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AGENDA ITEM MEMO

BOARD MEETING DATE: August 6, 2026

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel
Jessica Peña, Deputy Executive Administrator, Water Supply & Infrastructure
Marvin Cole-Chaney, Assistant Executive Administrator, Water Supply & Infrastructure

FROM: Jesse Milonovich, Interim Director, Program Administration & Reporting
Patrick Kading, Manager, Federal Program Administration

SUBJECT: State Fiscal Year 2026 Clean Water State Revolving Fund Emerging Contaminants Intended Use Plan

ACTION REQUESTED

Consider approving the State Fiscal Year 2026 Clean Water State Revolving Fund Emerging Contaminants Intended Use Plan.

BACKGROUND

The Infrastructure Investment and Jobs Act of 2021 appropriated capitalization grant funds for Federal Fiscal Years (FFY) 2022 to 2026 to reduce exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants. This State Fiscal Year (SFY) 2026 Intended Use Plan (IUP) covers the Clean Water State Revolving Fund (CWSRF) capitalization grant funds allocated to Texas from FFY 2025 appropriations in the amount of \$9,719,000.

For a project or activity to be eligible under this special appropriation, it must be otherwise CWSRF eligible and the primary purpose must be to address emerging contaminants. The focus will be on projects addressing PFAS; however, the program may fund lower priority projects for any contaminant in any of the U.S. Environmental Protection Agency's (EPA) Contaminant Candidate Lists or as the EPA otherwise deems eligible for CWSRF Emerging Contaminant program.

Funding projects is dependent on the ranking and prioritization of Project Information Forms (PIFs) received and the outcome of the TWDB's review of the project details in submitted financial assistance applications.

Our Mission	:	Board Members
Leading the state's efforts	:	L'Oreal Stepney, P.E., Chairwoman W. Brady Franks, Board Member Ashley Morgan, Board Member
in ensuring a secure	:	
water future for Texas	:	Bryan McMath, Executive Administrator

The appropriations require the entire amount allocated to project funding to be provided as additional subsidization, which will be in the form of principal forgiveness. Therefore, the total amount of \$9,330,240 is available for projects under this IUP as principal forgiveness.

PUBLIC REVIEW, HEARING, AND COMMENTS

An opportunity was provided for public comment on the draft IUP, with the proposed project priority lists included, from June 24 to July 24, 2026. A public hearing was conducted in person on June 26, 2026, at 11:00 A.M. in Austin. Comments were also accepted through email and an internet form. Four public comments were received during the public comment period.

The public comments received during the public comment period and the TWDB's response are shown in Attachment 1. Based on the public comments the following changes were made to the SFY 2026 CWSRF-EC IUP: (1) additional explanation regarding the change of the closing deadline, and (2) reference to guidance regarding closing requirements was provided.

KEY ISSUES

The TWDB received one project proposal for the SFY 2026 CWSRF-EC solicitation. Based on the prioritization and the funding availability, the TWDB will extend invitations to projects that did not receive funding from the CWSRF-EC SFY2025 IUP in order to use the entire FFY 2025 allotment for Texas. The TWDB is poised to move forward expeditiously with the beneficial work of reducing exposures to PFAS and other emerging contaminants throughout Texas.

Following Board approval of the IUP, the TWDB will submit the final IUP to the EPA, followed by invitations to entities with highest prioritization on the IUP's Project Priority List to submit a full financial assistance application for review and consideration.

RECOMMENDATION

The Executive Administrator recommends approval of the SFY 2026 CWSRF Emerging Contaminants Intended Use Plan with the ability to make non-substantive changes if necessary.

Attachments:

1. Response to public comments on the draft SFY 2026 CWSRF Emerging Contaminants IUP.
2. Recommended Final SFY 2026 CWSRF Emerging Contaminants IUP

Texas Water Development Board

Response to Comments on the State Fiscal Year 2026 Clean Water State Revolving (CWSRF) Fund Emerging Contaminants Draft Intended Use Plan (IUP)

The following provides a summary of the public comments received during the public comment period from June 24, 2026, to July 24, 2026, the Texas Water Development Board (TWDB) responses, and any changes to the recommended final SFY 2026 CWSRF Emerging Contaminants IUP.

