280,000
Percentage: 35%

Project Funding Considered "Equivalency" - SFY 2022					
Recipient	Project ID	Commitment #	Amount	Commitment Date	Closing Date
M & M WSC	62921	L1001507	\$ 889,000	05/11/2022	08/10/2022
M & M WSC	62921	LF1001508	380,700	05/11/2022	08/10/2022
Pflugerville	62919	L1001499	24,000,000	04/11/2022	08/25/2022
Riverside SUD	62923	L1001511	1,575,000	07/07/2022	Not Yet Closed
Strawn	62926	L1001523	773,000	05/11/2022	Not Yet Closed
Strawn	62926	LF1001524	1,228,900	05/11/2022	Not Yet Closed
Totals	4		\$ 28,846,600		

"Equivalency" funding as defined in the SFY 2022 Intended Use Plan.

Amount of Grant (2021 Appropriations): \$ 87,015,000
Percentage: 33%

DWSRF Project Starts				
Entity	Tracking Numbers (Project # - Commitments)	Closing Date	Start Date	Net Amount
Bandera	62793 - L1000785	09/11/2018	05/03/2022	\$ 3,000,000
Bay City	62902 - LM211193	04/13/2021	11/08/2021	2,125,000
Bay City	62902 - LM221193	03/09/2022	11/08/2021	5,645,000
Bonham	62809 - L1000886	04/11/2019	06/01/2022	9,830,000
Dickens	62757 - L1000755, LF1000784	08/09/2018	11/15/2021	760,000
Gordon	62862 - L1001150, LF1001149	12/10/2020	07/25/2022	901,323
Greater Texoma UA	62831 - L1001017, L1001018, LF1001019	12/20/2019	01/19/2022	3,758,106
Hillsboro	62799 - L1000813	01/15/2019	12/21/2021	3,130,000
Kirbyville	62775 - L1000741, LF1000742	06/21/2018	04/04/2022	1,999,600
Raymondville	62887 - L1001142, LF1001156	10/29/2020	11/01/2021	2,599,412
Red Creek MUD	62800 - L1000902	03/26/2019	01/24/2022	1,355,000
Rolling Hills WS	62721 - L1000584	06/13/2017	12/21/2021	2,333,300
San Angelo	62856 - L1001050	12/05/2019	04/28/2022	56,075,000
Shady Grove SUD	62857 - L1001049	04/14/2020	09/29/2021	880,000
Westwood Shores MUD	62888 - L1001132	07/30/2020	07/18/2022	1,400,000
Totals	14	unique projects		\$ 95,791,741

DWSRF Project Completions				
Entity	Tracking Numbers (Project # - Commitments)	Closing Date	Completion Date	Net Amount
Goliad	62807 - L1000878	10/09/2019	12/07/2021	\$ 1,000,000
Greater Texoma UA	62797 - L1000819	01/30/2019	02/02/2022	3,415,000
Harris Co WCID # 36	62641 - L1000322, LF1000327	10/10/2014	02/22/2022	4,976,413
New Deal	62570 - L1000634, LF1000644	12/05/2017	01/28/2022	1,033,800
New Deal	62570 - LF1000139	05/15/2013	01/28/2022	142,000
Ranger	62746 - L1000677, L1000626, LF1000646	06/13/2018	02/01/2022	1,729,300
River Acres WSC	62773 - LM18763, LF1000736	09/20/2018	08/31/2022	4,243,400
River Acres WSC	62773 - LM20765	03/29/2021	08/31/2022	1,785,000
River Oaks	62731 - L1000574	05/04/2017	03/17/2022	8,000,000
Tom Green Co FWSD # 2	62817 - LF1000941	06/21/2019	12/24/2021	300,000
Woodloch	62737 - LF1000614	07/31/2017	02/21/2022	200,000
Totals	11	unique projects		\$ 26,824,913

Project Benefits Reporting Statement

The Texas Water Development Board (TWDB) complied with the FFY 2021 Capitalization Grant requirement to report all use of funds into the Drinking Water Project Benefits Reporting system. This reporting was completed before the last day of the month following the month of closing on TWDB financial assistance. All projects listed as “commitments closed” (see table on page B.3) were reported to EPA’s newly created online database accordingly.

Special Appropriations Act Program

The Special Appropriations Act Program (SAAP) provides funding for water and wastewater projects. Financial Assistance funds are distributed directly to the recipients by the EPA with construction management and program oversight being performed by the TWDB. The TWDB receives 3% of the project’s total costs to monitor construction and provide construction/administration assistance for the Texas projects.

The TWDB has assisted the EPA with 37 projects under this program. A few of the SAAP projects have received additional funding from TWDB Financial Assistance Programs. As of August 31, 2022, all 37 projects have been completed and no new projects have been awarded direct SAAP assistance.

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Attachment A: SFY 2022 Annual Financial Report – DWSRF Financial Statements

Texas Water Development Board

DRINKING WATER STATE REVOLVING FUND

Annual Financial Report

For the Year Ended
August 31, 2022

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General Purpose Financial Statements:

- Exhibit I – Combined Statement of Net Position
- Exhibit II – Combined Statement of Revenues, Expenses, and Changes in Net Position
- Exhibit III – Combined Statement of Cash Flows

Notes to the Financial Statements

Combining Statements:

- Exhibit F-1 – Combining Statement of Net Position
- Exhibit F-2 – Combining Statement of Revenues, Expenses, and Changes in Net Position

Schedule 1 – Loans and Contracts

General Purpose Financial Statements

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Drinking Water State Revolving Fund
Exhibit I - Combined Statement of Net Position - Enterprise Funds
 August 31, 2022

	Total Enterprise Funds (Exhibit F-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank (Note 3)	\$ 0.19
Cash Equivalents	191,492,604.97
Short Term Investments	358,291,690.41
Receivables from:	
Federal	3,277,118.22
Interest and Dividends	5,512,953.02
Loans and Contracts	79,751,616.00
Total Current Assets	638,325,982.81
Non-Current Assets:	
Loans and Contracts	1,768,609,825.96
Investments	-
Total Non-Current Assets	1,768,609,825.96
Total Assets	2,406,935,808.77
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payable	-
Interest Payable	2,559,223.24
Interfund Payables	83,861,139.51
Due to Other Funds	523,300.19
Due to Other Agencies	3,044,670.90
Revenue Bonds Payable	31,745,858.56
Total Current Liabilities	121,734,192.40
Non-Current Liabilities:	
Interfund Payables	45,320,780.27
Revenue Bonds Payable	708,142,730.61
Total Non-Current Liabilities	753,463,510.88
Total Liabilities	875,197,703.28
NET POSITION	
Restricted for:	
Other	1,531,738,105.49
Total Net Position	\$ 1,531,738,105.49

The accompanying notes to the financial statements are an integral part of this statement.

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Drinking Water State Revolving Funds
Exhibit II - Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position - Enterprise Funds
For the Fiscal Year Ended August 31, 2022

	Total Enterprise Funds (Exhibit F-2)
OPERATING REVENUES:	
Interest and Investment Income	\$ 21,676,675.24
Net Increase (Decrease) Fair Market Value	(68,585.76)
Other Operating Revenue	4,702,607.00
Total Operating Revenues	26,310,696.48
OPERATING EXPENSES:	
Salaries and Wages	6,885,801.78
Payroll Related Costs	2,111,204.81
Professional Fees and Services	1,930,929.86
Travel	82,649.43
Materials and Supplies	84,726.84
Communication and Utilities	12,765.66
Repairs and Maintenance	320.06
Rentals and Leases	28,789.43
Printing and Reproduction	1,363.61
Interest	18,871,143.90
Other Operating Expenses	6,007,670.62
Total Operating Expenses	36,017,366.00
Operating Income (Loss)	(9,706,669.52)
NONOPERATING REVENUE (EXPENSES):	
Federal Revenue	85,384,140.86
Federal Grant Pass-Through Revenue (Expense)	(922,699.64)
Other Benefit Payments	1,184.66
Other Intergovernmental Payments	(12,829,952.00)
Total Nonoperating Revenue (Expenses)	71,632,673.88
Income/(Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	61,926,004.36
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:	
Transfers In	616,321.00
Total Other Revenue, Expenses, Gain/Losses and Transfers	616,321.00
Change in Net Position	62,542,325.36
Total Net Position - Beginning	1,469,195,780.13
Total Net Position, August 31, 2022	\$ 1,531,738,105.49

The accompanying notes to the financial statements are an integral part of this statement.

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Drinking Water State Revolving Fund
Exhibit III - Combining Statement of Cash Flows - Enterprise Funds
 For the Fiscal Year Ended August 31, 2022

	<u>Total Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to Suppliers for Goods and Services	(389,533.39)
Payments to Employees	(3,218,461.06)
Net Cash Provided by Operating Activities	<u>(3,607,994.45)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	370,705,657.63
Proceeds from State Appropriations	616,321.00
Proceeds from Transfers from Other Funds	503,854,373.34
Proceeds from Grant Receipts	84,776,165.47
Payments of Principal on Debt Issuance	(28,518,008.56)
Payments of Interest	(23,547,817.69)
Payments of Other Costs of Debt Issuance	(632,569.83)
Payments for Transfers to Other Funds	(503,854,373.34)
Payments for Grant Disbursements	(24,678,310.40)
Payments for Other Uses	(26,027.96)
Net Cash Provided by Noncapital Financing Activities	<u>378,695,409.66</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	25,683,422.11
Proceeds from Principal Payments on Non-Program Loans	86,170,001.42
Payments to Acquire Investments	(171,937,533.79)
Payments for Non-program Loans Provided	(240,133,000.00)
Net Cash Provided by Investing Activities	<u>(300,217,110.26)</u>
Net (Decrease) in Cash and Cash Equivalents	74,870,304.95
Cash and Cash Equivalents--September 1, 2021	116,622,300.02
Cash and Cash Equivalents--August 31, 2022	<u><u>\$ 191,492,604.97</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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Drinking Water State Revolving Fund
Exhibit III - Combining Statement of Cash Flows - Enterprise Funds (cont.)
For the Fiscal Year Ended August 31, 2022

	<u>Total Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 2,258,754.46
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories:	
Classification Differences	-
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(1,356,034.52)
(Increase) Decrease in Loans & Contracts	(153,662,998.58)
Increase (Decrease) in Payables	395,024,058.22
Increase (Decrease) in Deposits	(246,070,732.98)
Increase (Decrease) in Due to Other Funds	198,958.95
Total Adjustments	<u>(5,866,748.91)</u>
Net Cash Provided by Operating Activities	<u>\$ (3,607,994.45)</u>
Non-Cash Transactions	
Net Increase (Decrease) in Fair Value of Investments	\$ (68,585.76)

The accompanying notes to the financial statements are an integral part of this statement.

Notes
to the
Financial
Statements

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Entity

The accompanying financial statements reflect the financial position of the Texas Water Development Board (TWDB). TWDB is an agency of the state of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements of State Agencies and Universities.

The TWDB was created as an agency of the state in 1957, when the voters of the state approved an amendment adding Section 49-c to Article 3 of the Texas Constitution. The TWDB is the state agency responsible for water supply and flood planning, financing, water science and research.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Impact of COVID-19 on TWDB Programs

To date, the TWDB's operations and financial condition have not been materially impacted by COVID-19. Like many other state agencies, COVID-19 required TWDB to transition to a virtual work environment for most of its staff. However, due to pre-COVID management decisions to promote telecommuting, staff transitioned quickly to continue ongoing functions and operate remotely. Presently, the TWDB is supporting the hybrid work model which offers both in-office and telecommuting options for its staff.

Fund Structure

TWDB uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. TWDB is granted appropriations based on appropriated funds. For operational and statutory reasons, TWDB reports several lower level funds that are presented as part of the indicated appropriated fund.

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

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Texas Water Development Board (580)

Proprietary Fund Type

Proprietary funds focus on determining operating income, changes in financial position and cash flows. Generally accepted accounting principles similar to those used by private sector businesses are applied in accounting for these funds. Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. TWDB reports the following enterprise funds.

- Local Funds (Appropriated Fund 9999) – local funds held outside the treasury for purposes of the following programs:
 - Drinking Water State Revolving Fund (Account 0951)

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Net Position and Fund Balances

When both restricted and unrestricted resources are available for use, restricted resources are used first, then unrestricted resources are used as they are needed.

Assets, Liabilities, and Fund Balances / Net Position

Assets

Cash and Cash Equivalents

Cash held in the state treasury and any short-term highly liquid investments with an original maturity of three months or less.

Investments

Amounts invested related to programs of the TWDB. Investments are reported at fair value. See Note 3 for more information on investments.

Interest and Dividends Receivable

Accrued interest receivable on loans and contracts as of the balance sheet date is included in the proprietary funds. For governmental funds, interest due as of the balance sheet date is only accrued if it is expected to be received within the next 60 days.

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Texas Water Development Board (580)

Notes / Loans and Contracts Receivable

Although collateralized by bonds of the receiving entity, loans made to political subdivisions are presented as Notes/Loans and Contracts Receivable at par. The portion due within the next year is shown separately as a current asset with the remainder as noncurrent. See Schedule 6 for a detailed listing of all outstanding loans and contracts receivable by program.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements

Liabilities

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Bonds Payable – Revenue Bonds

Revenue bonds are generally accounted for in proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Bonds Payable are reported separately as either current – the amount due within the next year – or noncurrent in the statement of net position.

Fund Balance / Net Position

"Fund balance" is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund statements. "Net position" is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide, proprietary, and fiduciary fund statements.

Fund Balance Components

Fund balances for governmental funds are classified as restricted, committed, or unassigned in the fund financial statements.

- Restricted fund balance includes those resources that have constraints placed on their use through external parties — such as creditors, grantors, contributors, laws or regulations of other governments — or by law through constitutional provisions or enabling legislation.

Net Position Components

The potential categories for net position include

- Restricted net position – restricted assets reduced by liabilities and deferred inflows or resources related to those assets. Assets are restricted when constraints placed on net resources are either externally

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Texas Water Development Board (580)

imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Interfund Activities and Balances

The agency has the following types of transactions among funds:

- (1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- (2) Reimbursements: repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) Interfund receivables and payables: Interfund loans are reported as Interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current", repayment for two (or more) years is classified as "Non-Current".

See Note 4 for details of the TWDB's interfund activity and transactions.

Statement of Cash Flows

Cash Flows from Investing Activities

Non-program Loans

The loans that the TWDB makes to entities such as cities, counties, and other political subdivisions do not meet the criteria for inclusion as Cash Flows from Operating Activities on the Statement of Cash Flows. The loans made by the TWDB are referred to on the Statement of Cash Flows as "non-program" loans to distinguish them from loans made to individuals, and their cash flows are included as Cash Flows from Investing Activities.

Classification Differences

Although the primary operation of the TWDB's enterprise funds is the borrowing and lending of money for water related projects, the major components of the Operating Income or Loss on the Statement of Revenues, Expenses, and Changes in Fund Net Position are classified on the Statement of Cash Flows as either Cash Flows from Investing Activities (Interest and Investment Income) or Cash Flows from Noncapital Financing Activities (Interest Expense).

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Texas Water Development Board (580)

NOTE 2: Deposits, Investments and Repurchase Agreements
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The agency is authorized by statute to make investments and does so in accordance with Chapter 365 of the Texas Water Development Board rules. There were no violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2022, the carrying amount of deposits was \$0.19 as presented below.

Governmental and Business-Type Activities	Amount
Cash in Bank – Carrying Value	\$0.19
Cash in Bank per AFR	\$0.19
Governmental and Proprietary Funds Current Assets Cash in Bank	\$0.19
Cash in Bank per AFR	\$0.19

This amount consists of cash in local banks. This amount is included on the Combined Statement of Net Assets as part of the “Cash and Cash Equivalents” account.

As of August 31, 2022, the total bank balance was as follows:

Governmental and Business Type Activities	\$0.19	Fiduciary Funds	\$ - 0 -	Discrete Component Units	\$ - 0 -
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency has a policy requiring collateralization limited to obligations of the U.S. or U.S. government agencies held in the name of the agency. As of August 31, 2022, bank balances were not exposed to custodial credit risk.

Investments

As of August 31, 2022, the fair value of investments is as presented below.

Government and Business-Type Activities				Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
Commercial Paper (Texas Treasury Safekeeping Trust Co)	\$ 166,254,993.20	\$ -	\$ -	\$ 166,254,993.20
U.S. Government Agency Obligations (Texas Treas. Safekeeping Trust Co)	\$ 85,026,555.24			\$ 85,026,555.24
Total Investment at Fair Value	\$ 251,281,548.44	\$ -	\$ -	\$ 251,281,548.44

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Texas Water Development Board (580)

INVESTMENTS AT AMORTIZED COST	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	\$ 298,502,746.94
Total Investment at Amortized Cost	\$ 298,502,746.94
Total Investments-Gov't & Business Type	\$ 549,784,295.38

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The agency will only make payment for and accept delivery of securities on a delivery versus payment basis, and securities are held in the name of the agency. As of August 31, 2022, investments were not exposed to custodial credit risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by the agency's investment policy, obligations of states, agencies, counties, cities and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm with a minimum of an 'A' rating, commercial paper must be rated not less than A-1 or P-1, and no-load money market mutual funds must be AAA-rated. The investment policy requires that repurchase agreements be collateralized by obligations of the U.S. Government or U.S. Government Agencies, but does not limit credit risk, nor does it limit credit risk for obligations of the United States or its agencies or instrumentalities, direct obligations of the State of Texas, or pooled funds of state agencies in the Texas State Treasury or the Texas Treasury Safekeeping Trust Company. Furthermore, the State Water Implementation Fund for Texas (SWIFT) funds are governed by a separate investment policy, managed by the Texas Treasury Safekeeping Trust Company in accordance with Texas Water Code, Chapter 15, Subchapter G. The following schedule lists S & P and/or Moody's credit rating by investment type as of August 31, 2022 for those investments subject to credit risk.

Fund Type	GAAP Fund	Investment Type	Amount	S&P
05	3050	Commercial Paper (Texas Treasury Safekeeping Trust Co)	\$166,254,993.20	A1,A1+
05	3050	Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	\$298,502,746.94	Not Rated
05	3050	Commercial Paper (Texas Treasury Safekeeping Trust Co)	\$ 85,026,555.24	AA+

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NOTE 3: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2022, the following changes occurred in long-term liabilities:

Business Type/ Activities	Balance 9/1/2021	Additions	Reductions	Balance 8/31/2022	Amounts Due Within One Year	Amounts Due Thereafter
Notes & Loans Payable (Interfund)	\$63,489,928.34	\$75,000,000.00	\$9,308,008.56	\$129,181,919.78	\$83,861,139.51	\$45,320,780.27
Revenue Bonds Payable	\$393,185,114.28	\$346,703,474.89	-	\$739,888,589.17	\$31,745,858.56	\$708,142,730.61
Total Business-Type Activities	\$456,675,042.62	\$421,703,474.89	\$9,308,008.56	\$868,070,508.95	\$115,606,998.07	\$753,463,510.88

Pledged Future Revenues

Pledged revenues are those specific revenues that are formally committed to directly secure the payment of bond debt service. The table below provides information on pledged revenue and pledged future revenue of the TWDB's revenue bonds.

	SRF Revenue Bonds
Pledged Revenue Required for Future Principal and Interest on Existing Bonds	\$934,916,795.67
Term of Commitment Year Ending Aug. 31	2043
Percentage of Revenue Pledged	100%
Current Year Pledged Revenue	\$446,942,115.27
Current Year Principal and Interest Paid	\$94,142,536.83

NOTE 4: Interfund Activity and Transactions
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Interfund activity refers to financial interactions between funds and/or blended component units and is restricted to internal events. Interfund transactions refer to financial interactions between TWDB and another agency of the state of Texas.

Interfund Activity

Interfund transfers represent the flow of assets (cash or goods) without equivalent flow of assets in return or a requirement for repayment. In governmental funds, transfers are reported as other financing uses or sources. Transfers are reported in proprietary funds

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Texas Water Development Board (580)

after nonoperating revenues and expenses in the statement of revenues, expenses and changes in fund net position. Amounts not transferred at fiscal year-end are accrued as due to/due from other funds.

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are interfund loans. Individual interfund receivables and payables balances as of August 31, 2022, were as follows:

FUND	Interfund Receivables	Interfund Payables	Current	Noncurrent	Purpose
Enterprise (05)	DFUND (FT05) Appd Fund 0371, D23 Fund 0371	DWSRF (FT05) Appd Fund 9999 D23 Fund 0951	\$8,861,139.51	\$45,320,780.27	State Match Loan
Enterprise (05)/Special Revenue (02)	CWSRF (FT05) Appd Fund 9999 D23 Fund 0651	DWSRF (FT05) Appd Fund 9999 D23 Fund 0951	\$75,000,000.00	\$0.00	Interfund Loan
Total Interfund Receivable/Payable			\$83,861,139.51	\$45,320,780.27	

Interfund Transactions

Federal and State Pass-Throughs are recorded for activity between TWDB and other state agencies related to federal or state grant awards. Amounts not transferred at fiscal year-end are accrued as due to/due from other agencies.