General Comments

Comment submitted by: Ethel Moore

Comment Date: June 24, 2026

Comment:

Texas leads THE WORLD in contaminating our creeks rivers AND OCEANS!!!!!!
SHAME ON CROOKED TEXAS !!!!!!!

Response:

The TWDB appreciates receiving comments for the 2026 CWSRF Emerging Contaminants IUP. The intent of the CWSRF Emerging Contaminants program is to address emerging contaminants across the state of Texas.

Change:

None.

Comment submitted by: Sandra Wolff

Comment Date: July 15, 2026

Comment:

Technologies are available to build better. Under current procedures for wastewater delivery to be processed under current wastewater facilities. How many additional gallons of clean water is utilized to complete the procedures of this current process including flushing, discharge, bio-mass, or slug in the system? Minimal water discharge movement to process facilities are available that could be implimented (sic) into these wastewater discharge processing procedures. Additional potential benefits could be implemented a long side these process, examples: potrolum (sic) products, fuel, electricity and concentrations of contaminations, PFAS and fentanyl containment highly reducing reintroduction into the environment, clean water, Aquifers and clean water containments structures. Advancement of Plasma Gasification Syngas Power System, vitrified slag incapsuled (sic) preventing possible concentrations of contaminations effecting the environment and inhabitates (sic).

Response:

The TWDB appreciates receiving comments for the 2026 CWSRF Emerging Contaminants IUP. The intent of the CWSRF Emerging Contaminants program is to address emerging contaminants across the state of Texas.

Change:

None.

Comment submitted by: Alison Hanson, Senior Project Coordinator, Dallas Water Utilities

Comment Date: July 24, 2026

Comment:

Section related to CWSRF Section VIII, Subsection A:

1. Could TWBD please clarify “interrelated” projects? Would two projects, both by the same entity but in different locations be “interrelated”? Or would two separate PFAS removal steps at one entity’s one facility count as “interrelated”? Please clarify the limitation of “interrelated projects” unless the definition should be left broad on purpose to allow more applications to fall under this category.

Response:

It appears this comment is directed at Section VIII, Subsection D, regarding the Bypassing of Projects. The CWSRF Emerging Contaminants IUP states that “if an entity is offered funding for any project that has an interrelated project ranked lower on the list, the Executive Administrator has discretion to also offer funding for the interrelated project.” The definition of “interrelated” is left broad as there could be a variety of interpretations pending the system(s) and their project needs. To date, this option of bypassing projects to fund interrelated projects has not been utilized by TWDB under the CWSRF Emerging Contaminants IUPs. Two separate PFAS removal steps at one facility would likely not be considered “interrelated” but would be considered a complete project.

Change:

None.

Comment submitted by: Tom Entsminger, Policy Director / NWF Texas Coast & Water Program; Jacob Hupp Galveston Bay Foundation; Usman Mahmood Bayou City Waterkeeper

Comment Date: July 24, 2026

Comment:

Over the past five years, funds made available through the Infrastructure Investment and Jobs and (IIJA) have provided an important source of funding to protect public health and safety by addressing emerging contaminants and the replacement of lead service lines. SFY '26 marks the final year of IIJA appropriations, and while we appreciate that these activities remain eligible under the base SRF programs, we are concerned that a decline in SRF appropriations and state allotments will result in a diminished capacity to support the wide range of important activities eligible under these programs - particularly for disadvantaged communities. We encourage TWDB to communicate proactively with the state legislature and EPA regarding this funding cliff and to explore mechanisms, such as leveraging or additional subsidization within the base SRF program, to sustain support for emerging contaminant projects going forward.

The following comments include recommended improvements to the draft SFY '26 IUP's, but some are also applicable to the base SRF programs and should be items for consideration if targeted EC funding is made available again in the future.