NOTE 5: Contingencies and Commitments
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Federal Costs

The TWDB administers various federal awards and is contingently liable to refund any disallowed costs to the granting agency. During FY22, the TWDB completed the work associated with eleven federal contracts. In the process of closing out the federal awards, the Federal Emergency Management Agency (FEMA) disallowed an expenditure charged to the FY2014 Flood Mitigation Assistance (FMA) grant. The TWDB recovered funds from its subrecipient and returned the total disallowed amount to FEMA. The issue is fully resolved and the FY2014 FMA grant close out is complete.

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Outstanding Loan and Grant Commitments

As of August 31, 2022, the TWDB had made commitments to provide political subdivisions and non-profit entities financing from the proceeds remaining from current or future bond issues, accumulated loan repayments, federal draw downs, appropriations or other lawful sources as follows:

Program	For Loans	For Grants	Total
Drinking Water State Revolving Fund (DWSRF)*	\$151,789,117.73	-	\$151,789,117.73
Total Commitments	\$151,789,117.73	-	\$151,789,117.73

* DWSRF Grants shown here represent Principal Forgiveness

NOTE 6: Bonded Indebtedness

As discussed more fully in the sections that follow, the TWDB is authorized through various statutory and constitutional provisions to issue general obligation and revenue bonds and private activity bonds.

Miscellaneous Bond Information (Amounts in Thousands)						
Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates	Maturities		First Call Date
				First Year	Last Year	

STATE REVOLVING FUND							
State Revolving Fund Rev Bds New Ser '18	288,395,000	04/26/2018	4.000%	5.000%	2019	2038	08/01/2027
State Revolving Fund Rev Bds New Ser '19	221,005,000	04/24/2019	4.000%	5.000%	2020	2039	08/01/2029
State Revolving Fund Rev Bds New Ser '20	352,590,000	06/02/2020	3.000%	5.000%	2021	2040	08/01/2030
State Revolving Fund Rev Bds New Ser '21	386,155,000	11/04/2021	2.250%	5.000%	2022	2041	08/01/2031
State Revolving Fund Rev Bds New Ser '22	234,550,000	06/30/2022	3.750%	5.000%	2023	2043	08/01/2032

NOTE 7: Loans and Contracts

The Board purchases bonds from political subdivisions (including private water supply corporations). As of August 31, 2022, the balance of these bonds owned by the Board was \$1,848,361,441.96. In general, the majority of these bonds pays interest semiannually and principal annually and allow for early redemption ten years after the original date of issuance. All bonds are secured by either pledged revenue or taxes. Interest rates on the bonds range from 0.00% to 6.02% maturing through the year 2053. It is the opinion of management that all bonds are fully collectible; therefore, no provision for uncollectible amounts is included in these financial statements.

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NOTE 8: Available Federal Funds

As of August 31, 2022, there was \$11,009,211.76 balance of Federal Funds available through the Automated Standard Application for Payments that remained undrawn for the State Revolving Fund.

NOTE 9: Status of Available Administrative Funding

Cost-recovery loan origination and servicing charges are imposed to cover administrative costs of operating the State Revolving Fund, but an interest rate subsidy is offered to offset the charges. There was \$4,702,607.00 earned during the fiscal year ending August 31, 2022. The administrative account had expenses totaling \$79,607.99 in Fiscal Year 2022.

NOTE 10: State Match Requirement

Deferral of State match deposits was allowed by EPA for FY97 grant payments until September 30, 1999. Deposits of match funds have been made to the fund bringing the total match for federal reporting purposes to \$334,077,925.00.

Combining Statements

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Drinking Water State Revolving Fund
 Exhibit F-1 - Combining Statement of Net Position - Enterprise Funds
 August 31, 2022

	Drinking Water Loan Program	Administration (Federal)	Administration (Fees)	Set Asides (Exhibit SA-2)	Totals (Exhibit I)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank (Note 3)	\$ 0.19	\$ -	\$ -	\$ -	\$ 0.19
Cash Equivalents	193,986,616.98	-	(2,494,012.01)	-	191,492,604.97
Short Term Investments	304,732,146.74	-	53,559,543.67	-	358,291,690.41
Receivables from:					
Federal	-	232,447.32	-	3,044,670.90	3,277,118.22
Interest and Dividends	5,507,750.82	-	5,202.20	-	5,512,953.02
Loans and Contracts	79,751,616.00	-	-	-	79,751,616.00
Total Current Assets	583,978,130.73	232,447.32	51,070,733.86	3,044,670.90	638,325,982.81
Non-Current Assets:					
Loans and Contracts	1,768,609,825.96	-	-	-	1,768,609,825.96
Investments	-	-	-	-	-
Total Non-Current Assets	1,768,609,825.96	-	-	-	1,768,609,825.96
Total Assets	2,352,587,956.69	232,447.32	51,070,733.86	3,044,670.90	2,406,935,808.77
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts Payable	-	-	-	-	-
Interest Payable	2,559,223.24	-	-	-	2,559,223.24
Interfund Payables	83,861,139.51	-	-	-	83,861,139.51
Due to Other Funds	523,300.19	-	-	-	523,300.19
Due to Other Agencies	(232,447.32)	232,447.32	-	3,044,670.90	3,044,670.90
Revenue Bonds Payable	31,745,858.56	-	-	-	31,745,858.56
Total Current Liabilities	118,457,074.18	232,447.32	-	3,044,670.90	121,734,192.40
Non-Current Liabilities:					
Interfund Payables	45,320,780.27	-	-	-	45,320,780.27
Revenue Bonds Payable	708,142,730.61	-	-	-	708,142,730.61
Total Non-Current Liabilities	753,463,510.88	-	-	-	753,463,510.88
Total Liabilities	871,920,585.06	232,447.32	-	3,044,670.90	875,197,703.28
NET POSITION					
Restricted for:					
Other	1,480,667,371.63	-	51,070,733.86	-	1,531,738,105.49
Total Net Position	\$ 1,480,667,371.63	\$ -	\$ 51,070,733.86	\$ -	\$ 1,531,738,105.49

The accompanying notes to the financial statements are an integral part of this statement.

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Drinking Water State Revolving Funds
Exhibit F-2 - Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position - Enterprise Funds
For the Fiscal Year Ended August 31, 2022

	Drinking Water Loan Program	Administration (Federal)	Administration (Fees)	Set Asides (Exhibit SA-2)	Totals (Exhibit II)
OPERATING REVENUES:					
Interest and Investment Income	\$ 21,404,629.03	\$ -	\$ 272,046.21	\$ -	\$ 21,676,675.24
Net Increase (Decrease) Fair Market Value	(68,585.76)	-	-	-	(68,585.76)
Other Operating Revenue	-	-	4,702,607.00	-	4,702,607.00
Total Operating Revenues	21,336,043.27	-	4,974,653.21	-	26,310,696.48
OPERATING EXPENSES:					
Salaries and Wages	-	2,665,686.90	-	4,220,114.88	6,885,801.78
Payroll Related Costs	-	472,112.19	-	1,639,092.62	2,111,204.81
Professional Fees and Services	1,576,835.97	283,985.90	70,107.99	-	1,930,929.86
Travel	-	11,227.32	-	71,422.11	82,649.43
Materials and Supplies	19,573.31	2,775.42	-	62,378.11	84,726.84
Communication and Utilities	-	12,765.66	-	-	12,765.66
Repairs and Maintenance	-	320.06	-	-	320.06
Rentals and Leases	-	28,789.43	-	-	28,789.43
Printing and Reproduction	1,363.61	-	-	-	1,363.61
Interest	18,871,143.90	-	-	-	18,871,143.90
Other Operating Expenses	-	25,754.36	9,500.00	5,972,416.26	6,007,670.62
Total Operating Expenses	20,468,916.79	3,503,417.24	79,607.99	11,965,423.98	36,017,366.00
Operating Income (Loss)	867,126.48	(3,503,417.24)	4,895,045.22	(11,965,423.98)	(9,706,669.52)
NONOPERATING REVENUE (EXPENSES):					
Federal Revenue	69,915,299.64	3,503,417.24	-	11,965,423.98	85,384,140.86
Federal Grant Pass-Through Revenue (Expense)	(922,699.64)	-	-	-	(922,699.64)
Other Benefit Payments	1,184.66	-	-	-	1,184.66
Other Intergovernmental Payments	(12,829,952.00)	-	-	-	(12,829,952.00)
Other Nonoperating Revenue (Expenses)	-	-	-	-	-
Total Nonoperating Revenue (Expenses)	56,163,832.66	3,503,417.24	-	11,965,423.98	71,632,673.88
Income/(Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	57,030,959.14	-	4,895,045.22	-	61,926,004.36
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:					
Transfers In	616,321.00	-	-	-	616,321.00
Total Other Revenue, Expenses, Gain/Losses and Transfers	616,321.00	-	-	-	616,321.00
Change in Net Position	57,647,280.14	-	4,895,045.22	-	62,542,325.36
Total Net Position - Beginning	1,423,020,091.49	-	46,175,688.64	-	1,469,195,780.13
Total Net Position, August 31, 2022	\$ 1,480,667,371.63	\$ -	\$ 51,070,733.86	\$ -	\$ 1,531,738,105.49

The accompanying notes to the financial statements are an integral part of this statement.

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Drinking Water State Revolving Fund
 Exhibit SA-2 - Combining Statement of Expenses - Set Aside Programs
 For the Fiscal Year Ended August 31, 2022

	PWSS Program Administration	PWSS Enforcement	PWSS Homeland Security	Source Water Protection	Capacity Development	Inspection and Investigation	Technical Assistance	Laboratory Accrediation	Support Services	Totals (Exhibit F-2)
OPERATING EXPENSES:										
Salaries and Wages	\$ 173,329.24	\$ 91,651.35	\$ 30,664.32	\$ 54,827.61	\$ 2,096,743.41	\$ 1,661,196.40	\$ -	\$ 111,702.55	\$ -	\$ 4,220,114.88
Payroll Related Costs	\$ 67,321.07	35,597.37	11,910.04	21,295.05	814,375.10	645,208.73	-	43,385.26	-	1,639,092.62
Travel	\$ 28,588.40	-	2,017.90	-	22,961.21	16,942.91	-	179.00	732.69	71,422.11
Materials and Supplies	\$ 6,879.13	-	-	-	5,534.74	49,964.24	-	-	-	62,378.11
Contracts	\$ -	-	68,750.00	196,021.50	1,466,725.14	115,480.00	-	-	-	1,846,976.64
Other Operating Expenses	\$ 680,299.01	-	62,946.96	12,007.82	1,817,705.50	97,384.73	-	-	-	2,670,344.02
Indirect	\$ 59,763.92	31,601.38	10,573.06	18,904.54	722,957.14	572,780.53	-	38,515.03	-	1,455,095.60
Total Operating Expenses	\$ 1,016,180.77	\$ 158,850.10	\$ 186,862.28	\$ 303,056.52	\$ 6,947,002.24	\$ 3,158,957.54	\$ -	\$ 193,781.84	\$ 732.69	\$ 11,965,423.98

\$ -

Schedules

Texas Water Development Board
Schedule 1 - Loans and Contracts
For the Fiscal Year Ended August 31, 2022

For purpose of transparency and ease understanding, the term "Loan" is used throughout this financial report and encompasses debt obligations, master agreements, and loan agreements evidencing financial assistance provided by the TWDB.

<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Drinking Water State Revolving Fund				
Abilene	\$ 2,500,000.00	\$ 1,420,000.00	02/15/2014	02/15/2033
Agua SUD	3,565,000.00	2,310,000.00	08/01/2015	08/01/2034
Alice	2,995,000.00	2,545,000.00	02/01/2020	02/01/2039
Alice	1,025,000.00	935,000.00	02/01/2020	02/01/2039
Alpine	4,131,000.00	1,923,000.00	03/01/2007	03/01/2036
Altoga WSC	1,059,999.96	599,999.96	06/01/2013	06/01/2032
Alvord	360,000.00	50,000.00	10/01/2004	10/01/2023
Alvord	360,000.00	90,000.00	10/01/2006	10/01/2025
Amarillo	1,310,000.00	135,000.00	04/01/2014	04/01/2023
Amarillo	17,195,000.00	11,405,000.00	04/01/2016	04/01/2035
Amarillo	18,075,000.00	8,145,000.00	05/15/2012	05/15/2031
Anahuac	5,175,000.00	4,690,000.00	10/15/2018	10/15/2047
Anthony	980,000.00	853,000.00	02/15/2018	02/15/2046
Anthony	735,000.00	156,000.00	02/15/2015	02/15/2024
Arlington	11,445,000.00	9,025,000.00	06/01/2019	06/01/2037
Arlington	79,500,000.00	67,575,000.00	06/01/2020	06/01/2039
Arp	1,602,000.00	1,602,000.00	06/15/2023	06/15/2051
Athens	825,000.00	620,000.00	08/01/2020	08/01/2029
Austin	3,800,000.00	3,550,000.00	11/15/2020	11/15/2049
Austin	9,400,000.00	9,150,000.00	11/15/2021	11/15/2050
Austin	30,000,000.00	30,000,000.00	11/15/2022	11/15/2051
Ballinger	1,035,000.00	845,000.00	06/01/2021	06/01/2030
Ballinger	3,865,000.00	2,045,000.00	06/01/2009	06/01/2038
Ballinger	605,000.00	245,000.00	06/01/2017	06/01/2026
Bandera	3,000,000.00	2,835,000.00	02/01/2021	02/01/2048
Bandera Co FWSD # 1	585,000.00	423,000.00	08/15/2016	08/15/2035
Bangs	1,760,000.00	1,625,000.00	02/15/2020	02/15/2049
Bay City	2,125,000.00	2,125,000.00	09/01/2022	09/01/2050
Bay City	5,645,000.00	5,645,000.00	09/01/2023	09/01/2051
Baytown Area WA	9,975,000.00	-	05/01/2007	05/01/2026
Beechwood WSC	1,369,000.00	760,000.00	07/01/2009	07/01/2038
Beeville	3,300,000.00	2,369,000.00	02/15/2017	02/15/2036
Bertram	12,440,000.00	12,440,000.00	03/15/2023	03/15/2052
Bistone Municipal WSD	6,130,000.00	3,940,000.00	06/01/2015	06/01/2034
Blanco	3,150,000.00	2,770,000.00	08/15/2019	08/15/2047
Blanco	3,400,000.00	3,385,000.00	02/15/2022	02/15/2051
Blossom	600,000.00	480,000.00	01/01/2011	01/01/2039
Bluff Dale WSC	490,000.00	480,000.00	06/01/2022	06/01/2051
Bolivar Peninsula SUD	5,070,000.00	3,900,000.00	02/15/2010	02/15/2038
Bolivar Peninsula SUD	1,200,000.00	650,000.00	02/15/2010	02/15/2027
Bolivar Peninsula SUD	2,360,000.00	1,370,000.00	02/15/2010	02/15/2028
Bonham	9,830,000.00	9,015,000.00	02/15/2020	02/15/2049
Bonham	7,355,000.00	3,430,000.00	02/15/2007	02/15/2036
Booker	455,000.00	355,000.00	08/15/2018	08/15/2037
Borden County	1,285,000.00	1,230,000.00	10/15/2020	10/15/2044
Boyd	720,000.00	660,000.00	09/01/2019	09/01/2048
Boyd	5,100,000.00	5,080,000.00	02/15/2022	02/15/2051
Brady	10,830,000.00	10,500,000.00	09/01/2021	09/01/2050
Brady	6,115,000.00	1,890,000.00	05/01/2002	05/01/2031
Brady	350,000.00	105,000.00	09/01/2015	09/01/2024
Brazosport WA	15,500,000.00	10,460,000.00	09/01/2015	09/01/2034
Breckenridge	2,380,000.00	2,020,000.00	03/15/2016	03/15/2045
Breckenridge	2,325,000.00	2,325,000.00	03/15/2024	03/15/2053
Breckenridge	1,680,000.00	1,310,000.00	03/15/2015	03/15/2044
Brookshire MWD	1,025,000.00	955,000.00	08/01/2020	08/01/2048
Brookshire MWD	1,250,000.00	1,180,000.00	08/01/2021	08/01/2048
Brown Co WID # 1	20,490,000.00	7,280,000.00	02/01/2009	02/01/2028
Burleson Co MUD # 1	1,440,000.00	802,000.00	06/01/2005	06/01/2034
Burleson Co MUD # 1	120,000.00	59,000.00	06/01/2006	06/01/2035
Burnet	110,000.00	-	08/15/2013	08/15/2022
Cameron	9,305,000.00	7,325,000.00	03/01/2017	03/01/2042
Carbon	95,000.00	71,000.00	02/15/2016	02/15/2035
Castroville	350,000.00	35,000.00	02/01/2014	02/01/2023
Castroville	3,500,000.00	2,415,000.00	08/01/2016	08/01/2035
Central Texas WSC	22,340,000.00	8,691,542.00	03/15/2010	02/15/2030
Central Washington Co WSC	2,815,000.00	2,655,000.00	10/01/2019	10/01/2046
Chandler	750,000.00	675,000.00	10/15/2019	10/15/2042
Cisco	2,200,000.00	1,200,000.00	02/15/2010	02/15/2038
Cisco	4,565,000.00	4,100,000.00	02/15/2020	02/15/2049
Coleman	5,025,000.00	2,815,000.00	04/01/2010	04/01/2039

Texas Water Development Board
Schedule 1 - Loans and Contracts
For the Fiscal Year Ended August 31, 2022

For purpose of transparency and ease understanding, the term "Loan" is used throughout this financial report and encompasses debt obligations, master agreements, and loan agreements evidencing financial assistance provided by the TWDB.