Provide Clarity on Deadlines and Documentation Requirements for Closing on Assistance

After completing an application process that typically involves a significant amount of administrative work in order to obtain a funding commitment from the Board, many applicants are caught off guard by the additional documentation required for closing. Although the need for closing deadlines may be supported by capitalization grant requirements and TWDB's workflow management needs, they can be perceived as overly strict from the applicant's perspective. The shortened 4 month closing timeline likely has a logical justification such as EPA requirements at the end of IIJA appropriations, but this is unclear based on the language in the IUP and additional context at this stage would allow prospective applicants to plan ahead more effectively. We recommend:

- Providing a brief explanation of the reason for a shorter closing deadline under Section IV: Significant Program Changes;
- Providing a brief explanation of the general need for closing deadlines under Section VIII (I): Closing Deadlines; and
- Including the full checklist of documentation required for closing as an Appendix.

Revise Disadvantaged Community (DAC) Thresholds

The current DAC definition (AMHI below 150% of state AMHI plus unemployment above 50% of state rate or declining population or small system status) creates an overly broad definition that may not effectively target communities most in need of assistance. Lowering the income threshold would help direct assistance toward communities that are more likely to struggle with project costs. We recommend:

- Lowering the AMHI threshold to 100% of the state AMHI ; and
- Adding consideration of additional socioeconomic factors such as:
 - Poverty rate;
 - Social Vulnerability Index; and
 - Percentage of household income spent on water services.

If not introduced as elements of the DAC criteria for EC funds, this data could be utilized for project prioritization to ensure valuable grant funds are directed to areas where they are needed.

Broaden Prioritization to Address Contaminants Other Than PFAS

While PFAS contamination is a critical concern and EPA's Maximum Contaminant Levels provide convenient thresholds for evaluation, EC funding is intended to address concerns related to a wider range of contaminants. A narrow focus on PFAS may indirectly exclude projects addressing other significant emerging contaminants identified in EPA's Contaminant Candidate Lists. We recommend a more balanced approach that better fulfills the program's intended purpose of addressing the full spectrum of emerging contaminants.

Allow Uninvited EC Projects to “Roll Forward” Into the Next General Activities IUP

Since EC projects are eligible for SRF General Activities funding, un-funded EC projects should be offered the opportunity to roll forward for consideration under the upcoming General Activities IUP's. The regular SRF programs are an important funding opportunity for Disadvantaged communities in particular, and re-submitting recent PIF information may present an unnecessary burden for important projects that have already been deemed eligible. We recommend including EC projects that did not receive an invitation to apply in the project rankings for the next General Activities IUP, and that TWDB clarify how project rankings and scoring will be preserved or adjusted for projects that roll forward, so that applicants understand whether updated cost estimates or other PIF materials must be resubmitted.

Optimize Utilization of Set-Asides

Given that EC funding is relatively limited but provides 100% principal forgiveness, it is important to dedicate as much of the available funding as possible for projects and technical assistance. We recommend:

- Using set-aside funds from the base SRF program to pay for administrative costs to maximize the amount of EC funding available to applicants; and
- Maximizing the use of funds available for technical assistance.

Thank You for Helpful Additions to the Project Priority List!

In our comments on the SFY '25 EC IUP, we suggested adding PIF numbers and identified contaminants to the Project Priority List. We deeply appreciate the inclusion of this information in the SFY '26 IUP's because it facilitates more accurate tracking of funding outcomes.

We appreciate the opportunity to comment on these IUP's and the work performed by TWDB staff in administering IJA funds over the past five years.

Sincerely,
Tom Entsminger National Wildlife Federation
Jacob Hupp Galveston Bay Foundation
Usman Mahmood Bayou City Waterkeeper

Response:

Comment No. 1. Provide Clarity on Deadlines and Documentation Requirements for Closing on Assistance.

Response: Closing requirement information and deadlines are located within the TWDB's guidance documents for the overall programs. This includes TWDB-0100 (Clean Water State Revolving Fund [CWSRF] Loan Program Guidance) and TWDB-0115 (Drinking Water State Revolving Fund [DWSRF] Loan Program Guidance). Reference to the guidance documents will be provided in the IUP.

Comment No. 2. Revise Disadvantaged Community (DAC) Threshold.

Response: When planning for future funding rounds for each program, TWDB evaluates all rating criteria to ensure its effectiveness of meeting the goals of the program and the needs of Texas water systems. Suggestions related to rating criteria will be considered, while taking into account the resources required to acquire the information that is required on applications, as not to create a burden on the applying systems that would harm their ability to submit an application for funding.