<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Comanche	1,020,000.00	1,020,000.00	09/01/2024	09/01/2053
Comanche	486,000.00	486,000.00	09/01/2024	09/01/2053
Comanche	705,000.00	545,000.00	09/01/2014	09/01/2043
Commerce	2,274,000.00	1,464,000.00	02/15/2013	02/15/2040
Commerce	466,000.00	306,000.00	02/15/2013	02/15/2040
Corpus Christi	51,215,000.00	41,535,000.00	07/15/2017	07/15/2045
Coryell City WSD	2,000,000.00	1,735,000.00	10/01/2018	10/01/2037
Cottonwood Shores	1,395,000.00	1,125,000.00	05/01/2018	05/01/2037
Cotulla	2,380,000.00	2,220,000.00	02/01/2021	02/01/2050
Cotulla	3,920,000.00	3,490,000.00	02/01/2019	02/01/2047
Craft-Turney WSC	1,625,000.00	1,425,000.00	02/15/2019	02/15/2042
Creedmoor Maha WSC	4,667,500.00	4,147,500.00	06/01/2019	05/01/2049
Crockett	1,745,000.00	1,745,000.00	08/15/2024	08/15/2043
Crystal Clear SUD	15,000,000.00	12,965,000.00	12/01/2018	12/01/2042
Cypress Creek UD	2,035,000.00	1,885,000.00	09/01/2019	09/01/2047
D & M WSC	1,900,000.00	1,495,000.00	08/15/2018	08/15/2037
Daingerfield	1,685,000.00	1,685,000.00	02/15/2023	02/15/2052
Dallas	44,000,000.00	40,100,000.00	10/01/2019	10/01/2047
Dallas	44,000,000.00	41,225,000.00	10/01/2020	10/01/2048
Dallas	44,000,000.00	42,510,000.00	10/01/2021	10/01/2049
Dallas	44,000,000.00	44,000,000.00	10/01/2022	10/01/2050
Dallas	44,000,000.00	44,000,000.00	10/01/2023	10/01/2051
Del Rio	9,645,000.00	-	06/01/2012	06/01/2040
Del Rio	3,000,000.00	2,835,000.00	06/01/2022	06/01/2038
Del Rio	3,000,000.00	3,000,000.00	06/01/2023	06/01/2050
DeLeon	80,000.00	10,000.00	02/15/2014	02/15/2023
DeLeon	520,000.00	405,000.00	02/15/2015	02/15/2043
Denton Co FWSD # 1A	3,260,000.00	1,445,000.00	12/15/2011	12/15/2030
Devine	2,755,000.00	2,475,000.00	02/01/2019	02/01/2048
Devine	6,645,000.00	6,355,000.00	02/01/2019	02/01/2048
Dickens	460,000.00	425,000.00	08/15/2019	08/15/2048
Eagle Pass	17,090,000.00	15,045,000.00	12/01/2018	12/01/2046
Eagle Pass	11,900,000.00	11,225,000.00	12/01/2020	12/01/2047
Eagle Pass	15,075,000.00	14,565,000.00	12/01/2020	12/01/2048
Eagle Pass	11,545,000.00	5,000,000.00	12/01/2005	12/01/2034
Eagle Pass	5,400,000.00	3,460,000.00	12/01/2004	12/01/2033
Eagle Pass	5,795,000.00	4,590,000.00	12/01/2013	12/01/2042
Eagle Pass	3,640,000.00	3,520,000.00	12/01/2021	12/01/2050
East Rio Hondo WSC	1,379,000.00	947,700.00	10/01/2014	09/01/2034
East Tawakoni	1,215,000.00	-	01/01/2008	01/01/2027
East Tawakoni	1,000,000.00	-	01/01/2012	01/01/2030
Eastland	695,000.00	600,000.00	02/15/2019	02/15/2038
Eastland	2,385,000.00	1,360,000.00	12/01/2009	12/01/2036
Eastland Co WSD	3,495,000.00	2,920,000.00	01/01/2015	01/01/2044
Eastland Co WSD	805,000.00	745,000.00	01/01/2021	01/01/2050
Ector County UD	45,275,000.00	41,145,000.00	08/01/2020	08/01/2049
Edgewood	835,000.00	590,000.00	05/01/2011	05/01/2039
Edinburg	5,405,000.00	3,835,000.00	03/01/2017	03/01/2036
Edinburg	10,425,000.00	6,570,000.00	03/01/2015	03/01/2034
El Campo	375,000.00	76,000.00	02/01/2015	02/01/2024
El Jardin WSC	3,545,000.00	-	09/01/2004	09/01/2033
El Paso Co Tornillo WID	130,000.00	70,000.00	08/01/2011	08/01/2038
Eldorado	560,000.00	390,000.00	08/01/2015	08/01/2036
Eldorado	1,200,000.00	990,000.00	08/01/2019	08/01/2038
Ellinger Sewer & Water SC	628,000.00	628,000.00	03/15/2023	03/15/2052
Elmendorf	10,770,000.00	10,175,000.00	08/01/2021	08/01/2048
Emory	720,000.00	440,000.00	07/01/2014	07/01/2033
Eules	4,685,000.00	3,145,000.00	07/15/2016	07/15/2035
Eules	9,275,000.00	8,475,000.00	07/15/2020	07/15/2049
Everman	2,700,000.00	2,430,000.00	02/01/2021	02/01/2040
Fayetteville	200,000.00	130,000.00	08/01/2016	08/01/2035
FHLM Regional WSC	8,170,000.00	7,900,000.00	06/01/2022	06/01/2051
Flatonia	660,000.00	155,000.00	09/01/2007	09/01/2026
Fort Griffin SUD	1,525,000.00	1,435,000.00	08/01/2021	08/01/2050
Fort Worth	16,145,000.00	6,400,000.00	02/15/2011	02/15/2030
Garland	6,670,000.00	5,370,000.00	03/01/2020	03/01/2034
Gladewater	1,600,000.00	1,420,000.00	08/15/2018	08/15/2037
G-M WSC	2,775,000.00	2,525,000.00	03/01/2019	03/01/2048
G-M WSC	2,970,000.00	2,223,000.00	03/15/2010	02/15/2040
Goldthwaite	1,480,000.00	1,220,000.00	11/01/2015	11/01/2044
Goliad	1,000,000.00	900,000.00	02/15/2021	02/15/2039

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<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Gordon	460,000.00	420,000.00	03/01/2019	03/01/2048
Gordon	100,000.00	93,000.00	03/01/2022	03/01/2036
Gorman	140,000.00	81,000.00	03/01/2016	03/01/2030
Gorman	1,000,000.00	920,000.00	03/01/2019	03/01/2048
Granbury	16,430,000.00	15,135,000.00	08/15/2017	08/15/2045
Granbury	2,720,000.00	1,370,000.00	08/15/2018	08/15/2027
Granbury	15,000,000.00	14,255,000.00	08/15/2018	08/15/2037
Granbury	13,810,000.00	12,650,000.00	08/15/2020	08/15/2048
Grand Prairie	4,000,000.00	2,075,000.00	01/15/2015	01/15/2030
Greater Texoma UA	1,745,000.00	540,000.00	06/01/2008	06/01/2027
Greater Texoma UA	485,000.00	105,000.00	06/01/2015	06/01/2024
Greater Texoma UA	3,695,000.00	2,440,000.00	08/15/2015	08/15/2034
Greater Texoma UA	2,515,000.00	840,000.00	10/01/2016	10/01/2024
Greater Texoma UA	2,875,000.00	2,225,000.00	06/01/2016	06/01/2034
Greater Texoma UA	27,310,000.00	19,645,000.00	10/01/2016	10/01/2035
Greater Texoma UA	2,125,000.00	1,655,000.00	08/15/2017	08/15/2037
Greater Texoma UA	7,155,000.00	5,855,000.00	10/01/2018	10/01/2037
Greater Texoma UA	1,225,000.00	945,000.00	08/15/2018	08/15/2037
Greater Texoma UA	15,200,000.00	14,800,000.00	09/01/2019	09/01/2048
Greater Texoma UA	935,000.00	875,000.00	10/01/2019	10/01/2048
Greater Texoma UA	3,415,000.00	3,230,000.00	08/15/2019	08/15/2048
Greater Texoma UA	7,490,000.00	6,920,000.00	08/15/2020	08/15/2049
Greater Texoma UA	830,000.00	805,000.00	06/01/2022	06/01/2051
Greater Texoma UA	4,000,000.00	3,895,000.00	06/01/2022	06/01/2051
Greater Texoma UA	5,470,000.00	5,335,000.00	08/15/2022	08/15/2051
Greater Texoma UA	1,645,000.00	1,595,000.00	10/01/2020	10/01/2049
Greater Texoma UA	1,025,000.00	965,000.00	10/01/2020	10/01/2049
Greenville	305,000.00	125,000.00	02/15/2011	02/15/2029
Groesbeck	1,025,000.00	465,000.00	08/15/2007	08/15/2036
Groesbeck	2,150,000.00	1,286,000.00	02/15/2011	02/15/2040
Groveton	660,000.00	590,000.00	08/15/2021	08/15/2040
Hamlin	5,500,000.00	1,710,000.00	03/01/2002	03/01/2031
Harris Co MUD # 50	2,470,000.00	1,775,000.00	03/01/2017	03/01/2035
Harris Co WCID # 36	3,885,000.00	2,705,000.00	09/01/2015	09/01/2034
Hico	1,520,000.00	1,140,000.00	08/15/2014	08/15/2042
Hidalgo Co MUD # 1	5,605,000.00	3,230,000.00	02/15/2010	02/15/2039
Hillsboro	3,130,000.00	2,710,000.00	07/01/2020	07/01/2039
Hondo	490,000.00	50,000.00	02/01/2014	02/01/2023
Hondo	5,470,000.00	4,075,000.00	08/01/2017	08/01/2036
Honey Grove	2,700,000.00	2,300,000.00	09/01/2017	09/01/2045
Honey Grove	200,000.00	21,000.00	03/01/2014	03/01/2023
Houston	48,040,000.00	32,160,000.00	11/15/2015	11/15/2034
Houston Co WCID # 1	5,940,000.00	3,790,000.00	08/01/2009	08/01/2038
Hubbard	1,500,000.00	1,180,000.00	02/15/2014	02/15/2043
Jefferson	2,600,000.00	1,995,000.00	02/15/2018	02/15/2037
Johnson County SUD	22,000,000.00	18,050,000.00	08/15/2019	08/15/2038
Jourdanton	6,845,000.00	6,505,000.00	02/01/2021	02/01/2049
Kellyville-Berea WSC	635,000.00	535,000.00	02/15/2019	02/15/2038
Kerrville	5,000,000.00	4,725,000.00	08/15/2020	08/15/2049
Kirbyville	1,805,000.00	1,490,000.00	08/15/2019	08/15/2038
Kountze	930,000.00	-	03/15/2000	03/15/2024
La Feria	880,000.00	515,000.00	09/15/2013	09/15/2032
Ladonia	200,000.00	40,000.00	02/15/2015	02/15/2024
Ladonia	2,810,000.00	2,650,000.00	08/15/2019	08/15/2047
Lake Livingston WSSSC	3,130,000.00	2,440,000.00	12/01/2015	12/01/2034
Lake Livingston WSSSC	17,500,000.00	12,790,000.00	12/01/2010	12/01/2039
Lake Palo Pinto Area WSC	130,000.00	30,000.00	04/01/2015	04/01/2024
Lake Palo Pinto Area WSC	1,480,000.00	1,186,000.00	04/01/2017	04/01/2036
Lamar Co WSD	3,170,000.00	-	07/10/2008	07/10/2027
Lamar Co WSD	1,380,000.00	1,025,000.00	07/10/2012	07/10/2039
Laredo	5,500,000.00	4,400,000.00	03/01/2016	03/01/2045
Laredo	4,600,000.00	3,640,000.00	03/01/2016	03/01/2045
Lawn	885,000.00	825,000.00	03/01/2020	03/01/2049
Lee Co FWSD # 1	525,000.00	435,000.00	03/01/2017	03/01/2046
Liberty	915,000.00	375,000.00	03/01/2017	03/01/2026
Llano	890,000.00	775,000.00	09/15/2019	09/15/2038
Los Fresnos	3,625,000.00	3,600,000.00	02/01/2022	02/01/2040
Los Fresnos	1,000,000.00	395,000.00	02/01/2016	02/01/2025
Lower Neches Valley Authority	18,495,000.00	14,130,000.00	08/01/2009	08/01/2035
Lubbock	10,445,000.00	9,920,000.00	02/15/2022	02/15/2041
M & M WSC	889,000.00	889,000.00	03/15/2023	03/15/2047

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<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Marlin	10,380,000.00	6,225,000.00	07/01/2007	07/01/2036
Marlin	1,680,000.00	1,400,000.00	07/01/2015	07/01/2042
Marlin	2,330,000.00	2,240,000.00	07/01/2021	07/01/2050
Mason	990,000.00	885,000.00	03/01/2020	03/01/2049
McAllen	12,000,000.00	11,990,000.00	02/01/2021	02/01/2048
Meeker MWD	6,925,000.00	6,925,000.00	09/01/2023	09/01/2052
Melvin	539,902.00	160,000.00	09/01/2018	09/01/2047
Menard	550,000.00	55,000.00	03/01/2014	03/01/2023
Mexia	2,780,000.00	1,480,000.00	08/15/2010	08/15/2038
Mexia	960,000.00	505,000.00	08/15/2010	08/15/2038
Millersview-Doole WSC	15,816,000.00	10,555,000.00	12/01/2005	12/01/2034
Mission	7,780,000.00	3,185,000.00	02/15/2011	02/15/2030
Montgomery	1,730,000.00	1,330,000.00	03/01/2018	03/01/2037
Moran	180,000.00	140,000.00	02/15/2015	02/15/2044
Mount Calm	331,000.00	40,000.00	03/01/2005	03/01/2024
Mount Pleasant	24,785,000.00	16,870,000.00	03/15/2009	03/15/2033
Mountain Peak SUD	995,000.00	395,000.00	12/01/2010	12/01/2029
Mustang SUD	3,555,000.00	3,160,000.00	09/01/2018	09/01/2047
Nacogdoches	7,770,000.00	700,000.00	03/01/2008	03/01/2027
Nevada SUD	1,490,000.00	1,230,000.00	05/15/2019	05/15/2038
New Deal	935,000.00	835,000.00	03/01/2019	03/01/2048
Newton	2,195,000.00	1,995,000.00	03/01/2021	03/01/2040
North Alamo WSC	4,390,000.00	3,992,000.00	08/01/2021	08/01/2041
North Alamo WSC	7,903,000.00	7,903,000.00	11/01/2022	11/01/2052
North Central Texas MWA	5,500,000.00	3,835,000.00	07/10/2014	07/10/2043
North San Saba WSC	310,000.00	-	02/01/2012	01/01/2022
North San Saba WSC	335,000.00	280,000.00	01/01/2014	01/01/2044
Orange Co WCID # 2	3,980,000.00	3,955,000.00	03/01/2022	03/01/2046
Paducah	1,715,000.00	1,623,000.00	02/15/2021	02/15/2050
Palo Pinto WSC	615,000.00	565,000.00	02/01/2021	02/01/2050
Paris	2,900,000.00	1,560,000.00	06/15/2014	06/15/2032
Parker County SUD	15,080,000.00	14,620,000.00	12/01/2021	12/01/2050
Pearland	10,225,000.00	6,190,000.00	09/01/2018	09/01/2027
Pearland	12,025,000.00	10,665,000.00	09/01/2018	09/01/2047
Pearland	8,650,000.00	7,780,000.00	09/01/2019	09/01/2048
Pearland	21,000,000.00	19,600,000.00	09/01/2020	09/01/2049
Pearland	107,600,000.00	104,010,000.00	09/01/2021	09/01/2050
Pflugerville	24,000,000.00	24,000,000.00	08/01/2024	08/01/2052
Pharr	13,310,000.00	6,010,000.00	09/01/2008	09/01/2027
Pharr	13,880,000.00	13,680,000.00	09/01/2021	09/01/2049
Pharr	8,725,000.00	6,685,000.00	09/01/2014	09/01/2042
Pleasant Springs WSC	150,000.00	135,000.00	08/01/2020	08/01/2049
Port Arthur	2,080,000.00	640,000.00	02/15/2016	02/15/2025
Port Mansfield PUD	220,000.00	184,000.00	04/01/2017	04/01/2046
Port O'Connor ID	6,000,000.00	6,000,000.00	09/01/2023	09/01/2052
Porter SUD	1,590,000.00	550,000.00	06/01/2009	06/01/2028
Possum Kingdom WSC	4,700,000.00	540,000.00	12/15/2004	12/15/2023
Quitaque	545,000.00	509,000.00	02/15/2021	02/15/2050
Ranger	420,000.00	378,000.00	02/15/2020	02/15/2049
Ranger	570,000.00	530,000.00	02/15/2020	02/15/2049
Raymondville	1,520,000.00	1,375,000.00	04/01/2021	04/01/2040
Raymondville	2,145,000.00	1,490,000.00	04/01/2014	04/01/2033
Red Creek MUD	1,355,000.00	1,180,000.00	09/01/2019	09/01/2038
Red River Co WSC	1,250,000.00	885,000.00	04/01/2014	04/01/2041
Reklaw	300,000.00	260,000.00	03/01/2018	03/01/2047
Reno	1,145,000.00	245,000.00	01/01/2005	01/01/2024
Reno	900,000.00	205,000.00	01/01/2006	01/01/2024
Riesel	5,360,000.00	5,360,000.00	07/01/2023	07/01/2051
Rio Grande City	12,200,000.00	7,660,000.00	02/15/2011	02/15/2040
Rio Hondo	1,278,000.00	708,000.00	08/01/2014	08/01/2033
Rio Hondo	300,000.00	210,000.00	08/01/2017	08/01/2036
River Acres WSC	3,620,000.00	3,285,000.00	07/01/2019	07/01/2048
River Acres WSC	1,785,000.00	1,745,000.00	07/01/2022	07/01/2051
River Oaks	8,000,000.00	6,885,000.00	06/15/2018	06/15/2047
Riverbend Water Resources	10,800,000.00	10,800,000.00	10/15/2022	10/15/2051
Riverbend Water Resources	7,200,000.00	7,200,000.00	10/15/2022	10/15/2051
Riverbend Water Resources	55,800,000.00	55,800,000.00	10/15/2022	10/15/2051
Riverbend Water Resources	37,200,000.00	37,200,000.00	10/15/2022	10/15/2051
Robert Lee	758,000.00	553,000.00	12/01/2013	12/01/2042
Robert Lee	67,000.00	49,000.00	12/01/2013	12/01/2042
Roby	250,000.00	243,000.00	03/01/2022	03/01/2051

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Rockdale	12,650,000.00	12,450,000.00	06/15/2021	06/15/2050
Rockdale	3,065,000.00	2,965,000.00	06/15/2021	06/15/2050
Rogers	2,205,000.00	2,165,000.00	08/15/2019	08/15/2047
Roma	2,327,000.00	567,000.00	11/01/2000	11/01/2029
Ropesville	500,000.00	465,000.00	02/15/2020	02/15/2049
Roscoe	1,965,000.00	1,855,000.00	02/15/2021	02/15/2050
Rotan	2,040,000.00	1,970,000.00	03/01/2022	03/01/2051
Rotan	235,000.00	230,000.00	03/01/2022	03/01/2051
Rusk	2,630,000.00	2,515,000.00	02/15/2022	02/15/2041
San Angelo	56,075,000.00	51,685,000.00	02/15/2021	02/15/2045
San Antonio Water System	26,370,000.00	15,395,000.00	05/15/2014	05/15/2033
San Antonio Water System	22,400,000.00	13,960,000.00	05/15/2015	05/15/2034
San Antonio Water System	75,920,000.00	60,610,000.00	05/15/2016	05/15/2045
San Antonio Water System	12,500,000.00	10,410,000.00	05/15/2017	05/15/2046
San Antonio Water System	10,500,000.00	9,325,000.00	05/15/2019	05/15/2048
San Antonio Water System	30,765,000.00	27,780,000.00	05/15/2020	05/15/2049
San Antonio Water System	11,805,000.00	11,015,000.00	05/15/2021	05/15/2050
San Juan	6,170,000.00	4,060,000.00	01/01/2015	01/01/2033
San Juan	1,400,000.00	875,000.00	01/01/2015	01/01/2033
San Saba	165,000.00	40,000.00	03/01/2015	03/01/2024
Seis Lagos UD	1,335,000.00	440,000.00	03/01/2008	03/01/2027
Seymour	2,115,000.00	1,895,000.00	03/01/2019	03/01/2048
Shady Grove SUD	880,000.00	790,000.00	02/15/2021	02/15/2040
Shallowater	1,100,000.00	980,000.00	02/15/2020	02/15/2049
Skyline Ranch Estates WSC	340,000.00	232,400.00	10/01/2014	09/01/2034
Smyer	135,000.00	95,000.00	02/15/2015	02/15/2034
Sonora	2,925,000.00	1,345,000.00	12/01/2010	12/01/2029
South Houston	2,010,000.00	965,000.00	03/01/2011	03/01/2030
Southmost Regional WA	3,795,000.00	1,885,000.00	09/01/2010	09/01/2029
Southmost Regional WA	9,295,000.00	5,575,000.00	09/01/2010	09/01/2039
Springs Hill WSC	1,100,000.00	695,000.00	11/01/2013	11/01/2032
Springs Hill WSC	3,130,000.00	1,414,000.00	11/01/2011	11/01/2030
Stamford	9,530,000.00	7,905,000.00	02/15/2017	02/15/2046
Stephens Regional SUD	900,000.00	795,000.00	08/15/2019	08/15/2043
Stephens Regional SUD	1,740,000.00	-	08/15/2013	08/15/2042
Surfside Beach	1,655,000.00	610,000.00	02/15/2009	02/15/2028
Sweetwater	1,935,000.00	1,175,000.00	08/15/2015	08/15/2033
Sweetwater	5,000,000.00	3,530,000.00	08/15/2017	08/15/2036
Sweetwater	2,187,000.00	2,084,000.00	08/15/2022	08/15/2041
Terrell	1,700,000.00	1,575,000.00	02/15/2020	02/15/2049
Terrell	1,535,000.00	1,485,000.00	08/15/2022	08/15/2051
Tioga	580,000.00	295,000.00	04/01/2002	04/01/2031
Tioga	1,050,000.00	970,000.00	03/15/2019	03/15/2042
Trinidad	250,000.00	180,000.00	01/01/2009	01/01/2037
Troy	2,100,000.00	1,880,000.00	02/01/2019	02/01/2048
Tyler County SUD	990,000.00	-	09/01/2011	09/01/2040
Tyler County SUD	775,000.00	708,000.00	09/01/2011	09/01/2040
Union WSC	1,665,000.00	1,395,300.00	02/01/2014	02/01/2044
Upper Jasper Co WA	3,355,000.00	3,290,000.00	09/01/2020	09/01/2044
Upper Leon River MWD	775,000.00	170,000.00	05/01/2015	05/01/2024
Upper Leon River MWD	7,452,000.00	6,795,000.00	05/01/2018	05/01/2047
Upper Leon River MWD	1,863,000.00	1,738,000.00	05/01/2018	05/01/2047
Valley MUD # 2	1,495,000.00	1,455,000.00	02/15/2021	02/15/2048
Victoria Co WCID # 1	2,515,000.00	1,505,000.00	03/01/2010	03/01/2029
Wellman	140,000.00	110,000.00	02/15/2017	02/15/2036
West Tawakoni	1,125,000.00	975,000.00	02/01/2018	02/01/2047
West Wise SUD	13,430,000.00	11,955,000.00	08/15/2019	08/15/2047
Westwood Shores MUD	1,400,000.00	1,270,000.00	05/01/2021	05/01/2040
White River MWD	1,055,000.00	835,000.00	06/01/2014	06/01/2043
Whiteface	450,000.00	390,000.00	02/15/2020	02/15/2039
Whitewater Springs WSC	200,000.00	185,000.00	04/01/2019	04/01/2044
Willis	3,150,000.00	2,500,000.00	08/01/2014	08/01/2043
Willow Park	685,000.00	475,000.00	02/15/2016	02/15/2035
Willow Park	995,000.00	770,000.00	02/15/2018	02/15/2037
Willow Park	13,770,000.00	12,900,000.00	02/15/2021	02/15/2050
Wills Point	4,500,000.00	4,075,000.00	02/15/2020	02/15/2044
Winters	1,645,000.00	900,000.00	10/01/2009	10/01/2038
Winters	425,000.00	140,000.00	10/01/2015	10/01/2024
Winters	580,000.00	540,000.00	04/01/2019	04/01/2038
Wolfe City	1,015,000.00	670,000.00	09/15/2012	09/15/2041
Wolfe City	3,065,000.00	2,960,000.00	03/01/2022	03/01/2051

Texas Water Development Board
Schedule 1 - Loans and Contracts
 For the Fiscal Year Ended August 31, 2022

For purpose of transparency and ease understanding, the term "Loan" is used throughout this financial report and encompasses debt obligations, master agreements, and loan agreements evidencing financial assistance provided by the TWDB.