Comment No. 3. Broaden Prioritization to Address Contaminants Other than PFAS.

Response: EPA has indicated that PFAS are a priority emerging contaminant, and the points towards addressing PFAS, particularly the PFAS that exceed the maximum contaminant levels (MCLs), reflect overall goals for the program.

Comment No. 4. Allow Uninvited EC Projects to "Roll Forward" Into the Next General Activities IUP.

Response: TWDB encourages entities to submit to any and all programs in which their projects may be eligible for funding. Due to the narrow eligibilities of the EC programs, TWDB encourages entities to submit to both the general program and the EC program. The CWSRF Emerging Contaminant Project Information Forms (PIFs) and scoring criteria are slightly different than the CWSRF PIFs. Additionally, PIFs for the CWSRF must be received through TWDB's Online Loan Application (OLA). While entities can apply to both programs, the PIF must be completed for both programs in order to be considered for the IUP.

Comment No. 5. Optimize Utilization of Set-Asides.

Response: Both Emerging Contaminant IUPs use the four percent set-aside to support TWDB administration activities. As noted within Section IX of the DWSRF Emerging Contaminant IUP, there is additional set aside for the Texas Department of State Health

Services for laboratory improvements to support drinking water lab capacity for the PFAS sample analysis for Public Water Systems around Texas.

Changes:

1. Added explanation as to the change towards a shorter closing deadline under Section IV: Significant Program Changes.
2. Added reference to guidance document under Section VIII, Subsection I Closing Deadlines.



**Clean Water State Revolving Fund
Intended Use Plan
Emerging Contaminants Funding
SFY 2026
(FFY 2025 Allotment)**

Draft June 2026

Texas Water Development Board | 1700 N. Congress Ave. Austin, Texas 78701 | www.twdb.texas.gov

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Texas Water Development Board rules governing the Clean Water State Revolving Fund program (Texas Administrative Code, Title 31, Part 10, Chapter 375) may be accessed online at https://texas-sos.appianportalsgov.com/rules-and-meetings?chapter=375&interface=VIEW_TAC&part=10&title=31

Acronyms

ACS	American Community Survey
AIS	American Iron & Steel
AMHI	Annual Median Household Income
BABA	Build America, Buy America Act, 2021
CCL	Contaminant Candidate List
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DWSRF	Drinking Water State Revolving Fund
EC	Emerging contaminants
EPA	Environmental Protection Agency
FFY	Federal Fiscal Year
HAB	Harmful algal blooms
IIJA	Infrastructure Investment and Jobs Act, 2021
IUP	Intended Use Plan
GAC	Granular Activated Carbon
GPR	Green Project Review
NEPA	National Environmental Policy Act
NPDES	National Pollutant Discharge Elimination System
NPDWR	National Primary Drinking Water Regulation
PFAS	Perfluoroalkyl and polyfluoroalkyl substances
PIF	Project Information Form
PPCPs	pharmaceuticals and personal care products
POTW	Publicly Owned Treatment Works
PPL	Project Priority List
SFY	State Fiscal Year
SRF	State Revolving Fund
TCEQ	Texas Commission on Environmental Quality
TWDB	Texas Water Development Board
WRRDA	Water Resources Reform and Development Act of 2014

I. Overview

The Infrastructure Investment and Jobs Act, 2021, Pub. L. 117-58 (IIJA) appropriated capitalization grant funds for Federal Fiscal Years (FFY) 2022 to 2026 to reduce exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants (EC) through drinking water and to help address discharges through wastewater and, potentially, nonpoint sources.

The main categories of emerging contaminants for the Clean Water State Revolving Fund (CWSRF) program funding include, but are not limited to:

- Perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other persistent organic pollutants;
- Biological contaminants and microorganisms;
- Some compounds of pharmaceuticals and personal care products (PPCPs);
- Nanomaterials;
- Microplastics / Nanoplastics;
- Harmful algal blooms (HABs).

The U.S. Environmental Protection Agency (EPA) has further defined CWSRF emerging contaminants within Attachment 1 of Appendix B of the [Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law](#) document (dated 3/8/22).