<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Wolfe City	870,000.00	845,000.00	03/01/2022	03/01/2051
Woodbranch Village	1,500,000.00	1,225,000.00	08/01/2019	08/01/2037
Wortham	280,000.00	167,000.00	08/15/2014	08/15/2033
Zapata County	14,808,000.00	8,875,000.00	02/15/2011	02/15/2040
Zavala Co WCID # 1	760,000.00	590,000.00	01/01/2014	01/01/2043
Total - Drinking Water State Revolving Fund	<u>\$ 2,285,216,401.96</u>	<u>\$ 1,848,361,441.96</u>		

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Attachment B: SFY 2022 Small Systems Technical Assistance (2%) Annual Report

**STATE FISCAL YEAR 2022
DRINKING WATER STATE REVOLVING FUND
SMALL SYSTEM TECHNICAL ASSISTANCE
(2%) TWO PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-99679525
[TCEQ Grant# 990222]**



**Texas Commission on Environmental Quality
P.O. Box 13087, Austin, Texas 78711-3087**

Source of Funding: Federal Fiscal Year 2021 DWSRF Two Percent Set-aside

Submitted November 15, 2022

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INTRODUCTION

The Safe Drinking Water Act, as amended in 1996, established the Drinking Water State Revolving Fund (DWSRF) to make funds available to drinking water systems to finance infrastructure improvements. The objectives of the DWSRF Program include addressing public health priorities, achieving compliance with the Safe Drinking Water Act (SDWA), assisting systems to ensure affordable drinking water and maintaining the long-term viability of the Fund. The SDWA authorizes states to use a portion of the federal DWSRF Capitalization Grant to support various drinking water Programs (Set-Asides). Through the use of Set-Asides, emphasis is also placed on the development of State Programs, including Source Water Protection (SWP), and Capacity Development. The SDWA allows as much as 2% of a State's Federal Capitalization Grant to be used for Small Systems Technical Assistance.

The DWSRF Grant Program is administered at the federal level by the Environmental Protection Agency (EPA) and at the state level by the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB). The TWDB is the state agency with the authority to administer the loan program and to apply for the DWSRF Capitalization Grant. The TCEQ has been designated and has served as the state primacy agency under the SDWA since 1978. The TCEQ, as the primacy agency, is eligible to receive Set-Aside funds provided by EPA from the DWSRF Capitalization Grant. The TCEQ and TWDB have a Memorandum of Understanding (MOU) and an inter-agency contract that clarify each agency's roles and responsibilities in implementing the grant.

The State Fiscal Year (SFY) 2022 Drinking Water State Revolving Fund 2% Small Systems Technical Assistance Annual Report details the TCEQ's progress in meeting DWSRF grant Program goals, objectives, and funding expenditures for September 1, 2021 through August 31, 2022 using the 2% Set-Aside funds for SWP, Capacity Development and Public Water System Supervision Program (PWSSP) Administration in support of small Public Water Systems (PWS). The Annual Report includes details on federal and state Program Goals and Objectives, Performance Measures, Funding Mechanisms and Expenditures and Program Elements, Tasks and Deliverables.

SUMMARY

The TCEQ, through the 2% Small Systems Technical Assistance Work Plan, identified activities to be performed between September 1, 2021 and August 31, 2022 that supported small PWS through the State's PWSSP. These activities addressed Program requirements of the PWSSP outlined by the SDWA. Specifically, SWP activities, Capacity Development Strategy, and PWSSP Administration requirements of the SDWA were addressed.

The TCEQ expended approximately \$1,572,598 during the grant Work Plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$1,283,285 was requested for reimbursement from TWDB through the Capitalization Grant during the period of

September 1, 2021 through August 31, 2021 and the remainder, or approximately \$551,286, has been or is expected to be requested during the months of September 2022 through November 2022. No match is required; the 2% DWSRF set-aside does not require a match.

The total requested for reimbursement from TWDB between September 2021 and August 2022 was \$1,283,285. Of this amount, approximately \$262,073 was requested for reimbursement from TWDB between September 2021 and November 2021 under the SFY2021/FFY2020 DWSRF 2% Set-Aside Work Plan. Work was performed as described in the Work Plan unless otherwise noted in this report.

EPA AND TCEQ GOALS AND OBJECTIVES

Federal and State programmatic goals and objectives are shown in Table 1: EPA and TCEQ Goals and Objectives below.

Table 1: EPA and TCEQ Goals and Objectives

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
<p>EPA Goal 1: A Cleaner, Healthier Environment: Deliver a cleaner, safer, and healthier environment for all Americans and future generations by carrying out the Agency’s core mission.</p> <p>EPA Objective 1.2: Provide for Clean and Safe Water</p> <p>Ensure waters are clean through improved water infrastructure and, in partnership with states and tribes, sustainably manage Programs to support drinking water, aquatic ecosystems, and recreational, economic, and subsistence activities.</p>	<p>TCEQ Goal 02: Drinking Water</p> <p>To protect public health and the environment by assuring the delivery of safe drinking water to the citizens of Texas consistent with requirements in the Safe Drinking Water Act by providing efficient regulation of the production, treatment, delivery and protection of safe and adequate drinking water and promoting regional water strategies.</p> <p>TCEQ Goal 02: Objective 01</p> <p>Supply 95 percent of Texans served by public drinking water systems with safe drinking water as required by the Safe Drinking Water Act, to provide regulatory oversight of water and sewer utilities, and to promote regional water strategies.</p> <p>TCEQ Strategy 02-01-01: Safe Drinking Water</p> <p>Ensure the delivery of safe drinking water to all citizens through monitoring and oversight of drinking water sources</p>

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
	consistent with the requirements of the Safe Drinking Water Act.

WORK PROGRAM ORGANIZATIONAL STRUCTURE

Within the TCEQ, the Water Supply Division (WSD) is responsible for completing all activities under the 2% DWSRF Set-Aside Grant. The WSD is in charge of the administration of the Source Water Protection Program (Program Element 1 and associated Tasks), the Capacity Development Program (Program Element 2 and associated Tasks) and PWSSP Administration outlined by the SDWA (Program Element 3 and associated Tasks).

EXPENDITURE BY PROGRAM ELEMENT

Funding was allocated by Program Element. The Expenditure Summary Table (Table 2 below) provides expenditure information as of November 15, 2022 and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$1,572,598 during the grant Work Plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$1,283,285 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately \$551,386 has been or is expected to be requested during the months of September 2022 through November 2022. No match is required; the 2% DWSRF Set-Aside does not require a match. Activities were performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2021 and August 2022 was \$1,283,285. Of this amount, approximately \$262,073 was requested for reimbursement from TWDB between September 2021 and November 2021 under the SFY2021/FFY2020 DWSRF 2% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2021 and August 2022 for the SFY22/FFY21 2% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total
Program Element 1: Source Water Protection Programs	Water Supply	\$73,863	\$289,354	18.40%
Program Element 2: Capacity Development	Water Supply	\$345,666	\$584,206	37.15%
Program Element 3: PWSSP Administration	Water Supply	\$601,683	\$699,038	44.45%
Total		\$1,021,212	\$1,572,598	100%

PROJECT SCHEDULE

The TCEQ conducted the activities in the DWSRF 2% Set-Aside Work Plans over a 12-month period, which began September 1, 2021 and ended August 31, 2022 (SFY 2022).

MEASURES OF SUCCESS

The following tables [Table 3: TCEQ Outcome/Output Measures and Table 4: EPA National Program Guidance] provide the results of the activities implemented under the DWSRF 2% Work Plan. These measures were previously identified in the DWSRF 2% Work Plan under each Program Element and Task combination:

Table 3: TCEQ Outcome/Output Measures

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<u>2.1. oc 1 Outcome Measure:</u> Percent of Texas population served by public drinking water systems	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks • Program Element 3: All Tasks 	98.76% of Texas population served by public drinking water systems that meet drinking water standards.

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
which meet drinking water standards.		
2.1.1 op 1 Output Measure: Number of public drinking water systems that meet primary drinking water standards.	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks • Program Element 3: All Tasks 	6,833 public drinking water systems that meet primary drinking water standards.

Table 4: EPA National Program Guidance

EPA National Program Guidance	Program Element/Task	Outcome/Output
Community water systems out of compliance with health-based standards: Nationally from FFY Quarter 4 2017 of 3,508 to Quarter 4 2020 3,365 – Texas FFY Quarter 4 2017 - 459	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks • Program Element 3: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2022 – 350 • 24% reduction since Q4 2017
Systems out of compliance due to Lead and Copper Rule violations: (50% by 2022 – starting 2018) – Texas 2017 Q4 - 110	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks • Program Element 3: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2022 – 68 • 36.4% reduction over Since Q4 2017

PROGRAM ELEMENTS, TASKS, DELIVERABLES AND OUTPUTS

The following describes the Work Plan Deliverables and Outputs provided for the Program Elements and Tasks identified in the 2% DWSRF Work Plan for SFY 2022.

Program Element 1: Source Water Protection (SWP) Programs

This Program Element and associated Task implemented SWP (which includes both surface and wellhead protection) activities within the State in order to provide ongoing assistance to small PWS through evaluation of sources with respect to vulnerability to contamination. An estimated total of \$289,354 was expended for activities conducted during the Work Plan period of September 1, 2021 through August 31, 2022. Of the total estimated amount expended, \$73,863 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder or approximately \$215,491 has been or is expected to be requested during the months of September 2022 through November 2022. All work was performed during the designated Work Plan period of September 1, 2021 through August 31, 2022.

Task 1.1 Source Water Protection Programs – Source Water Protection Activities

This Task provided for SWP activities (which included both surface and wellhead protection) within the state in order to provide ongoing assistance to small PWS through evaluation of sources with respect to vulnerability to contamination. TCEQ staff and/or contractors were used to support this Task.

The key deliverables were completed SWP reports provided to small PWS to assist in the implementation of Programs designed to provide SWP within the State.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for small PWS;	TCEQ completed 17 SWP Assessments under this grant. TCEQ Staff provided support toward other assessments. A total of 17 PWS were evaluated in three (3) counties under this grant.
2. Implemented SWP Programs in various areas of the State for small PWS;	TCEQ completed 38 SWP Plans, 17 were conducted under this grant. TCEQ Staff provided support toward other assessments.
3. Best management practices developed to implement SWP for small PWS;	TCEQ implemented best management practices for 17 PWS under this grant. TCEQ Staff provided support toward other assessments.
4. Meetings and site visits in order to facilitate the creation of SWP Programs	SWP participants attended 51 meetings and TCEQ staff conducted site visits in conjunction with development of the SWP Plans.

Work Plan Deliverable	Output Provided
with small PWS;	Each of the 17 SWP plans completed required water systems to attend an introduction meeting, education outreach event, site inventory and close out meeting. TCEQ Staff provided support toward other assessments.
5. Evaluation of potential source of contamination inventories for small PWS;	TCEQ inventoried 61 SWP Areas under this grant.
6. Identification of populations protected by a SWP Program and served by vulnerable water sources for small PWS; and	Under this grant, TCEQ identified a population of 31,257 protected by a SWP Program and served by vulnerable water sources in 17 small PWS. TCEQ Staff provided support toward other assessments.
7. Other activities in support of the SWP Program within the State of Texas.	TCEQ staff partnered with Texas Rural Water Association (TRWA) and the Texas Parks and Wildlife Department (TPWL) to complete a SWP plan for one Texas State Park. Staff gave presentations on SWP and BMP at the hybrid (in person and virtually) 2022 Annual Texas Public Drinking Water Conference and Texas Rural Water Utilities Association Annual School. TCEQ staff participated in Texas Rural Water Association Annual Symposium, Texas Forests and Drinking Water Partnership, Groundwater Protection Committee, Natural Resource Conservation Service Water Subcommittee and Association of State Drinking Water Administrators (ASDWA) committee meetings.

Program Element 2: Capacity Development

This Program Element provided assistance to small PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Program Element enhanced the financial, managerial, and technical (FMT) abilities of small PWS through the identification of small PWS that need assistance in developing, enhancing, and maintaining their FMT abilities to meet state and federal requirements. Additionally, the activities under this Program Element assisted small PWS to maintain or enhance their abilities to meet State requirements through developing, issuing and managing of assistance, including assistance from technical assistance contractors, in order to improve their FMT capability. The activities under this Program Element were performed by TCEQ staff and/or contractors.

An estimated total of \$584,206 was expended for activities conducted during the Work Plan period of September 1, 2021 through August 31, 2022. Of the total estimated amount expended \$345,666 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder or approximately \$238,540 has been or is expected to be requested during the months of September 2022 through November 2022. All work was performed during the designated Work Plan period of September 1, 2021 through August 31, 2022.

Task 2.1: Capacity Development – Capacity Development Activities

This Task implemented the Capacity Development Strategy under the PWSSP in Texas. The activities under this Task provided assistance to reduce the risk of both long-term and short-term health effects. This was accomplished through the implementation of: the Texas Optimization Program (TOP), portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, coordination, Intended Use Plan ranking and review and other specialized assistance to small PWS through the use of TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to meet the goal of 95% of the Texas population with drinking water (DW) that meets DW standards and increased the sustainability of small PWS.

Work Plan Deliverable	Output Provided
<p>1. Developed presentations, training materials and other technical documents to support the technical capability and compliance of small PWS in Texas;</p>	<p>TCEQ provided presentations and training materials at the hybrid 2022 Annual Texas PDW Conference. Staff developed and made presentations to assist PWS at workshops, conferences, the Drinking Water Advisory Work Group (DWAAG), and Texas Water Infrastructure Coordination Committee (TWICC) meetings with topics like regionalization, asset management planning, how drinking water facilities are reviewed and approved, and how to get assistance with operations and funding. Staff also prepared technical assistance documents and surveys for training operators and assistance providers on topics including cross-connection and backflow prevention, and disinfection byproduct formation.</p>
<p>2. Provide training and technical assistance, through the TOP and other activities as needed, to support the technical capability of small PWS</p>	<p>During the grant period, the TOP provided training and technical assistance to 45 PWS across 69 individual technical support assignments, 21 of these systems classified as small-systems (less than 10K in population) and 47 systems classified as greater than 10K in population. TOP delivered 14 Direct Assistance Module (DAM) technical training events to PWS operators. Additionally, TOP staff and contractors delivered technical training to approximately 1,700 drinking water operators, staff, and management professionals at the hybrid 2022 Annual Texas PDW Conference delivering technical presentations, and targeted workshops that included: troubleshooting at a surface water treatment plant, filter assessment and backwash procedures, nitrification action plans, jar testing, level 1 and level 2 assessments, and advanced chloramines.</p>

Work Plan Deliverable	Output Provided
<p>3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by small PWS;</p>	<p>During the grant period, exceptions for small PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for small PWS improvements. During the grant period, exceptions for PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for PWS improvements as well as submittals regarding corrosion control for small PWS with lead action level exceedances. Some examples of technical assistance for exception, plan and corrosion control submittals include phone calls with PWS representatives to explain what is needed for exception requests to the sanitary control easement requirements, pre-application meetings with PWS and their engineering representative prior to submittal of engineering plans and responding to PWS questions via phone or email regarding corrosion control options and requirements.</p>
<p>4. Purchase of supplies and equipment as necessary to support the Capacity Development Program in Texas;</p>	<p>Supplies and equipment deemed necessary to support the Capacity Development Program were purchased.</p>
<p>5. Coordination of and participation in state and/or national organizations including, but not limited to Texas Water Infrastructure Coordination Committee (TWICC), the Association of Safe Drinking Water Administrators (ASDWA), and other organizations in support of the Capacity Development Strategy;</p>	<p>TCEQ coordinated activities with the TWICC, ASDWA, EPA, US Department of Agriculture (USDA), Communities Unlimited, TRWA, TWDB and other agencies.</p> <p>During this fiscal year, TCEQ participated in regularly scheduled TWICC meetings every other month and helped coordinate with entities looking for funding to enable them to attend the meetings. Each member agency takes turn hosting the meetings and TCEQ hosted the May 2022 meeting. Entities seeking funding and other types of assistance are encouraged to attend TWICC meetings as guests either in person (when available) or by telephone. In SFY 2022, TWICC guests included:</p> <ul style="list-style-type: none"> • A small city struggling with a myriad of compliance, funding and management issues. • A citizen looking for advice on finding or creating water service for a rural community in Hamilton County.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • A rural landowner looking for funding to bring water service for the first time to a small community in northeast Texas. • A district city seeking funding for a regionalization project to provide service to a small neighboring utility. • A small city in far west Texas struggling to find funding to address wastewater and water compliance issues and serious water loss; and • A small district in east Texas trying to identify funding for ongoing wastewater issues. <p>TWICC also hosted entities who made presentations about research and resources pertaining to water. This year those presenters included the Houston Advanced Research Council, the Bureau of Reclamation, the UT Bureau of Economic Geology and CoBank.</p> <p>In FY 2022, TWICC’s relatively new Colonia Workgroup continued to meet and discuss available Colonia location data, plans on dispersing available funds, and potential projects for underserved and unserved disadvantaged areas along the Texas/Mexico border.</p> <p>In SFY 2022, TCEQ staff made presentations about TWICC at workshops, conferences, and staff trainings. There was a TWICC workshop at the hybrid 2022 Annual Texas PDW Conference that was attended by a river authority, a municipal utility district, a trailer park representative, three cities, a rural water supply corporation and an operations company. TWICC members participating include TCEQ, Public Utilities Commission (PUC), Texas American Water Works Association (TAWWA), Communities Unlimited (CU), TWDB, USDA, TRWA and General Land Office (GLO). The workshop participants had lively and productive discussions.</p>

Work Plan Deliverable	Output Provided
<p>6. Travel, training, attendance at conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the Capacity Development Strategy; and</p>	<p>TCEQ staff participated in virtual and in-person trainings, conferences and other events designed to share and enhance knowledge, skills and abilities in support of the Capacity Development Strategy. Staff participated in both ASDWA and EPA workgroups and committees focusing on implementation of the new Bipartisan Infrastructure Law funding and capacity development topics including small systems, regionalization and consolidation, the DWSRF and partnerships.</p>
<p>7. Provision of other assistance and support services to small PWS in support of the PWSSP and approved Capacity Development Strategy for the State of Texas.</p>	<p>TCEQ staff and Contractors participated in the hybrid 2022 Annual Texas PDW Conference. This conference had a robust workshop section where water systems received specialized training. The conference also provided a technical assistance room for PWS staff to receive one-on-one technical assistance. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting small PWS staff to receive one-on-one technical assistance. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting small systems with water quality violations and other issues. Also, TCEQ staff participated in a wide variety of capacity development activities including:</p> <ul style="list-style-type: none"> • Staff assessment and assistance to small PWS experiencing operational problems. • Providing training to technical assistance providers and water systems directly. • Tracking and assisting nonviable “at-risk” small PWS in restructuring. • Providing free on-site assistance through the FMT contract.

Task 2.2: Capacity Development– Small System FMT Assistance

This Task provided assistance to small PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task enhanced the FMT abilities of small PWS by providing assistance in developing, enhancing, and maintaining FMT abilities, and assisting small PWS to meet state and federal requirements through the use of TCEQ staff and/or a FMT contractor.

The key deliverable was the implementation of Programs designed to provide assistance visits in order to enhance the FMT abilities of small PWS to meet state and federal requirements.

Work Plan Deliverable	Output Provided
1. FMT training and assistance to small PWS including but not limited to FMT assessments, consolidation assessments, consolidation facilitation assistance, and other special assistance and assessment projects as needed;	Under this grant, TCEQ, through its FMT assistance contractor, completed 406 FMT Capacity Assessments, Consolidation Assessments, On-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects for small PWS.
2. Assessment and reporting on DWSRF applicants; and	Under this grant, TCEQ’s FMT Contractor conducted 10 FMT capacity assessments for small PWS DWSRF applicants.
3. Provision of other assistance, training and services to small PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.	Under this grant, TCEQ’s FMT Contractor completed five (5) consolidation assessments for small PWS for the purpose of ensuring service to the communities.

Task 2.3 Capacity Development – Water Security

This Task provided assistance to small PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task provided assistance to small PWS during significant weather events, natural disasters, and other emergency events. Activities were conducted to enhance abilities of small PWS to respond to emergencies through the use of TCEQ staff and/or a contractor that provided assistance.

The key deliverable was the provision of water security assistance and training to small PWS in the state impacted by or who have the potential to be impacted by natural disasters including drought.

Work Plan Deliverable	Output Provided
<p>1. Review, evaluation and technical assistance related to Emergency Preparedness Plans (EPP);</p>	<p>WSD created a new team called the Resiliency and Preparedness Team to begin reviewing and approving EPPs, developed standard operating procedures, created a new database to track the status of EPPs submitted, developed training for affected utilities on how to complete EPPs, and provided 9 EPP workshops across the state through the Financial Managerial and Technical support team. In SFY 2022, TCEQ has received 3,441 EPPs for review and approval, including small systems.</p> <p>TCEQ’s WSD provided 1200 emergency contact forms to the attendees of the hybrid 2022 Annual Texas Public Drinking Water Conference. On a biannual basis, the TCEQ’s WSD sends out emergency contact forms to all water systems across the state, to keep emergency contact information for all PWS updated in SDWIS. For SFY 2023 the form is scheduled to be provided to approximately 7,110 active water systems across the state. Emergency contact updates have been conducted on approximately 117 water systems, and 2,734 updates for other points of contact information have also been updated in SFY 2022, and this activity is ongoing.</p>
<p>2. Support for natural disaster (i.e. drought) initiatives and technical assistance to impacted systems;</p>	<p>Support for natural disaster initiatives included updates to drought watch lists and technical assistance calls to all impacted PWS regardless of PWS size, type, and ownership.</p> <p>During this reporting period and in anticipation of drought, WSD issued 4,779 drought alert letters on May 27, 2022. Drought conditions began impacting systems in June 2022 resulting in a significant increase in drought activities and assistance to water systems that were struggling to provide water to their customers. The Emergency Drinking Water Taskforce began meeting weekly as of July 7, 2022. As of September 13, 2022, the taskforce was tracking 13 drought impacted systems on the 180-day list. This list tracks systems that have estimated their remaining source water to be less than 180 days.</p> <p>The TCEQ continued to provide support and</p>

Work Plan Deliverable	Output Provided
	<p>assistance to the Texas Natural Disaster Operational Workgroup (NDOW) by providing training to staff on the implementation and use of Response Manager (RM), the software to conduct drinking water assessments in response to a disaster. In SFY 2022, the RM trainings returned to being offered in person:</p> <ul style="list-style-type: none"> • April 20, 2022, for 19 attendees from the Central and North Central Texas Area • May 5, 2022, for 20 attendees from the Border and Permian Basin Texas Area • June 7th and 8th, 2022 for a total of 33 attendees from Central Office <p>WSD also provided support to the Texas NDOW by sending staff to participate in the NDOW 2022 Full Scale Hurricane Exercise held in Houston/Galveston on April 25th-28th, 2022 as well as providing the training on conducting the Drinking Water Assessments in RM. This year the NDOW Hurricane Exercise had approximately 150 attendees with the support of nine state and federal agencies. In addition, a concurrent phone bank RM exercise was conducted which allowed 8 EPA water staff in Dallas and 9 TCEQ water staff in Austin to participate in the NDOW exercise remotely.</p> <p>Attendees were taught the purpose of using RM, how to enter DW assessments in RM, taught the Drinking Water Operational and Damage Level Definitions, and utilized scenarios to test the attendee’s understanding and function of RM. These trainings prepare TCEQ staff to support PWS impacted by disasters.</p>
<p>3. Travel and training both within Texas and nationally to attend training, conferences and other events designed to enhance knowledge, skills and abilities and maintain competency of Program administration staff in support of the Water Security Program; and</p>	<p>In SFY 2022 trainings and conferences attended:</p> <ul style="list-style-type: none"> • EPA Texas ICS/NIMS Workshop • NOAA Climate Program Office – Showcasing Leading Practices in Climate Adaption • 15th Annual EMAT Symposium • The Infrastructure Investment and Jobs Act: Water Utilities • FY22 Cybersecurity Training for TCEQ Employees

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • The Power of Partnership: Sharing Resources with Neighboring Systems • 2022 South Texas All Hazards Conference McAllen, Texas • 8 Hour OSHA Refresher July 21, 2022 • 2022 Texas Division of Emergency Management Conference • Regional Community Lifelines Seminar Series – Water • EPA Building Resilience & Adapting to Climate Change Impacts: Intro Session Webinar for the Mid-Atlantic Region • Water Infrastructure Funding in the Bipartisan Infrastructure Law • EPA Texas Water and Power Resilience Workshop <p>The TCEQ’s Drinking Water Homeland Security Coordinator continues to participate in ASDWA’s Security notes, NDOW’s quarterly meetings, and maintains a membership with Water ISAC to stay abreast of security issues affecting water utilities in Texas and across the country.</p>
<p>4. Provision of other assistance and support services to small PWS in support of the Water Security Program and the approved Capacity Development Strategy for Texas.</p>	<p>In SFY 2022, the TCEQ’s Security Education contractor, CDM Smith was utilized to provide assistance to the TCEQ’s Emergency Resiliency Team, by reviewing 75 complex Emergency Preparedness Plans (EPPs) for approval as part of the SB 3 requirements.</p> <p>TCEQ’s hybrid 2022 Annual Texas Public Drinking Water Conference used the theme: Securing the Future of Texas Drinking Water. This two-day, free event provided 82 presentations and workshops covering multiple topics for water utilities. There were presentations on: Preparing for Severe Weather Events, Cybersecurity, Texas Drought Outlook, Drought Preparedness and Reporting Requirements, Emergencies, Lead and Copper Rule Revision, and the Plan Review Process. This event had approximately 1,700 attendees over the two-day period.</p>

Work Plan Deliverable	Output Provided
	<p>TCEQ continues to be available for assistance and support services to small PWS as needed through phone calls, the TCEQ's Capacity Development program, the TCEQ's Critical Infrastructure Division, the TXWARN website and the Texas Department of Emergency Management's (TDEM's) Public Works Response Team (PWRT).</p> <p>The PWRT supports local jurisdictions in their response to a catastrophic event by providing critical public works services as needed to facilitate recovery. TCEQ's Capacity Development program coordinates with members of TWICC including TDEM, FEMA, Texas Department of Agriculture (TDA), USDA and GLO to assist systems affected by disasters to obtain funding.</p> <p>Another support service provided to small PWS is the Quarterly DWAWG meetings that are held for all PWS to attend in person or via webinar. These meetings inform PWS of Program activities, response activities, and security activities. The meeting is interactive and allows for web attendees to ask questions during the meeting. The website for these meetings had presentations, the information covered during each meeting, and advertises any upcoming drinking water related trainings provided by TCEQ, EPA, and other providers.</p>

Program Element 3: PWSSP Administration

This Program Element implemented the PWSSP in Texas as described in the SDWA. The activities performed under this Program Element support the compliance, monitoring and enforcement of small PWS. An estimated total of \$699,038 was expended for activities conducted during the Work Plan period of September 1, 2021 through August 31, 2022. Of the total estimated amount expended \$601,683 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder or approximately \$97,355 has been or is expected to be requested during the months of September 2022 through November 2022. All work was performed during the designated Work Plan period of September 1, 2021 through August 31, 2022.

Task 3.1: PWSSP Administration – PWSSP Activities

The activities under this task supported the Primacy Program of the State of Texas and included but was not limited to: inventory data entry and processing, compliance activities; technical and regulatory assistance; Safe Drinking Water Information System (SDWIS) data support; evaluating and analyzing data (chemical and otherwise); quality assurance and control (QA/QC) activities; and other activities in support of the PWSSP in Texas. These activities were carried out by TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to meet the goal of 95% of the Texas population with drinking water that meets drinking water standards.

Work Plan Deliverable	Output Provided
1. Compliance, technical and regulatory assistance for small PWS;	TCEQ provided technical assistance to small PWS to facilitate compliance with the Revised Total Coliform Rule (RTCR), Lead and Copper Rule, Stage 2 Disinfection Byproducts Rule, regulations for inorganic, organic, and radionuclide chemical contaminants, the Surface Water Treatment Rules, Ground Water Rule, Consumer Confidence Report Rule, and the Public Notification Rule. Additionally, compliance and technical/regulatory assistance is provided to small PWS throughout Texas on: disinfectant residual levels, surface water treatment, microbial contaminants, inorganic contaminants, radionuclides, monitoring plans, Lead and Copper rule, and the Consumer Confidence Report. TCEQ implemented a compliance outreach initiative to assist non-compliant systems prior to triggering enforcement response policy criteria.
2. Review of compliance data, monitoring information and other compliance Program related information;	TCEQ reviews treatment technique, microbial and chemical compliance data to determine compliance with primary drinking water standards and monitoring and reporting requirements. On a daily basis, TCEQ ensures PWS are monitored on appropriate schedules based on system information and sample results.

Work Plan Deliverable	Output Provided
<p>3. SDWIS inventory and data maintenance;</p>	<p>Inventory data in SDWIS was updated from multiple data sources and reported to EPA on the following dates:</p> <p>Quarter 1 on December 15, 2021 Quarter 2 on March 30, 2022 Quarter 3 on June 16, 2022 Quarter 4 on September 15, 2022.</p>
<p>4. Data and responses to the EPA, small PWS, consulting engineers, the TCEQ and other state agencies, as necessary;</p>	<p>TCEQ staff and contractors provided information on requests to TCEQ, EPA, PWS, consulting engineers through day-to-day assistance. TCEQ staff have sought new and innovative ways to share data across Programs and with the public, including small PWS, by continuing to modify Drinking Water Watch, discussing data initiatives through stakeholder meetings, and implementing SharePoint software for internal project management and coordination. TCEQ has worked with EPA to identify data discrepancies between state and federal databases and has actively sought to reduce these discrepancies.</p>
<p>5. Provision of other assistance and support services to small PWS in support of the PWSS Program for the State of Texas.</p>	<p>TCEQ and contractors hosted and participated in the hybrid 2022 Annual Texas PDW Conference. This conference focused on the topic of Securing the Future of Texas drinking water and had numerous presentations on cybersecurity, preparation for emergency events, resiliency, upcoming compliance (such as the Lead and Copper Rule Revisions) and themes and/or concepts important to the successful operation of PWS. Also, the conference provided a technical assistance room for small PWS staff to receive one-on-one technical assistance. TCEQ referred PWS, including small PWS, to its FMT and Small Business Assistance functions to provide on-site, in-depth support services and assistance. This event had approximately 1,700 attendees over the two-day period.</p>

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Attachment C: SFY 2022 State Management Program (10%) Annual Report

**STATE FISCAL YEAR 2022
DRINKING WATER STATE REVOLVING FUND
STATE PROGRAM MANAGEMENT
(10%) TEN PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-99679525
[TCEQ Grant# 991022]**



**Texas Commission on Environmental Quality
P.O. Box 13087, Austin, Texas 78711-3087**

Source of Funding: Federal Fiscal Year 2021 DWSRF Ten Percent Set-Aside

Submitted November 15, 2022

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INTRODUCTION

The Safe Drinking Water Act, as amended in 1996, established the Drinking Water State Revolving Fund (DWSRF) to make funds available to drinking water systems to finance infrastructure improvements. The objectives of the DWSRF Program include addressing public health priorities, achieving compliance with the Safe Drinking Water Act (SDWA), assisting systems to ensure affordable drinking water and maintaining the long-term viability of the Fund. The SDWA authorizes states to use a portion of the federal DWSRF Capitalization Grant to support various drinking water programs (Set-Asides). Through the use of Set-Asides, emphasis is also placed on the development of state programs, including Source Water Protection (SWP), and Capacity Development. The SDWA allows as much as 10% of a State's federal Capitalization Grant to be used for State Program Management.

The DWSRF Grant Program is administered at the federal level by the Environmental Protection Agency (EPA) and at the state level by the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB). The TWDB is the state agency with the authority to administer the loan program and to apply for the DWSRF Capitalization Grant. The TCEQ has been designated and has served as the state primacy agency under the SDWA since 1978. The TCEQ, as the primacy agency, is eligible to receive Set-Aside funds provided by EPA from the DWSRF Capitalization Grant. The TCEQ and TWDB have a Memorandum of Understanding (MOU) and an inter-agency contract that clarify each agency's roles and responsibilities in implementing the grant.

The State Fiscal Year (SFY) 2022 Drinking Water State Revolving Fund 10% State Program Management Annual Report details the TCEQ's progress in meeting DWSRF Grant Program goals, objectives, and funding expenditures for September 1, 2021 through August 31, 2022 using the 10% Set-Aside funds for Public Water System Supervision Program (PWSSP) Administration and Capacity Development. The Annual Report includes details on federal and state Program Goals and Objectives, Performance Measures, Funding Mechanisms, Expenditures, Program Elements, Tasks and Deliverables.

SUMMARY

The TCEQ, through the 10% State Program Management Work Plan, identified activities to be performed between September 1, 2021 and August 31, 2022 that supported Public Water Systems (PWS) through the PWSSP. These activities addressed Program requirements of the PWSSP outlined by the SDWA. Specifically, the PWSSP Administration, and Capacity Development Strategy requirements of the SDWA were addressed.

The TCEQ expended approximately \$7,892,299 during the grant Work Plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$8,388,021 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately

STATE FISCAL YEAR 2022
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STATE PROGRAM MANAGEMENT TEN PERCENT SET-ASIDE
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\$125,827, has been or is expected to be requested during the months of September 2022 through November 2022. Due to the Water Infrastructure for Improvements to the Nation (WIIN) Act, no match is required; the 10% DWSRF set-aside does not require a match.

The total requested for reimbursement from TWDB between September 2021 and August 2022 was \$8,388,021. Of this amount, approximately \$621,549 was requested for reimbursement from TWDB between September 2021 and November 2021 under the SFY2021/FFY2020 DWSRF 10% Set-Aside Work Plan. Work was performed as described in the Work Plan unless otherwise noted in this report.

EPA AND TCEQ GOALS AND OBJECTIVES

Federal and State programmatic goals and objectives are shown in Table 1: EPA and TCEQ Goals and Objectives below.

Table 1: EPA and TCEQ Goals and Objectives

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
<p>EPA Goal 1 – A Cleaner, Healthier Environment: Deliver a cleaner, safer, and healthier environment for all Americans and future generations by carrying out the Agency’s core mission.</p> <p>EPA Objective 1.2: Provide for Clean and Safe Water</p> <p>Ensure waters are clean through improved water infrastructure and, in partnership with states and tribes, sustainably manage Programs to support drinking water, aquatic ecosystems, and recreational, economic, and subsistence activities.</p>	<p>TCEQ Goal 2: Drinking Water</p> <p>To protect public health and the environment by assuring the delivery of safe drinking water to the citizens of Texas consistent with requirements in the Safe Drinking Water Act by providing efficient regulation of the production, treatment, delivery and protection of safe and adequate drinking water and promoting regional water strategies.</p> <p>TCEQ Objective 2.1</p> <p>Supply 95 percent of Texans served by public drinking water systems with safe drinking water as required by the Safe Drinking Water Act, to provide regulatory oversight of water and sewer utilities, and to promote regional water strategies.</p> <p>TCEQ Strategy 2.1.1: Safe Drinking Water</p> <p>Ensure the delivery of safe drinking water to all citizens through monitoring and oversight of drinking water sources consistent with the requirements of the Safe Drinking Water Act.</p>

EPA Goal 5: Protecting Human Health and the Environment by Enforcing Laws and Assuring Compliance

Protect human health and the environment through vigorous and targeted civil and criminal enforcement. Use Next Generation Compliance strategies and tools to improve compliance with environmental laws.

EPA Objective 5.1: Enforce Environmental Laws to Achieve Compliance

Pursue vigorous civil and criminal enforcement that targets the most serious water, air, and chemical hazards in communities to achieve compliance. Assure strong, consistent, and effective enforcement of federal environmental laws nationwide. Use Next Generation Compliance strategies and tools to improve compliance and reduce pollution.

TCEQ Goal 3: Enforcement and Compliance Assistance

Protect public health and the environment by administering enforcement programs and environmental assistance programs that promote compliance with environmental laws and regulations, voluntary efforts to prevent pollution, and offer incentives for demonstrated good environmental performance while providing strict, sure, and just enforcement when environmental laws are violated.

TCEQ Objective 3.1:

Through fiscal 2022, maintain at least 95 percent of all regulated facilities in compliance with state environmental laws and regulations, to respond appropriately to citizen inquiries and complaints, and to prevent pollution, conserve resources, and enhance compliance.

TCEQ Strategy 3.1.1: Field Inspections and Complaint Response

Promote compliance with environmental laws and regulations by conducting field inspections and responding to citizen complaints.

TCEQ Strategy 3.1.2: Enforcement and Compliance Support

Maximize voluntary compliance with environmental laws and regulations by providing educational outreach and assistance to businesses and units of local governments; and assure compliance with environmental laws and regulations by taking swift, sure, and just enforcement actions to address violation situations.

WORK PROGRAM ORGANIZATIONAL STRUCTURE

Within the TCEQ, the Water Supply Division (WSD) is the lead and is responsible for the overall administrative activities under the 10% DWSRF Set-Aside Grant. The WSD and Office of Compliance and Enforcement (OCE) participate in the administration of the PWSSP as outlined by the SDWA (Program Element 1 and associated Tasks). The WSD and Water Availability Division (WAD) participate in the implementation of the Capacity Development Strategy requirement of the SDWA (Program Element 2 and associated Tasks).

EXPENDITURE BY PROGRAM ELEMENT

Funding was allocated by Program Element. The Expenditure Summary Table (Table 2 below) provides expenditure information as of November 15, 2022 and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$7,892,299 during the grant Work Plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$8,388,021 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately \$125,827, has been or is expected to be requested during the months of September 2022 through November 2022. Due to the Water Infrastructure for Improvements to the Nation (WIIN) Act, no match is required; the 10% DWSRF set-aside does not require a match. Activities were performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2021 and August 2022 was \$8,388,021. Of this amount, approximately \$621,549 was requested for reimbursement from TWDB between September 2021 and November 2021 under the SFY2021/FFY2020 DWSRF 10% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2021 and August 2022 for the SFY22/FFY21 10% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total
Program Element 1: PWSSP Administration	Water Supply Division and Office of Compliance and Enforcement – Regional Areas	\$3,926,088	\$4,026,327	51%
Program Element 2: Capacity Development	Water Supply Division and Water Availability Division	\$3,840,383	\$3,865,972	49%
Total		\$7,766,471	\$7,892,299	100%

PROJECT SCHEDULE

The TCEQ conducted the activities in the DWSRF 10% Set-Aside Work Plans over a 12-month period, which began September 1, 2021 and ended August 31, 2022 (SFY 2022).