This Intended Use Plan (IUP) covers the CWSRF capitalization grant funds allocated to Texas from FFY 2025 appropriations in the amount of \$9,719,000. The appropriations require the entire amount allocated to project funding be provided as additional subsidization, which will be in the form of principal forgiveness. A total of \$9,330,240 is available for projects under this IUP as principal forgiveness.

For a project or activity to be eligible under this special appropriation, it must be otherwise eligible under section 603(c) of the Clean Water Act (CWA), and the primary purpose must be to address known emerging contaminants.

This CWSRF-EC IUP supports the EPA's initiative Pillar 1: Clean Air, Land, and Water for Every American. By working with entities to address emerging contaminants in water, the program supports the EPA's mission on protecting human health and the environment.

II. Background

In 1987 Congress passed federal amendments to the CWA that established the CWSRF program. The Texas Water Development Board (TWDB) is authorized by state law to administer this program for Texas. CWSRF is authorized by the CWA to provide financial assistance for the construction of publicly owned treatment works; the funding of nonpoint source projects; and the funding of estuary protection projects. In addition, the Water Resources Reform and Development Act (WRRDA) of 2014 and the America's Water Infrastructure Act of 2018 increased the types of projects eligible under the CWSRF. The Water Infrastructure Improvements for the Nation Act made changes to eligibility for additional subsidization.

The IIJA appropriated supplemental capitalization grant funds for Federal Fiscal Years (FFY) 2022 to 2026 for general activities, lead service line replacement, and emerging

contaminants. Allotments for CWSRF-EC funds are within the following IUPs:

- State Fiscal Year (SFY) 2023 IUP includes FFY 2022 allotment.
- SFY 2024 IUP includes FFY 2023 allotment.
- SFY 2025 IUP includes FFY 2024 allotment.
- SFY 2026 IUP includes FFY 2025 allotment.

III. Projects to Fund

A. Eligible Applicants

Applicants eligible to apply for assistance include:

- Wastewater treatment management agencies, including interstate agencies and water supply corporations that have been designated and approved as a management agency in the Texas Water Quality Management Plan
- Cities, commissions, counties, districts, river authorities, or other public bodies created by or pursuant to state law that have authority to dispose of sewage, industrial waste, or other waste
- Intermunicipal, interstate, or State agencies
- Authorized Indian tribal organizations
- Private entities for nonpoint source projects or estuary projects only
- A water supply corporation that has been designated and approved as a management agency in the Texas Water Quality Management Plan is considered a “municipality” and is therefore eligible for funding for Publicly Owned Treatment Works and other activities.

Recipients eligible to receive assistance are dependent on project type and are defined in section 603(c) of the Clean Water Act.

B. Eligible and Ineligible Use of Funds

For a project or activity to be eligible, it first must be otherwise eligible under section 603(c) of the Clean Water Act and the primary purpose must be to address emerging contaminants. Projects must include identification of emerging contaminant(s) and provide a way to address the emerging contaminant(s) (e.g., treatment, removal, etc.) Projects that address contaminants with water quality established by the EPA under CWA Section 304(a), with the exception of PFAS are not eligible for CWSRF Emerging Contaminants funds. Identification of emerging contaminant(s) can be completed through (1) laboratory analysis, (2) utility identification and verification of discharges reported in the Toxic Release Inventory, or (3) use of the EPA’s PFAS Analytical Tool (https://awsedap.epa.gov/public/extensions/PFAS_Tools/PFAS_Tools.html) overlapping with the wastewater collection system.

Section 603(c) of the Clean Water Act [33 USC §1383(c)] provides the CWSRF program with a broad range of project eligibilities including the construction of

publicly owned treatment works, stormwater, management, and nonpoint source pollution control. Only capital costs (such as construction activities, equipment purchase) are eligible.

The CWSRF cannot fund operation and maintenance activities, including monitoring, unless the monitoring is an integral part of the planning and design for a capital project. Planning and design for capital projects, as well as broader water quality planning where there is a reasonable expectation that the planning will result in an eligible capital project, are eligible.