MEASURES OF SUCCESS

The following tables [Table 3: TCEQ Outcome/Output Measures and Table 4: EPA National Program Guidance] provide the results of the activities implemented under the DWSRF 10% Work Plan. These measures were previously identified in the DWSRF 10% Work Plan under each Program Element and Task combination:

Table 3: TCEQ Outcome/Output Measures

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<p><u>2.1 oc 1 Outcome Measure</u></p> <p>Percent of Texas population served by public water systems that meet drinking water standards.</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<p>98.76% of Texas population served by public drinking water systems that meet drinking water standards.</p>
<p><u>2.1.1 op 1 Output Measure:</u></p> <p>Number of public drinking water systems that meet primary drinking water standards.</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<p>6,833 public drinking water systems that meet primary drinking water standards.</p>
<p><u>2.1.1 op 3 Output Measure:</u></p> <p>Number of district applications processed.</p>	<ul style="list-style-type: none"> • Program Element 2: Task 2.1 Capacity Development – District Support 	<p>595 district applications processed</p>
<p><u>3.1 oc 2 Outcome Measure:</u></p> <p>Percent of investigated water sites and facilities in compliance.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation 	<p>99% of inspected or investigated water sites and facilities were in compliance.</p> <p><i>Please note that this measure is reported to the Texas Legislative Budget Board as inclusive of all water sites and facilities and is not specific to drinking water.</i></p>

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<p><u>3.1.2 op 1 Output Measure:</u> Number of environmental laboratories accredited.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.3 PWSSP Administration – Drinking Water Laboratory Certification and Accreditation 	<p>245 environmental laboratories were accredited.</p> <p><i>Please note that this measure is reported to the Texas Legislative Budget Board as inclusive of laboratories accredited is not specific to drinking water. There were 139 drinking water laboratories accredited at the end of State Fiscal Year 2022.</i></p>
<p><u>3.1.1 op 3 Output Measure:</u> Number of investigations of water sites and facilities.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation 	<p>13,633 investigations of water site and facilities were conducted.</p> <p><i>Please note that this measure is reported to the Texas Legislative Budget Board as inclusive of all water sites and facilities and is not specific to drinking water.</i></p>
<p><u>3.1.2 ex 3 Explanatory Measure:</u> Number of administrative enforcement orders issued (for public water systems).</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.4 PWSSP Administration – Drinking Water Enforcement 	<p>238 of administrative enforcement orders issued.</p>

Table 4: EPA National Program Guidance

EPA National Program Guidance	Program Element/Task	Outcome/Output
<p>Community water systems out of compliance with health-based standards: Nationally from FFY Quarter 4 2017 of 3,508 to Quarter 4 2020 3,365 – Texas FFY Quarter 4 2017 - 459</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2022 – 350 • 24% reduction since Q4 2017
<p>Systems out of compliance due to Lead and Copper Rule violations: (50% by 2022 – starting 2018) – Texas 2017 Q4 - 110</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2022 – 68 • 36.4% reduction over Since Q4 2017

PROGRAM ELEMENTS, TASKS, DELIVERABLES and OUTPUTS

The following describes the Work Plan deliverables and outputs provided for the Program Elements and Tasks identified in the 10% DWSRF Work Plan for SFY 2022.

Program Element 1: PWSSP Administration

This Program Element and its associated Tasks implemented the PWSSP in Texas as described in the SDWA. The activities performed under this Program Element supported the compliance, monitoring and enforcement of PWS. An estimated total of \$4,026,327 was expended for activities conducted during the Work Plan period of September 1, 2021 through August 31, 2022. Of the total estimated amount expended \$3,926,088 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder or approximately \$100,239 has been or is expected to be requested during the months of September 2022 through November 2022. All work was performed during the designated Work Plan period of September 1, 2021 through August 31, 2022.

Task 1.1 PWSSP Administration Activities

The activities under this Task supported the Primacy Program of the State of Texas and included but were not limited to: inventory data entry and processing, compliance activities; technical and regulatory assistance; Safe Drinking Water Information System (SDWIS) data support; evaluating and analyzing data (chemical and otherwise); quality assurance and control (QA/QC) activities; and other activities in support of the PWSSP in Texas. These activities were carried out by TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to meet the goal of 95% of Texas’ population with drinking water that meets drinking water (DW) standards.

Work Plan Deliverable	Output Provided
1. Compliance, technical and regulatory assistance for PWS;	TCEQ provided technical assistance to PWS to facilitate compliance with the Revised Total Coliform Rule (RTCR), Lead and Copper Rule, Stage 2 Disinfection Byproducts Rule, regulations for inorganic, organic, and radionuclide chemical contaminants, the Surface Water Treatment Rule, Ground Water Rule, Consumer Confidence Report Rule and the Public Notification Rule. Additionally, compliance and technical/regulatory assistance is provided to PWS throughout Texas on: disinfectant residual levels, surface water treatment, microbial contaminants, inorganic contaminants,

Work Plan Deliverable	Output Provided
	<p>radionuclides, monitoring plans, Lead and Copper Rule and the Consumer Confidence Report.</p> <p>TCEQ provided assistance and training to systems and laboratories in on-going support of the Electronic Environmental (E2) Reporting System software and its maintenance.</p> <p>TCEQ also implemented a compliance outreach initiative to assist non-compliant systems prior to triggering enforcement response policy criteria.</p> <p>During SFY 2022, TCEQ WSD:</p> <ul style="list-style-type: none"> • Completed 5,394 Inventory requests • Issued letters for Notice of Violation (NOV) to 2,465 PWS with a sum total of 10,021 violations • Issued 2,650 Public Notification (PN) Rule violations to 1,009 PWS • Referred 117 PWS with a Notice of Enforcement (NOE) on a sum total of 1,776 violations
<p>2. Review of compliance data, monitoring information and other compliance Program related information;</p>	<p>TCEQ reviews treatment technique, microbial and chemical compliance data to determine compliance with primary drinking water standards and monitoring and reporting requirements. On a daily basis, TCEQ ensures PWS are monitored on appropriate schedules based on system information and sample results.</p>
<p>3. SDWIS inventory and data maintenance;</p>	<p>Inventory data in SDWIS was updated from multiple data sources and reported to EPA on the following dates:</p> <p>Quarter 1 on December 15, 2021 Quarter 2 on March 30, 2022 Quarter 3 on June 16, 2022 Quarter 4 on September 15, 2022</p>
<p>4. Data and responses to the EPA, PWS, consulting engineers, the TCEQ and other state agencies, as necessary;</p>	<p>TCEQ staff and contractors provided information on requests to TCEQ, EPA, PWS, consulting engineers through day-to-day assistance. TCEQ staff have sought new and innovative ways to share data across Programs and with the public, including PWS, by continuing to modify Drinking Water Watch, discussing data initiatives through stakeholder meetings, and implementing</p>

Work Plan Deliverable	Output Provided
	SharePoint software for internal project management and coordination. TCEQ has worked with EPA to identify data discrepancies between state and federal databases and has actively sought to reduce these discrepancies.
5. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;	Supplies and equipment deemed necessary to support the PWSSP in Texas were purchased.
6. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the PWSSP;	<p>TCEQ staff participated in virtual and in-person trainings, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the PWSSP. Examples include:</p> <ul style="list-style-type: none"> • ASDWA 2021 Annual Conference • 2022 Annual Texas Public Drinking Water (PDW) Conference • ASDWA 2021 Data Management User’s Conference
7. Coordination of and participation in state and/or national organizations including, but not limited to the Association of Safe Drinking Water Administrators (ASDWA), and other organizations in support of the PWSSP; and	<p>TCEQ staff participated in state and/or national organizations including but not limited to Texas Water Infrastructure Coordination Committee (TWICC), the Association of Safe Drinking Water Administrators, The Texas Chapter of the American Water Works Association (AWWA), and other organizations in support of the PWSSP. TCEQ staff participated on the ASDWA SDWIS Modernization Board in support of SDWIS, data concerns, and compliance determinations involved in the oversight of PWS and the future Lead and Copper Rule Revisions.</p>
8. Provision of other assistance and support services to PWS in support of the PWSSP for the State of Texas.	<p>TCEQ and contractors hosted and participated in the hybrid (in person and virtually) 2022 Annual Texas PDW Conference. This conference concentrated on Securing the Future of Texas drinking water and had numerous presentations on cybersecurity, preparation for emergency events, resiliency, upcoming compliance (such as the Lead and Copper Rule Revisions) and themes and/or concepts important to the successful operation of PWS. Also, the conference provided a technical assistance room</p>

Work Plan Deliverable	Output Provided
	for PWS staff to receive one-on-one technical assistance. TCEQ referred PWS to its Financial, Managerial, and Technical (FMT) and Small Business Assistance functions to provide on-site, in-depth support services and assistance. This event had approximately 1,700 attendees over the two-day period.

Task 1.2 Drinking Water Inspection and Investigation

The activities under this Task supported the PWSSP in Texas by the conducting of comprehensive compliance investigations (EPA termed sanitary surveys), complaint response and other inspection and investigative activities at PWS.

The key deliverables are comprehensive compliance investigations (EPA termed sanitary surveys) at PWS and timely response to complaints as appropriate.

Work Plan Deliverable	Output Provided
1. Completed comprehensive compliance investigations (EPA termed sanitary surveys) at PWS;	1,434 comprehensive compliance investigations (sanitary surveys) were funded by DWSRF.
2. Completed complaint investigations on PWS;	655 PWS Investigation Complaints were funded by DWSRF
3. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;	Supplies, equipment and other necessary items were purchased to support the PWSSP in Texas
4. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the PWSSP;	TCEQ staff attended the Texas Water Utilities Association School Basic Water classes and several classes offered by TEEX and Texas Rural Water Association (TRWA). Additionally, staff attended the hybrid 2022 Annual Texas PDW Conference.

Work Plan Deliverable	Output Provided
5. Coordination, assistance and support to EPA, PWS, the TCEQ and other State agencies as it relates to inspections and investigations of PWS; and	Due to the COVID-19 Pandemic, TCEQ staff were limited in travel to conferences or to provide training at those conferences. However, TCEQ staff continued to provide outreach, training, complaint reviews, and technical assistance to support the regulated community, PWS customers, and TCEQ staff on a regular basis.
6. Provision of other assistance and support services to PWS in support of the PWSSP for the State of Texas	TCEQ staff took calls from PWS and provided guidance documents as needed. Staff assisted with training and monitoring PWS personnel during testing activity. TCEQ staff administered tests for PWS operator licensing requirements.

Task 1.3 Drinking Water Laboratory Certification and Accreditation

The activities under this Task supported the PWSSP by providing laboratory assessments and audits associated with the National Environmental Laboratory Accreditation Program (NELAP) accreditation of drinking water laboratories.

The key deliverable is the assessment and audits of PWS laboratories statewide as required and controlled by Title 30 Texas Administrative Code Chapter 25.

Work Plan Deliverable	Output Provided
1. Conduct and complete laboratory audits of PWS laboratories;	TCEQ completed 46 PWS (drinking water) laboratory inspections.
2. Conduct review of applications against the provisions of the 2016 TNI NELAP standard to approve accreditation;	TCEQ conducted 46 PWS (drinking water) laboratory audits and completed 57 PWS (drinking water) laboratory audits.
3. Provide assistance and support to other areas at the TCEQ related to the accreditation, certification, and auditing of PWS laboratories;	Assistance and support were provided on topics related to the accreditation, inspection and auditing of PWS laboratories upon request. For example: answered questions regarding accreditation status and location of PWS laboratories, answered questions regarding details of analytical methods used at PWS laboratories, and provided technical interpretation of results from PWS laboratories.

Work Plan Deliverable	Output Provided
4. Provide data and other information associated with the PWSSP upon request and the accreditation, certification, and auditing of PWS laboratories;	Data and other information associated with the PWSSP and the accreditation, inspection and auditing of PWS laboratories was provided upon request. For example: provided location of accredited PWS laboratories, provided information on collecting drinking water samples and selection of potential test methods, and referred callers to proper TCEQ Region for specific answers and assistance.
5. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;	Supplies, equipment and other necessary items were purchased to support the PWSSP in Texas;
6. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the PWSSP; and	Due to the COVID-19 Pandemic, travel and trainings were limited.
7. Provision of other assistance and support services to PWS in support of the PWSSP for the state of Texas.	Stakeholders were assisted with technical and/or administrative questions, which included but were not limited to, the following topics: laboratory accreditation, reference method interpretations, standards for accreditation (i.e., 2016 The NELAC Institute (TNI) Standard) concerns, laboratory assessments and subsequent corrective action responses, initial and amended applications for laboratory accreditation, proficiency testing issues, and technical manager designations.

Task 1.4 Drinking Water Enforcement

The activities under this Task supported the Primacy Program of the State of Texas through the development of enforcement cases to address significant noncompliance and significant deficiencies at PWS.

The key deliverable is the addressing of significant noncompliance and significant deficiencies by developing enforcement cases for PWS.

Work Plan Deliverable	Output Provided
<p>1. Enforcement cases developed that address significant noncompliance and significant deficiencies at PWS in accordance with Texas statutes, rules and TCEQ's policies and procedures;</p>	<p>To address the Task of calculating penalties and determining technical corrective requirements, the Enforcement Division under the DWSRF developed and mailed out or directly referred to the Litigation Division 45 PWS enforcement cases. To address the Task of negotiating agreed enforcement order cases to settlement or pursue other appropriate legal remedies, such as referral to the Litigation Division or the Office of Attorney General, the Enforcement Division under the DWSRF has negotiated or prepared referral packages for 38 PWS enforcement cases.</p>
<p>2. Coordination, assistance and support to EPA, PWS, the TCEQ and other State agencies as it relates to Enforcement Cases for PWS;</p>	<p>The TCEQ Enforcement Division conducted and/or prepared for the following in conjunction with the EPA: the annual PWSSP review, the state end-of-year questionnaire, the EPA Region 6 five-states meeting, enforcement order update presentations at the TWICC meetings, and the RTRC implementation.</p>
<p>3. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;</p>	<p>Supplies, equipment and other necessary items were purchased to support the PWSSP in Texas.</p>
<p>4. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the PWSSP; and</p>	<p>TCEQ Enforcement Division staff participated in various conference and training events virtually in order to share and enhance their skills and abilities. Examples include the hybrid 2022 Annual Texas PDW Conference, Texas A&M Engineering Extension Service Water System courses, and participation in the TWICC meetings.</p>
<p>5. Provision of other assistance and support services to PWS in support of the PWSSP for the state of Texas.</p>	<p>Participated in PWS meetings with WSD. Assisted the Texas Drinking Water Advisory Work Group (DWAAG) with answering PWS questions. Answered PWS questions on an individual basis as needed. Coordinators reached out to PWS to assist with Compliance Issues.</p>

Program Element 2: Capacity Development

This Program Element provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Program Element enhanced the financial, managerial, and technical (FMT) abilities of PWS through the identification of PWS that need assistance in developing, enhancing and maintaining their FMT abilities to meet state and federal requirements. This was accomplished through the implementation of: National Primary Drinking Water Regulations; the Texas Optimization Program (TOP); portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, review and approval of water district applications, review and approval of drought contingency plans, water security assistance and other specialized assistance to PWS and were performed by TCEQ staff and/or contractors.

An estimated total of \$3,865,972 was expended for activities conducted during the Work Plan period of September 1, 2021 through August 31, 2022 for this Program Element. Of the total estimated amount expended \$3,840,383 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately \$25,588 has been or is expected to be requested during the months of September 2022 through November 2022. All work was performed during the designated Work Plan period of September 1, 2021 through August 31, 2022.

Task 2.1 Capacity Development - Capacity Development Activities

This Task implemented the Capacity Development Strategy under the PWSSP in Texas. The activities under this Task provided assistance to reduce the risk of both long-term and short-term health effects. This was accomplished through the implementation of: the Texas Optimization Program (TOP), portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, coordination, and Intended Use Plan ranking and review and other specialized assistance to PWS through the use of TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to meet the goal of 95% of Texas' population with drinking water (DW) that meets DW standards and increases the sustainability of PWS.

Work Plan Deliverable	Output Provided
1. Development of presentations, training materials and other technical documents to support the technical capability and compliance of PWS in Texas;	TCEQ provided presentations and training materials at the hybrid 2022 Annual Texas PDW Conference. Staff developed and made presentations to assist PWS at workshops, conferences, the Drinking Water Advisory Work Group (DWAAG), and Texas Water Infrastructure Coordination Committee (TWICC) meetings with topics like regionalization, asset management

Work Plan Deliverable	Output Provided
	<p>planning, how drinking water facilities are reviewed and approved, and how to get assistance with operations and funding. Staff also prepared technical assistance documents and surveys for training operators and assistance providers on topics including cross-connection and backflow prevention, and disinfection byproduct formation.</p>
<p>2. Provide training and technical assistance, through the TOP and other activities as needed, to support the technical capability of PWS;</p>	<p>During the grant period, the TOP provided training and technical assistance to 45 PWS across 69 individual technical support assignments, 21 of these systems classified as small-systems (less than 10K in population) and 47 systems classified as greater than 10K in population. TOP delivered 14 Direct Assistance Module (DAM) technical training events to PWS operators. Additionally, TOP staff and contractors delivered technical training to approximately 1,700 drinking water operators, staff, and management professionals at the hybrid 2022 Annual Texas PDW Conference delivering Technical Presentations, and Targeted workshops that included: troubleshooting at a surface water treatment plant, filter assessment and backwash procedures, nitrification action plans, jar testing, level 1 and level 2 assessments, and advanced chloramines.</p>
<p>3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by PWS;</p>	<p>During the grant period, exceptions for PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for PWS improvements. During the grant period, exceptions for PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for PWS improvements as well as submittals regarding corrosion control for PWS with lead action level exceedances. Some examples of technical assistance for exception, plan and corrosion control submittals include phone calls with PWS representatives to explain what is needed for exception requests to the sanitary control easement requirements, pre-application meetings with PWS and their engineering representative prior to submittal of engineering plans and responding to PWS</p>

Work Plan Deliverable	Output Provided
	questions via phone or email regarding corrosion control options and requirements.
4. Purchase of supplies and equipment as necessary to support the Capacity Development Program in Texas;	Supplies and equipment deemed necessary to support the Capacity Development Program were purchased.
5. Coordination of and participation in state and/or national organizations including, but not limited to Texas Water Infrastructure Coordination Committee (TWICC), the Association of Safe Drinking Water Administrators (ASDWA) and other organizations in support of the Capacity Development Strategy;	<p>TCEQ coordinated activities with the TWICC, ASDWA, EPA, US Department of Agriculture (USDA), Communities Unlimited, Texas Rural Water Association (TRWA), TWDB and other agencies.</p> <p>During this fiscal year, TCEQ participated in regularly scheduled TWICC meetings every other month and helped coordinate with entities looking for funding to enable them to attend the meetings. Each member agency takes turn hosting the meetings and TCEQ hosted the May 2022 meeting. Entities seeking funding and other types of assistance are encouraged to attend TWICC meetings as guests either in person (when available) or by telephone. In SFY 2022, TWICC guests included:</p> <ul style="list-style-type: none"> • A small city struggling with a myriad of compliance, funding and management issues. • A citizen looking for advice on finding or creating water service for a rural community in Hamilton County. • A rural landowner looking for funding to bring water service for the first time to a small community in northeast Texas. • A district city seeking funding for a regionalization project to provide service to a small neighboring utility. • A small city in far west Texas struggling to find funding to address wastewater and water compliance issues and serious water loss; and • A small district in east Texas trying to identify funding for ongoing wastewater issues. <p>TWICC also hosted entities who made presentations about research and resources pertaining to water. This year those presenters included the Houston Advanced Research Council,</p>

Work Plan Deliverable	Output Provided
	<p>the Bureau of Reclamation, the UT Bureau of Economic Geology and CoBank.</p> <p>In SFY 2022, TWICC’s relatively new Colonia Workgroup continued to meet and discuss available Colonia location data, plans on dispersing available funds, and potential projects for underserved and unserved disadvantaged areas along the Texas/Mexico border.</p> <p>In SFY 2022, TCEQ staff made presentations about TWICC at workshops, conferences, and staff trainings. There was a TWICC workshop at the hybrid 2022 Annual Texas PDW conference that was attended by a river authority, a municipal utility district, a trailer park representative, three cities, a rural water supply corporation and an operations company. TWICC members participating include TCEQ, Public Utilities Commission (PUC), Texas American Water Works Association (TAWWA), Communities Unlimited (CU), TWDB, USDA, TRWA and General Land Office (GLO). The workshop participants had lively and productive discussions.</p>
<p>6. Travel, training, attendance at conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of state Program administration staff in support of the Capacity Development Strategy; and</p>	<p>TCEQ Staff participated in virtual and in-person trainings, conferences and other events designed to share and enhance knowledge, skills and abilities in support of the Capacity Development Strategy. Staff participated in both ASDWA and EPA workgroups and committees focusing on implementation of the new Bipartisan Infrastructure Law funding and capacity development topics including small systems, regionalization and consolidation, the DWSRF and partnerships.</p>
<p>7. Provision of other assistance and support services to PWS in support of the PWSSP and approved Capacity Development Strategy for the State of Texas.</p>	<p>TCEQ staff and Contractors participated in the hybrid 2022 Annual Texas PDW Conference. The conference also provided a technical assistance room for PWS staff to receive one-on-one technical assistance. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting PWS staff to receive one-on-</p>

Work Plan Deliverable	Output Provided
	<p>one technical assistance. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting small systems with water quality violations and other issues. Also, TCEQ staff participated in a wide variety of capacity development activities including:</p> <ul style="list-style-type: none"> • Staff assessment and assistance to PWS experiencing operational problems. • Providing training to technical assistance providers and water systems directly. • Tracking and assisting nonviable “at-risk” PWS in restructuring. • Providing free on-site assistance through the FMT contract.

Task 2.2: Capacity Development - FMT Assistance

This Task provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task, enhanced the FMT abilities of PWS by providing assistance in developing, enhancing, and maintaining FMT abilities, and assisting PWS to meet state and federal requirements through the use of TCEQ staff and/or contractors.

The key deliverable is the implementation of Programs designed to provide assistance visits in order to enhance the FMT abilities of PWS to meet state and federal requirements.

Work Plan Deliverable	Output Provided
<p>1. FMT training and assistance to PWS including but not limited to FMT assessments, consolidation assessments, consolidation facilitation assistance, and other special assistance and assessment projects as needed;</p>	<p>Under this grant, TCEQ oversaw and made assistance assignments through its FMT assistance contractor for: FMT Capacity Assessments, Consolidation Assessments, On-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects for PWS.</p>

<p>2. Assessment and reporting on DWSRF applicants; and</p>	<p>Under this grant, TCEQ oversaw and made assistance assignments through its FMT assistance contractor for: FMT Capacity Assessments for DWSRF applicants.</p>
<p>3. Provision of other assistance, training and services to PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.</p>	<p>Under this grant, TCEQ oversaw and made assistance assignments through its FMT assistance contractor for: Consolidation Assessments.</p>

Task 2.3 Capacity Development – Water Security

This Task provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task provided assistance to PWS during significant weather events, natural disasters, and other emergency events. Activities conducted enhanced abilities of PWS to respond to emergencies through the use of TCEQ staff and/or a contractor that provided assistance.

The key deliverable is the provision of water security assistance and training to PWS in the state impacted by or who have the potential to be impacted by natural disasters including drought.

Work Plan Deliverable	Output Provided
<p>1. Review, evaluation and technical assistance related to Emergency Preparedness Plans (EPP);</p>	<p>WSD created a new team called the Resiliency and Preparedness Team to begin reviewing and approving EPPs, developed standard operating procedures, created a new database to track the status of EPPs submitted, developed training for affected utilities on how to complete EPPs, and provided 9 EPP workshops across the state through the Financial Managerial and Technical support team. In SFY 2022, TCEQ has received 3,441 EPPs for review and approval.</p> <p>TCEQ’s WSD provided 1200 emergency contact forms to the attendees of the hybrid 2022 Annual Texas Public Drinking Water Conference. On a biannual basis, the TCEQ’s WSD sends out emergency contact forms to all water systems across the state, to keep emergency contact information for all PWS updated in SDWIS. For SFY 2023, the form is scheduled to be provided to approximately 7,110 active water systems</p>

Work Plan Deliverable	Output Provided
	<p>across the state. Emergency contact updates have been conducted on approximately 117 water systems, and 2,734 updates for other points of contact information have also been updated in SFY 2022, and this activity is ongoing.</p>
<p>2. Support for natural disaster (i.e. drought) initiatives and technical assistance to impacted systems;</p>	<p>Support for natural disaster initiatives included updates to drought watch lists and technical assistance calls to all impacted PWS regardless of PWS size, type, and ownership.</p> <p>During this reporting period and in anticipation of drought, WSD issued 4,779 drought alert letters on May 27, 2022. Drought conditions began impacting systems in June 2022 resulting in a significant increase in drought activities and assistance to water systems that were struggling to provide water to their customers. The Emergency Drinking Water Taskforce began meeting weekly as of July 7, 2022. As of September 13, 2022, the taskforce was tracking 13 drought impacted systems on the 180-day list. This list tracks systems that have estimated their remaining source water to be less than 180 days.</p> <p>The TCEQ continued to provide support and assistance to the Texas Natural Disaster Operational Workgroup (NDOW) by providing training to staff on the implementation and use of Response Manager (RM), the software to conduct drinking water assessments in response to a disaster. In SFY 2022, the RM trainings returned to being offered in person:</p> <ul style="list-style-type: none"> • April 20, 2022, for 19 attendees from the Central and North Central Texas Area • May 5, 2022, for 20 attendees from the Border and Permian Basin Texas Area • June 7th and 8th, 2022 for a total of 33 attendees from Central Office <p>WSD also provided support to the Texas NDOW by sending staff to participate in the NDOW 2022 Full Scale Hurricane Exercise held in Houston/Galveston on April 25th-28th, 2022 as well as providing the training on conducting the</p>

Work Plan Deliverable	Output Provided
	<p>Drinking Water Assessments in RM. This year the NDOW Hurricane Exercise had approximately 150 attendees with the support of nine state and federal agencies. In addition, a concurrent phone bank RM exercise was conducted which allowed 8 EPA water staff in Dallas and 9 TCEQ water staff in Austin to participate in the NDOW exercise remotely.</p> <p>Attendees to all RM trainings were taught the purpose of using RM, how to enter DW assessments in RM, taught the Drinking Water Operational and Damage Level Definitions, and utilized scenarios to test the attendee’s understanding and function of RM. These trainings prepare TCEQ staff to support PWS impacted by disasters.</p>
<p>3. Travel and training both within Texas and nationally to attend training, conferences and other events designed to enhance knowledge, skills and abilities and maintain competency of Program administration staff in support of the Water Security Program; and</p>	<p>In SFY 2022 trainings and conferences attended:</p> <ul style="list-style-type: none"> • EPA Texas ICS/NIMS Workshop • NOAA Climate Program Office – Showcasing Leading Practices in Climate Adaption • 15th Annual EMAT Symposium • The Infrastructure Investment and Jobs Act: Water Utilities • FY22 Cybersecurity Training for TCEQ Employees • The Power of Partnership: Sharing Resources with Neighboring Systems • 2022 South Texas All Hazards Conference McAllen, Texas • 8 Hour OSHA Refresher July 21, 2022 • 2022 Texas Division of Emergency Management Conference • Regional Community Lifelines Seminar Series – Water • EPA Building Resilience & Adapting to Climate Change Impacts: Intro Session Webinar for the Mid-Atlantic Region • Water Infrastructure Funding in the Bipartisan Infrastructure Law • EPA Texas Water and Power Resilience Workshop <p>The TCEQ’s Drinking Water Homeland Security Coordinator continues to participate in ASDWA’s Security notes, NDOW’s quarterly meetings, and</p>

Work Plan Deliverable	Output Provided
	<p>maintains a membership with Water ISAC to stay abreast of security issues affecting water utilities in Texas and across the country.</p>
<p>4. Provision of other assistance and support services to PWS in the support of the Water Security Program and the approved Capacity Development Strategy for the State of Texas.</p>	<p>In SFY 2022, the TCEQ’s Security Education contractor, CDM Smith was utilized to provide assistance to the TCEQ’s Emergency Resiliency Team, by reviewing 75 complex EPPs for approval as part of the SB 3 requirements.</p> <p>TCEQ’s hybrid 2022 Annual Texas Public Drinking Water Conference used the theme: Securing the Future of Texas Drinking Water. This two-day, free event provided 82 presentations and workshops covering multiple topics for water utilities. There were presentations on: Preparing for Severe Weather Events, Cybersecurity, Texas Drought Outlook, Drought Preparedness and Reporting Requirements, Emergencies, Lead and Copper Rule Revision, and the Plan Review Process. This event had approximately 1,700 attendees over the two-day period.</p> <p>TCEQ continues to be available for assistance and support services to PWS as needed through phone calls, the TCEQ’s Capacity Development program, the TCEQ’s Critical Infrastructure Division, the TXWARN website and the Texas Department of Emergency Management’s (TDEM’s) Public Works Response Team (PWRT).</p> <p>The PWRT supports local jurisdictions in their response to a catastrophic event by providing critical public works services as needed to facilitate recovery. TCEQ’s Capacity Development program coordinates with members of TWICC including TDEM, FEMA, Texas Department of Agriculture (TDA), USDA and GLO to assist systems affected by disasters to obtain funding.</p> <p>Another support service provided to PWS is the Quarterly DWA WG meetings that are held for all PWS to attend in person or via webinar. These meetings inform PWS of program activities, response activities, and security activities. The meeting is interactive and allows for web attendees to ask questions during the meeting.</p>

Work Plan Deliverable	Output Provided
	The website for these meetings had presentations, the information covered during each meeting, and advertises any upcoming drinking water related trainings provided by TCEQ, EPA, and other providers.

Task 2.4: Capacity Development – Source Water Protection (SWP)

This Task provided SWP activities (which included both surface and wellhead protection) within the state and provided ongoing assistance to PWS through evaluation of sources with respect to vulnerability to contamination. TCEQ staff and/or contractors were used to support this task.

The key deliverables were completed SWP reports provided to PWS to assist in the implementation of Programs designed to provide SWP within the state.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for PWS;	TCEQ completed half (0.5) a SWP assessment using this grant and the remaining half (0.5) was paid for with state funding. TCEQ Staff provided support toward other assessments. A total of one (1) a PWS was evaluated in one (1) county under this grant.
2. Implemented SWP Programs in various areas of the State for PWS	TCEQ completed 38 SWP Plans, half of a SWP plan was completed using this grant and the remaining half was paid for with state funding. TCEQ Staff provided support toward other assessments.
3. Best management practices developed to implement SWP for PWS;	TCEQ implemented best management practices for one (1) PWS under this grant. TCEQ Staff provided support toward other assessments.
4. Meetings and site visits in order to facilitate the creation of SWP Programs with PWS;	SWP participants attended three (3) meetings and TCEQ staff conducted site visits in conjunction with development of the SWP Plans. The completed SWP Plan required water systems to attend an introduction meeting, education outreach event, site inventory and close out meeting. TCEQ Staff provided support toward other assessments.

Work Plan Deliverable	Output Provided
5. Evaluation of potential source of contamination inventories for PWS;	TCEQ inventoried half of a SWP Area under this grant and the remaining half was paid for with state funding.
6. Identification of populations protected by a SWP Program and served by vulnerable water sources for PWS; and	Using this grant, TCEQ identified a population of 105 protected by a SWP Program and served by vulnerable water sources in one (1) PWS. TCEQ Staff provided support toward other assessments.
7. Other activities in support of the SWP Program within the State of Texas.	TCEQ staff partnered with TRWA and the Texas Parks and Wildlife Department (TPWL) to complete a SWP plan for one Texas State Park. Staff gave presentations on SWP and BMP at the hybrid 2022 Annual Texas Public Drinking Water Conference and Texas Rural Water Utilities Association Annual School. TCEQ staff participated in Texas Rural Water Association Annual Symposium, Texas Forests and Drinking Water Partnership, Groundwater Protection Committee, Natural Resource Conservation Service Water Subcommittee and Association of State Drinking Water Administrators (ASDWA) Committee meetings.

Task 2.5 Capacity Development - District Support

The activities under this Task assisted certain PWS on a statewide basis through the review of water district applications including the issuance of bonds as part of the Capacity Development Strategy of Texas (SDWA 1420). Administrative support and data-entry in support of the review of these water district applications was provided.

The key deliverable is the review of water district applications including data entry, administrative support, and other activities, and the implementation of Programs that support water districts financial and managerial capability.

Work Plan Deliverable	Output Provided
1. Provide data entry, administrative support and other activities in support of the review of water district applications;	The TCEQ's Water Supply Division – Districts Section, processed 595 water district applications during SFY 2022. TCEQ contractors provided data entry and administrative support for the review of water district applications.
2. Review applications, engineering reports, plans and specifications in conjunction with the processing of water district applications;	A total of 135 minor applications were reviewed by TCEQ contractors. During SFY 2022, 143 minor water district applications were completed. (This included several minor applications started in the previous fiscal year, but not completed.)
3. Coordination, assistance and support to EPA, PWS, the TCEQ and other State agencies as it relates to water district reviews for PWS;	Coordination, assistance and support was provided on request and through the normal day to day activities conducted under this Task.
4. Purchase of supplies, equipment and other items necessary to support the Capacity Development Strategy;	Supplies, equipment and other necessary items were purchased to support the PWSSP in Texas.
5. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the Capacity Development Strategy; and	TCEQ staff participated in virtual training opportunities to maintain professional engineering certifications. Staff also participated in various professional development training opportunities.
6. Provision of other assistance and support services to PWS in support of the approved Capacity Development Strategy for the State of Texas.	Other assistance was provided by taking phone inquiries and helping customers with the application process and adhering to requirements.

Task 2.6 Capacity Development - Drought Plan Review

The activities under this Task assisted PWS on a statewide basis in the development of water conservation and/or drought contingency programs to maintain or enhance abilities of PWS to meet state requirements as part of the Capacity Development Strategy of Texas (SDWA 1420).

The key deliverable is the implementation of Programs designed to provide assistance to PWS in the development of water conservation and/or drought contingency plans to maintain or enhance abilities of PWS to meet state requirements.

Work Plan Deliverable	Output Provided
1. Participate in Programs to provide assistance to PWS in the development of water conservation and/or drought contingency plans to maintain or enhance abilities of PWS to meet state requirements;	As a member of the Water Conservation Advisory Council (WCAC), Staff participated in 11 Council meetings during the Fiscal Year, as well as 13 meetings for WCAC workgroups. As a member of the Drought Preparedness Council, Staff attended three (3) meetings during SFY 2022 and presented the results of the Drought Activities Update Report.
2. Review and evaluate of water conservation and/or drought contingency plans of retail PWS to meet state requirements; and	Staff completed approximately 14 conservation reviews for water rights applications that were associated with retail PWS entities. Staff reviewed approximately 20 updated water conservation plans, updated drought contingency plans, and water conservation implementation reports associated with retail PWS entities. These reviews ensured the plans met the Texas Water Code and Texas Administrative Code requirements.
3. Provision of other assistance and services to PWS in support of the approved Capacity Development Strategy for the State of Texas.	In SFY 2022, Staff prepared documents to assist entities, including retail PWS, for the upcoming 2024 submittal of updated Water Conservation Plans, updated Drought Contingency Plans, and water conservation implementation reports. Staff made presentations at the 2022 TCEQ Environmental Trade Fair and the hybrid 2022 Annual Texas PDW Conference providing information and assistance to entities, including retail PWS, regarding submittal of updated Water Conservation Plans, updated Drought Contingency Plans, and water conservation implementation reports.

Attachment D: SFY 2022 Local Assistance (15%) Annual Report

**STATE FISCAL YEAR 2022
DRINKING WATER STATE REVOLVING FUND
LOCAL ASSISTANCE
(15%) FIFTEEN PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-99679525
[TCEQ Grant# 991522]**



**Texas Commission on Environmental Quality
P.O. Box 13087, Austin, Texas 78711-3087**

**Source of Funding: Federal Fiscal Year 2021 DWSRF Fifteen Percent Set-
Aside**

Submitted November 15, 2022

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INTRODUCTION

The Safe Drinking Water Act, as amended in 1996, established the Drinking Water State Revolving Fund (DWSRF) to make funds available to drinking water systems to finance infrastructure improvements. The objectives of the DWSRF Program include addressing public health priorities, achieving compliance with the Safe Drinking Water Act (SDWA), assisting systems to ensure affordable drinking water and maintaining the long-term viability of the Fund. The SDWA authorizes states to use a portion of the federal DWSRF Capitalization Grant to support various drinking water programs (Set-Asides). Through the use of Set-Asides, emphasis is also placed on the development of state programs, including Source Water Protection (SWP), and Capacity Development. The SDWA allows as much as 15% of a State's federal Capitalization Grant to be used for Local Assistance.

The DWSRF Grant Program is administered at the federal level by the Environmental Protection Agency (EPA) and at the state level by the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB). The TWDB is the state agency with the authority to administer the loan program and to apply for the DWSRF Capitalization Grant. The TCEQ has been designated and has served as the state primacy agency under the SDWA since 1978. The TCEQ, as the primacy agency, is eligible to receive Set-Aside funds provided by EPA from the DWSRF Capitalization Grant. The TCEQ and TWDB have a Memorandum of Understanding (MOU) and an inter-agency contract that clarify each agency's roles and responsibilities in implementing the grant.

The State Fiscal Year (SFY) 2022 Drinking Water State Revolving Fund 15% Local Assistance Annual Report details the TCEQ's progress in meeting DWSRF Grant Program goals, objectives, and funding expenditures for September 1, 2021 through August 31, 2022 using the 15% Set-Aside funds for SWP and Capacity Development. The Annual Report includes details on federal and state Program Goals and Objectives, Performance Measures, Funding Mechanisms and Expenditures and Program Elements, Tasks and Deliverables.

SUMMARY

The TCEQ, through the 15% Local Assistance Work Plan identified activities to be performed between September 1, 2021 and August 31, 2022 that supported Public Water Systems (PWS) through the State's Public Water System Supervision Program (PWSSP). These activities addressed Program requirements of the PWSSP outlined by the SDWA. Specifically, local technical assistance through SWP activities and assistance to water systems on a local basis in developing and implementing the Capacity Development Strategy requirement of the SDWA were addressed.

The TCEQ expended approximately \$4,100,000 during the grant Work Plan period for work performed during this period. It should be noted that \$3,218,937 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately \$922,259 has been or is expected to be requested during the

months of September 2022 through November 2022. No match is required; the 15% DWSRF Set-Aside does not require a match.

The total requested for reimbursement from TWDB between September 2021 and August 2022 was \$3,218,937. Of this amount, approximately \$41,196 was requested for reimbursement from TWDB between September 2021 and November 2021 under the SFY2021/FFY2020 DWSRF 15% Set-Aside Work Plan. Work was performed as described in the Work Plan unless otherwise noted in this report.

EPA AND TCEQ GOALS AND OBJECTIVES

Federal and State programmatic goals and objectives are shown in Table 1: EPA and TCEQ Goals and Objectives below.

Table 1: EPA and TCEQ Goals and Objectives

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
<p>EPA Goal 1 – A Cleaner, Healthier Environment: Deliver a cleaner, safer, and healthier environment for all Americans and future generations by carrying out the Agency’s core mission.</p> <p>EPA Objective 1.2: Provide for Clean and Safe Water</p> <p>Ensure waters are clean through improved water infrastructure and, in partnership with states and tribes, sustainably manage Programs to support drinking water, aquatic ecosystems, and recreational, economic, and subsistence activities.</p>	<p>TCEQ Goal 02: Drinking Water</p> <p>To protect public health and the environment by assuring the delivery of safe drinking water to the citizens of Texas consistent with requirements in the Safe Drinking Water Act by providing efficient regulation of the production, treatment, delivery and protection of safe and adequate drinking water and promoting regional water strategies.</p> <p>TCEQ Goal 02: Objective 01</p> <p>Supply 95 percent of Texans served by public drinking water systems with safe drinking water as required by the Safe Drinking Water Act, to provide regulatory oversight of water and sewer utilities, and to promote regional water strategies.</p> <p>TCEQ Strategy 02-01-01: Safe Drinking Water</p> <p>Ensure the delivery of safe drinking water to all citizens through monitoring and oversight</p>

	of drinking water sources consistent with the requirements of the Safe Drinking Water Act.
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WORK PROGRAM ORGANIZATIONAL STRUCTURE

Within the TCEQ, the Water Supply Division (WSD) is responsible for the overall administrative activities under the 15% DWSRF Set-Aside Grant. The WSD is in charge of administration of the Source Water Protection Program (Program Element 1 and associated Tasks), and the Capacity Development Program (Program Element 2 and associated Tasks).