Examples of eligible project costs under the twelve CWSRF program eligibilities under section 603(c) of the Clean Water Act include planning, acquisition, design, and construction of projects to:

- **Projects at wastewater treatment facilities:** Installation of technology to treat for PFAS and other emerging contaminants at publicly owned treatment works is eligible. If a new wastewater treatment facility is proposed, processes not directly related to emerging contaminants could be deemed ineligible for funding or only partially funded under this program. Partial funding is calculated at a percentage equal to the eligible costs divided by the total proposed project cost.
- **Water reuse:** Potable and non-potable water reuse/reclamation projects that may be applying advanced treatment (e.g., reverse osmosis, granulated activated carbon, or ion exchange) to remove PFAS or other emerging contaminants are eligible.
- **Stormwater:** In areas that are impaired or impacted by emerging contaminants based on previous monitoring efforts, projects that can trap and/or treat the contaminants in runoff prior to reaching waterbodies or instream treatment or removal may be eligible. Treatment technology or other stormwater control measure that will remove or shows promise to remove the identified emerging contaminant(s) must be selected to be eligible. Monitoring during the startup period to assess project effectiveness is eligible. Some examples include:
 - Construction of structures at industrial facilities to cover PFAS-containing materials that would otherwise be exposed to and transported in stormwater.
 - Development of a stormwater plan to identify capital projects that address emerging contaminants.
 - Purchase and installation of sampling equipment for industrial and municipal stormwater.
 - Purchase and installation of mesh screens and containment systems designed to capture and remove microplastics from industrial and municipal stormwater.
 - Installation of stormwater controls designed to filter and remove microplastics from stormwater.
 - Purchase of a vacuum or vacuum-type system to pick up microplastics to prevent flushing into stormwater.

- Installation of stormwater controls designed to collect and capture emerging contaminants in stormwater discharges.
- **Non-point source projects:** Eligible nonpoint source projects are capital projects that support the implementation of a current EPA approved state nonpoint source management program plan or nine-element watershed-based plan established under Section 319 of the CWA and may be publicly or privately owned.
 - **Landfills:** Eligible landfill projects could include landfill closure (e.g., capping) or landfill runoff and leachate collection and treatment that will reduce runoff contaminated with PFAS or other emerging contaminants. The modification/expansion of existing or construction of new publicly owned landfills (local and regional) primarily designed and permitted (per state and federal regulations) to accept publicly owned treatment works biosolids with emerging contaminants.
 - **Surface Water Protection and Restoration:** Projects that address emerging contaminants in waterbodies including:
 - Equipment for the physical or chemical removal of Harmful Algal Blooms, for example, strategically placed aeration blowers to remove and control algal blooms or flocculant-based methods to facilitate algae removal.
 - Projects that can skim surface water to remove microplastics along with other plastic pollutants.

Examples of ineligible project costs include:

- The primary purpose is not to address emerging contaminants.
- Related costs in an emerging contaminant project that do not directly address treatment or removal of the contaminant. This includes parts of the project involving other treatment processes (such as wastewater treatment processes), collection and distribution, or other activities. Partial funding for related costs are calculated at a percentage equal to the eligible costs divided by the total proposed project cost.
- Projects that address contaminants with water quality criteria established by the EPA under CWA section 304(a), except for PFAS, are eligible for CWSRF program emerging contaminants funds. The EPA's national recommended water quality criteria is available here: <https://www.epa.gov/wqc/national-recommended-water-quality-criteria-tables>
- Operation and maintenance activities, including monitoring, unless the monitoring is an integral part of the planning and design for a capital project.
- Identifying sources of emerging contaminants.

Planning and assessment activities

Planning and design for capital projects, as well as broader water quality planning, are eligible provided there is a reasonable expectation that the planning will result in a capital project. For example, funding can be used for preconstruction activities to help prepare

planning, preliminary engineering, and alternatives analysis documents. Funding may also be used to procure and install monitoring equipment (e.g., auto samplers).

Monitoring

While water quality monitoring activities (including monitoring of PFAS associated with National Pollutant Discharge Elimination System (NPDES) permit or pretreatment requirements) at publicly owned treatment works are generally not eligible, monitoring for the specific purpose of project development (planning, design, and construction) is eligible. Monitoring in this capacity, and within a reasonable timeframe, can be integral to the identification of the best solutions (through an alternatives analysis) for addressing emerging contaminants and characterizing discharge and point of disposal. Though ideally the planning and monitoring for project development would result in a CWSRF-eligible capital project, in some instances, the planning could lead to outcomes other than capital projects to address the emerging contaminants. For nonpoint source projects, funding may also be used to assess project effectiveness after construction.

Examples of eligible planning and monitoring activities/costs could include:

- Purchase of monitoring or laboratory analysis equipment.
- Monitoring to characterize stormwater or wastewater to inform an engineering report and the identification and selection of the appropriate treatment technology/project alternatives. Wastewater characterization may already be a current requirement in some states for wastewater treatment system project planning.
- Monitoring of wastewater influent/effluent/sludge to determine the fate of PFAS, antimicrobial resistant bacteria, or other emerging contaminants, to inform the identification and selection of the appropriate treatment technology.

IV. Significant Program Changes

Significant program changes from the previous year's IUP are highlighted below.

1. The project prioritization scoring criteria has been updated to (1) place more priority on projects in which the system has identified PFAS exceeding the Maximum Contaminant Limits (MCLs) of the NPDWR in the influent or effluent of the system and the project includes treatment and removal of the PFAS, and (2) align the definition of rural with the Texas Water Code.
2. Changing the closing date for commitments to be within four months to align with the closing date on the CWSRF Intended Use Plan and to help the program meet timely and expeditious commitment of funds.
3. Funds that may become available through unobligated previous grant funds, or deobligation or closure of previous commitments will be available for eligible projects under this IUP.

V. Amount Available

1. Allocations

A total of \$9,330,240 is available for projects under this IUP, all in the form of principal forgiveness. No origination fees will be assessed.

2. Allocation of Grant Funds, including Additional Subsidization:

	Emerging Contaminants	% of Grant
CWSRF FFY 2025 (SFY 2026) Allotment	\$9,719,000	
Less Set-Aside (TWDB Administration, includes Project Management System*)	\$388,760	4%
Less Set-Asides (Small Systems Technical Assistance, State Program Management, Local Assistance and Other State Programs)	\$0	
Total	\$9,330,240	
Total Principal Forgiveness Allocated to Projects	\$9,330,240	

VI. Funding Options and Terms

Equivalency projects (Federal Requirements) - All projects will be considered equivalency projects, which must follow all federal requirements commonly known as “cross-cutters”. More information on the federal cross-cutters may be found in Appendix E.

1. Funding Option Available:

Entities listed on the Project Priority Lists (PPLs) may be invited to apply for the following funding option. The funding option offers 100 percent principal forgiveness for eligible activities.

Emerging contaminant project funding

This funding is available to any eligible recipient.

2. Federal Requirements on Available Funds

All funds are subject to certain federal requirements such as the (a) Davis-Bacon Act prevailing wage provision, (b) National Environmental Policy Act (NEPA)-like environmental review, (c) Generally Accepted Accounting Principles, (d) Cost and Effectiveness Analysis (for municipality or intermunicipal, interstate, or State agencies only), and (e) Build America, Buy America. These CWSRF funds must follow all federal cross-cutters and EPA’s signage requirements. (see Appendix E for details of Federal Requirements)

VII. Goals

The primary goal of the Texas CWSRF program is to restore and maintain the chemical, physical, and biological integrity of the state's waters by preventing the discharge of pollutants. In addition, the overall goals of the CWSRF program are to prevent the discharge of pollutants from point and nonpoint sources; identify and provide funding for maintaining and/or bringing publicly owned treatment works into compliance with EPA clean water standards; to support affordable and sustainable wastewater treatment processes; and to maintain the long-term financial health of the program. Goals specific

to the emerging contaminants funding in this IUP are listed below.

A. Short-Term Goals

1. Fund eligible project proposals to address emerging contaminants as identified on the EPA's CCL or on the EPA's CWSRF-EC guidance, up to the amount of funding available.
2. Prioritize proposals that have identified and will address PFAS.
3. Prioritize project proposals that request construction funding.
4. Provide outreach to systems within Texas on the availability of this funding to address emerging contaminants.