EXPENDITURE BY PROGRAM ELEMENT

Funding was allocated by Program Element. The Expenditure Summary Table (Table 2 below) provides expenditure information as of November 15, 2022 and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$4,100,000 during the grant Work Plan period for work performed during this period. It should be noted that \$3,218,937 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately \$922,259 has been or is expected to be requested during the months of September 2022 through November 2022. No match is required; the 15% DWSRF Set-Aside does not require a match. Activities were performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2021 and August 2022 was \$3,218,937. Of this amount, approximately \$41,196 was requested for reimbursement from TWDB between September 2021 and November 2021 under the SFY2021/FFY2020 DWSRF 15% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2021 and August 2022 for the SFY22/FFY21 15% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total

Program Element 1: Source Water Protection Programs	Water Supply Division	\$132,500	\$132,500	3%
Program Element 2: Capacity Development	Water Supply Division	\$3,045,241	\$3,967,500	97%
Total		\$3,177,741	\$4,100,000	100%

PROJECT SCHEDULE

The TCEQ conducted the activities in the DWSRF 15% Set-Aside Work Plans over a 12-month period, which began September 1, 2021 and ended August 31, 2022 (SFY 2022).

MEASURES OF SUCCESS

The following tables [Table 3: TCEQ Outcome/Output Measures and Table 4: EPA National Program Guidance] provide the results of the activities implemented under the DWSRF 15% Work Plan. These measures were previously identified in the DWSRF 15% Work Plan under each Program Element and Task combination:

Table 3: TCEQ Outcome/Output Measures

TCEQ Outcome/Output Measure	Program Element/Task	Outcome/Output
<u>2.1 oc 1 Outcome Measure</u> Percent of Texas population served by public drinking water systems that meet drinking water standards.	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	98.76% of Texas population served by public drinking water systems that meet drinking water standards.
<u>2.1.1 op 1 Output Measure:</u> Number of public drinking water systems that meet primary drinking water standards.	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	6,833 public drinking water systems that meet primary drinking water standards.

Table 4: EPA National Program Guidance

EPA National Program Guidance	Program Element/Task	Outcome/Output
<p>Community water systems out of compliance with health-based standards: Nationally from FFY Quarter 4 2017 of 3,508 to Quarter 4 2020 3,365 – Texas FFY Quarter 4 2017 - 459</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2022 – 350 • 24% reduction since Q4 2017
<p>Systems out of compliance due to Lead and Copper Rule violations: (50% by 2022 – starting 2018) – Texas 2017 Q4 - 110</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2022 – 68 • 36.4% reduction over Since Q4 2017

PROGRAM ELEMENTS, TASKS, DELIVERABLES AND OUTPUTS

The following describes the Work Plan Deliverables and Outputs provided for the Program Elements and Tasks identified in the 15% DWSRF Work Plan for SFY 2022.

Program Element 1: Source Water Protection (SWP) Programs

This Program Element and associated Task implemented SWP (which includes both surface and wellhead protection) activities within the State in order to provide ongoing direct local assistance to PWS through evaluation of sources with respect to vulnerability to contamination. An estimated total of \$132,500 was expended for activities conducted during the Work Plan period of September 1, 2021 through August 31, 2022. Of the total estimated amount expended, \$132,500 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately \$0 has been or is expected to be requested during the months of September 2022 through November 2022. All work was performed during the designated Work Plan period of September 1, 2021 through August 31, 2022.

Task 1.1 Source Water Protection Activities

This Task provided for SWP activities (which included both surface and wellhead protection) within the state in order to provide ongoing direct local assistance to

PWS through evaluation of sources with respect to vulnerability to contamination. TCEQ staff and/or contractors were used to support this Task.

The key deliverables were completed SWP reports provided to PWS in order to assist in the implementation of Programs designed to provide SWP within the State.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for PWS;	TCEQ completed nine (9) SWP assessments under this grant. TCEQ Staff provided support toward other assessments. A total of nine (9) PWS were evaluated in two (2) counties under this grant.
2. Implemented SWP Programs in various areas of the State for PWS;	TCEQ completed 38 SWP Plans, nine (9) were conducted under this grant. TCEQ Staff provided support toward other assessments.
3. Best management practices developed to implement SWP for PWS;	TCEQ implemented best management practices for nine (9) PWS under this grant. TCEQ Staff provided support toward other assessments.
4. Meetings and site visits in order to facilitate the creation of SWP Programs with PWS;	SWP participants attended 27 meetings and TCEQ staff conducted site visits in conjunction with development of the SWP Plans. Each of the nine (9) SWP Plans completed required water systems to attend an introduction meeting, education outreach event, site inventory and close out meeting. TCEQ Staff provided support toward other assessments.
5. Evaluation of potential source of contamination inventories for PWS;	TCEQ inventoried 19 SWP Areas under this grant.
6. Identification of populations protected by a SWP Program and served by vulnerable water sources for PWS; and	Under this grant, TCEQ identified a population of 2,457 protected by a SWP Program and served by vulnerable water sources in nine (9) PWS. TCEQ Staff provided support toward other assessments.
7. Other activities in support of the SWP Program within the State of Texas.	TCEQ staff partnered with Texas Rural Water Association (TRWA) and the Texas Parks and Wildlife Department (TPWL) to complete a SWP plan for one Texas State Park. Staff gave presentations on SWP and BMP at the hybrid (in person and virtually) 2022 Annual Texas Public Drinking Water Conference and Texas Rural Water Utilities Association Annual School. TCEQ staff participated in Texas Rural Water Association Annual Symposium, Texas Forests

Work Plan Deliverable	Output Provided
	and Drinking Water Partnership, Groundwater Protection Committee, Natural Resource Conservation Service Water Subcommittee and Association of State Drinking Water (ASDWA) Administrators Committee meetings.

Program Element 2: Capacity Development

This Program Element provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Program Element enhanced the financial, managerial, and technical (FMT) abilities of PWS through the identification of PWS that needed assistance in developing, enhancing, and maintaining their FMT abilities to meet state and federal requirements. Additionally, the activities under this Program Element assisted PWS to maintain or enhance their abilities to meet State requirements through developing, issuing and managing of assistance, including assistance from technical assistance contractors, in order to improve their FMT capability. The activities under this Program Element were performed by TCEQ staff and/or contractors.

An estimated total of \$3,967,500 was expended for activities conducted during the Work Plan period of September 1, 2021 through August 31, 2022. Of the total estimated amount expended \$3,045,241 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2021 through August 31, 2022 and the remainder, or approximately \$922,259 has been or is expected to be requested during the months of September 2022 through November 2022. All work was performed during the designated Work Plan period of September 1, 2021 through August 31, 2022.

Task 2.1: Capacity Development – Capacity Development Activities

This Task implemented the Capacity Development Strategy under the PWSSP in Texas. The activities under this Task provided local assistance to reduce the risk of both long-term and short-term health effects. This was accomplished through the implementation of: the Texas Optimization Program (TOP); portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, coordination, Intended Use Plan ranking and review and other specialized assistance to PWS through the use of TCEQ staff and/or contractors.

The key deliverable is the implementation of Programs designed to meet the goal of 95% of the Texas population with drinking water (DW) that meets DW standards and increased sustainability of PWS by providing local assistance.

Work Plan Deliverable	Output Provided
1. Development of presentations, training	TCEQ provided presentations and workshop and training materials at the hybrid 2022 Annual

Work Plan Deliverable	Output Provided
<p>materials and other technical documents to support the technical capability and compliance of PWS in Texas;</p>	<p>Texas PDW Conference. Staff developed and made presentations to assist PWS at workshops, conferences, the Drinking Water Advisory Work Group (DWAAG), and Texas Water Infrastructure Coordination Committee (TWICC) meetings with topics including regionalization, asset management planning, how drinking water facilities are reviewed and approved, and how to get assistance with operations and funding. Staff also prepared technical assistance documents and surveys for training operators and assistance providers on topics including cross-connection and backflow prevention and disinfection byproduct formation.</p>
<p>2. Provide training and technical assistance, through the TOP and other activities as needed, to support the technical capability of PWS;</p>	<p>During the grant period, the TOP provided training and technical assistance to 45 PWS across 69 individual technical support assignments, 21 of these systems classified as small-systems (less than 10K in population) and 47 systems classified as greater than 10K in population. TOP delivered 14 Direct Assistance Module (DAM) technical training events to PWS operators. Additionally, TOP staff and contractors delivered technical training to approximately 1,700 drinking water operators, staff, and management professionals at the hybrid 2022 Annual Texas PDW Conference delivering Technical Presentations, and Targeted workshops that included: troubleshooting at a surface water treatment plant, filter assessment and backwash procedures, nitrification action plans, jar testing, level 1 and level 2 assessments, and advanced chloramines.</p>
<p>3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by PWS;</p>	<p>During the grant period, exceptions for PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for PWS improvements. During the grant period, exceptions for PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for PWS improvements as well as submittals regarding corrosion control for PWS with lead action level exceedances. Some examples of technical assistance for exception, plan and corrosion control submittals include phone calls with PWS representatives to explain what is needed for exception requests to the</p>

Work Plan Deliverable	Output Provided
	sanitary control easement requirements, pre-application meetings with PWS and their engineering representative prior to submittal of engineering plans and responding to PWS questions via phone or email regarding corrosion control options and requirements.
4. Purchase of supplies and equipment necessary to support the Capacity Development Program in Texas;	Supplies and equipment deemed necessary to support the Capacity Development Program were purchased.
5. Coordination of and participation in state and/or national organizations including but not limited to Texas Water Infrastructure Coordination Committee (TWICC), the Association of Safe Drinking Water Administrators (ASDWA), and other organizations in support of the Capacity Development Strategy;	<p>TCEQ coordinated activities with the TWICC, ASDWA, EPA, US Department of Agriculture (USDA), Communities Unlimited, Texas Rural Water Association (TRWA), TWDB and other agencies.</p> <p>During this fiscal year, TCEQ participated in regularly scheduled TWICC meetings every other month and helped coordinate with entities looking for funding to enable them to attend the meetings. Each member agency takes turn hosting the meetings and TCEQ hosted the May 2022 meeting. Entities seeking funding and other types of assistance are encouraged to attend TWICC meetings as guests either in person (when available) or by telephone. In SFY 2022, TWICC guests included:</p> <ul style="list-style-type: none"> • A small city struggling with a myriad of compliance, funding, and management issues. • A citizen looking for advice on finding or creating water service for a rural community in Hamilton County. • A rural landowner looking for funding to bring water service for the first time to a small community in northeast Texas. • A district city seeking funding for a regionalization project to provide service to a small neighboring utility. • A small city in far west Texas struggling to find funding to address wastewater and water compliance issues and serious water loss; and • A small district in east Texas trying to identify funding for ongoing wastewater issues.

Work Plan Deliverable	Output Provided
	<p>TWICC also hosted entities who made presentations about research and resources pertaining to water. This year those presenters included the Houston Advanced Research Council, the Bureau of Reclamation, the UT Bureau of Economic Geology and CoBank.</p> <p>In FY 2022, TWICC’s relatively new Colonia Workgroup continued to meet and discuss available Colonia location data, plans on dispersing available funds, and potential projects for underserved and unserved disadvantaged areas along the Texas/Mexico border.</p> <p>In SFY 2022, TCEQ staff made presentations about TWICC at workshops, conferences, and staff trainings. There was a TWICC workshop at the hybrid 2022 Annual Texas PDW Conference that was attended by a river authority, a municipal utility district, a trailer park representative, three cities, a rural water supply corporation and an operations company. TWICC members participating include TCEQ, Public Utilities Commission (PUC), Texas American Water Works Association (TAWWA), Communities Unlimited (CU), TWDB, USDA, TRWA and General Land Office (GLO). The workshop participants had lively and productive discussions.</p>
<p>6. Travel, training, attendance at conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State Program administration staff in support of the Capacity Development Strategy; and</p>	<p>TCEQ Staff participated in virtual and in-person trainings, conferences and other events designed to share and enhance knowledge, skills and abilities in support of the Capacity Development Strategy. Staff participated in both ASDWA and EPA workgroups and committees focusing on implementation of the new Bipartisan Infrastructure Law funding and capacity development topics including small systems, regionalization, and consolidation, the DWSRF and partnerships.</p>
<p>7. Provision of other assistance and support services to PWS in support of the PWSS Program and approved Capacity</p>	<p>TCEQ staff and contractors participated in the hybrid 2022 Annual Texas PDW Conference. This conference had a robust workshop section where water systems received specialized training. The conference also provided a technical assistance</p>

Work Plan Deliverable	Output Provided
Development Strategy for the State of Texas.	<p>room for PWS staff to receive one-on-one technical assistance. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, the Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting PWS staff to receive one-on-one technical assistance. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting small systems with water quality violations and other issues. Also, TCEQ staff participated in a wide variety of capacity development activities including:</p> <ul style="list-style-type: none"> • Staff assessment and assistance to PWS experiencing operational problems. • Providing training to technical assistance providers and water systems directly. • Tracking and assisting nonviable “at-risk” PWS in restructuring. • Providing free on-site assistance through the FMT contract.

Task 2.2: Capacity Development - FMT Assistance

This Task provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task enhanced the FMT abilities of PWS by providing local assistance in developing, enhancing, and maintaining FMT abilities, and assisting PWS to meet state and federal requirements through the use of TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to provide assistance visits in order to enhance the FMT abilities of PWS to meet state and federal requirements.

Work Plan Deliverable	Output Provided
1. FMT training and assistance to PWS including but not limited to FMT assessments, consolidation assessments, consolidation facilitation assistance, and other special assistance and assessment projects as needed;	<p>Under this grant, TCEQ, through its FMT Assistance contractor, completed 898 FMT Capacity Assessments, Consolidation Assessments, on-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects for PWS.</p> <p>TCEQ’s FMT Contractor completed 32 FMT Assistance assignments for the purpose of training</p>

Work Plan Deliverable	Output Provided
	and assisting PWS on specific FMT weaknesses identified during FMT Capacity Assessments.
2. Assessment and reporting on DWSRF applicants; and	Under this grant, TCEQ’s FMT Contractor conducted 20 FMT capacity assessments for PWS DWSRF applicants.
3. Provision of other assistance, training and services to PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.	Under this grant, TCEQ’s FMT Assistance contractor completed 106 TCEQ-administered special assignments that ranged from assisting a system convert to a WSC to preparing and presenting Emergency Preparedness Plan (EPP) workshops.

Task 2.3 Capacity Development – Water Security

This Task provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task provided local assistance to PWS during significant weather events, natural disasters, and other emergency events. Activities were conducted to enhance abilities of PWS to respond to emergencies through the use of TCEQ staff and/or contractors that provided assistance.

The key deliverable was the provision of water security assistance and training to PWS in the state impacted by or who have the potential to be impacted by natural disasters including drought.

Work Plan Deliverable	Output Provided
1. Review, evaluation and technical assistance related to Emergency Preparedness Plans (EPP);	<p>WSD created a new team called the Resiliency and Preparedness Team to begin reviewing and approving EPPs, developed standard operating procedures, created a new database to track the status of EPPs submitted, developed training for affected utilities on how to complete EPPs, and provided 9 EPP workshops across the state through the Financial Managerial and Technical support team. In SFY 2022, TCEQ has received 3,441 EPPs for review and approval.</p> <p>TCEQ’s WSD provided 1200 emergency contact forms to the attendees of the hybrid 2022 Annual Texas Public Drinking Water Conference. On a biannual basis, the TCEQ’s WSD sends out emergency contact forms to all water systems across the state, to keep emergency contact</p>

Work Plan Deliverable	Output Provided
	<p>information for all PWS updated in SDWIS. For SFY 2023, the form is scheduled to be provided to approximately 7,110 active water systems across the state. Emergency contact updates have been conducted on approximately 117 water systems, and 2,734 updates for other points of contact information have also been updated in SFY 2022, and this activity is ongoing.</p>
<p>2. Support for natural disaster (i.e. drought) initiatives and technical assistance to impacted systems;</p>	<p>Support for natural disaster initiatives included updates to drought watch lists and technical assistance calls to all impacted PWS regardless of PWS size, type, and ownership.</p> <p>During this reporting period and in anticipation of drought, WSD issued 4,779 drought alert letters on May 27, 2022. Drought conditions began impacting systems in June 2022 resulting in a significant increase in drought activities and assistance to water systems that were struggling to provide water to their customers. The Emergency Drinking Water Taskforce began meeting weekly as of July 7, 2022. As of September 13, 2022, the taskforce was tracking 13 drought impacted systems on the 180-day list. This list tracks systems that have estimated their remaining source water to be less than 180 days.</p> <p>The TCEQ continued to provide support and assistance to the Texas Natural Disaster Operational Workgroup (NDOW) by providing training to staff on the implementation and use of Response Manager (RM), the software to conduct drinking water assessments in response to a disaster. In SFY 2022, the RM trainings returned to being offered in person:</p> <ul style="list-style-type: none"> • April 20, 2022, for 19 attendees from the Central and North Central Texas Area • May 5, 2022, for 20 attendees from the Border and Permian Basin Texas Area • June 7th and 8th, 2022 for a total of 33 attendees from Central Office <p>WSD also provided support to the Texas NDOW by sending staff to participate in the NDOW 2022 Full Scale Hurricane Exercise held in</p>

Work Plan Deliverable	Output Provided
	<p>Houston/Galveston on April 25th-28th, 2022 as well as providing the training on conducting the Drinking Water Assessments in RM. This year the NDOW Hurricane Exercise had approximately 150 attendees with the support of nine state and federal agencies. In addition, a concurrent phone bank RM exercise was conducted which allowed 8 EPA water staff in Dallas and 9 TCEQ water staff in Austin to participate in the NDOW exercise remotely.</p> <p>Attendees to all RM trainings were taught the purpose of using RM, how to enter DW assessments in RM, taught the Drinking Water Operational and Damage Level Definitions, and utilized scenarios to test the attendee's understanding and function of RM. These trainings prepare TCEQ staff to support PWS impacted by disasters.</p>
<p>3. Travel and training within Texas or nationally to attend training, conferences and other events designed to enhance knowledge, skills and abilities and maintain competency of Program administration staff in support of the Water Security Program; and</p>	<p>In SFY2022 trainings and conferences attended:</p> <ul style="list-style-type: none"> • EPA Texas ICS/NIMS Workshop • NOAA Climate Program Office – Showcasing Leading Practices in Climate Adaption • 15th Annual EMAT Symposium • The Infrastructure Investment and Jobs Act: Water Utilities • FY22 Cybersecurity Training for TCEQ Employees • The Power of Partnership: Sharing Resources with Neighboring Systems • 2022 South Texas All Hazards Conference McAllen, Texas • 8 Hour OSHA Refresher July 21, 2022 • 2022 Texas Division of Emergency Management Conference • Regional Community Lifelines Seminar Series – Water • EPA Building Resilience & Adapting to Climate Change Impacts: Intro Session Webinar for the Mid-Atlantic Region

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • Water Infrastructure Funding in the Bipartisan Infrastructure Law • EPA Texas Water and Power Resilience Workshop <p>The TCEQ’s Drinking Water Coordinator continues to participate in ASDWA’s Security notes, NDOW’s quarterly meetings, and to maintain a membership with Water ISAC to stay abreast of security issues affecting water utilities in Texas and across the country.</p>
<p>4. Provision of other assistance and support services to PWS in support of the Water Security Program and the approved Capacity Development Strategy for the State of Texas.</p>	<p>In SFY 2022, the TCEQ’s Security Education contractor, CDM Smith was utilized to provide assistance to the TCEQ’s Emergency Resiliency Team, by reviewing 75 complex EPPs for approval as part of the SB 3 requirements.</p> <p>TCEQ’s hybrid 2022 Annual Texas Public Drinking Water Conference used the theme: Securing the Future of Texas Drinking Water. This two-day, free event provided 82 presentations and workshops covering multiple topics for water utilities. There were presentations on: Preparing for Severe Weather Events, Cybersecurity, Texas Drought Outlook, Drought Preparedness and Reporting Requirements, Emergencies, Lead and Copper Rule Revision, and the Plan Review Process. This event had approximately 1,700 attendees over the two-day period.</p> <p>TCEQ continues to be available for assistance and support services to PWS as needed through phone calls, the TCEQ’s Capacity Development program, the TCEQ’s Critical Infrastructure Division, the TXWARN website and the Texas Department of Emergency Management’s (TDEM’s) Public Works Response Team (PWRT).</p> <p>The PWRT supports local jurisdictions in their response to a catastrophic event by providing critical public works services as needed to facilitate recovery. TCEQ’s Capacity Development program coordinates with members of TWICC including TDEM, FEMA, Texas Department of Agriculture (TDA), USDA and GLO to assist systems affected by disasters to obtain funding.</p>

Work Plan Deliverable	Output Provided
	<p>Another support service provided to PWS is the Quarterly Drinking Water Advisory Work Group (DWAAG) meetings that are held for all PWS to attend in person or via webinar. These meetings inform PWS of program activities, response activities, and security activities. The meeting is interactive and allows for web attendees to ask questions during the meeting. The website for these meetings has presentations, the information covered during each meeting, and advertises any upcoming drinking water related trainings provided by TCEQ, EPA, and other providers.</p>