B. Long-Term Goals

1. Use the emerging contaminant grant funds provided to Texas to fund project proposals to address identified emerging contaminants projects eligible for assistance with an ongoing priority for addressing PFAS.
2. To the extent eligible project proposals are received, use all the emerging contaminant funds allotted to Texas to improve public health and enhance the objectives of the Clean Water Act.
3. The TWDB and TCEQ will collaborate on the deployment of these funds in a manner that will provide the most benefit to public health and enhance the objectives of the Clean Water Act.

VIII. Participating in the CWSRF Program

A. Solicitation of Project information

Project information was solicited from eligible entities across the state using direct emails, notices posted on the TWDB website, and regional financial assistance workshops held throughout the State. Potential applicants submitted Project Information Forms (PIFs) by the response deadline in Appendix A.

The required information submitted on a PIF consisted of:

- A detailed description of the proposed project.
- A list of the emerging contaminants that the project will address (if emerging contaminants have been identified, applicant needed to provide documentation of the presence).
- A map(s) showing the location of the service area.
- An estimated total project cost that is certified by a registered professional engineer from the state of Texas for project costs greater than \$100,000.
- A checklist and schedule of milestones to determine a project's readiness to

proceed to construction.

- Information necessary to rank the project:
 - (a) Whether there are identified perfluoroalkyl and polyfluoroalkyl substances (PFAS) that will be addressed by the proposed project.
 - (b) Whether there are other identified emerging contaminants on any of the EPA's Contaminant Candidate Lists (CCLs) that will be addressed by the proposed project.
 - (c) Whether the proposed project requests funds for the construction phase
 - (d) Whether the project will remove emerging contaminants from downstream uses and if the project will provide first time service to un-served connections that have emerging contaminants in their existing on-site wastewater systems
 - (e) Project beneficiary area's Annual Median Household Income (AMHI) (and if seeking disadvantaged community status, all the required information).
 - (f) Project beneficiary area's unemployment rate
 - (g) Project beneficiary area's population change percentage
 - (h) System size – number of connections and population served
 - (i) Information regarding financial readiness
- Signature of the applicant's authorized representative.
- Additional information detailed within the solicitation for projects as needed to establish the priority rating.

Any survey being used for income determination must be conducted within five years of the date the TWDB receives the PIF. Refer to the TWDB's guidance document Socioeconomic Survey Guidelines (WRD-285) for further information.

B. Evaluation of the Project Information Received and Priority Rating System

All PIFs are evaluated by the TWDB and projects determined to be eligible for funding are scored and ranked according to the established rating criteria provided in Appendix C. The scores are based on information received by the established PIF deadline. Throughout the evaluation process, entities are contacted by staff if additional information is needed.

C. Ranking and Creation of the Project Priority List

Each project submitted by the initial deadline and determined to be eligible is ranked from highest to lowest by the combined rating factors and included on the PPL. In the event of ties in the rating, priority is given to the project serving the fewest connections. Project information submitted after the PIF deadline is not considered

for rating purposes prior to adoption of the initial PPL; PIFs received after the deadline will be added to the bottom of the PPL in the order received after the initial approval of the IUP. Following approval of the IUP, changes to a ranked project that result in a project no longer addressing the issues for which it was rated will require the project to be re-rated and re-ranked. Changes in the project that do not trigger re-rating and re-ranking are:

1. The applicant for a proposed project changes but the project does not change;
2. The number of participants in a regional project changes and the change does not result in a change to the rating; or
3. The fundable amount of a proposed project does not increase by more than 10 percent of the amount listed in the approved IUP. The Executive Administrator may waive the 10 percent limit to incorporate additional elements to the project;

Based on a review of readiness to proceed to construction, the TWDB determined which phases would be eligible to receive funding. The phases indicated on the TWDB invitation represent the phases deemed eligible based on that review. In general, if the complete project is not being funded solely by the CWSRF-EC Program, it is strongly recommended that funds from this program cover the initial phases of the project (e.g., planning and design).

D. Bypassing Projects

The TWDB's Executive Administrator may decide to bypass, or skip, higher ranked projects in favor of lower ranked projects to ensure that funds available are utilized in a timely manner and that statutory and capitalization grant requirements are met. In addition, if an entity is offered funding for any project that has an interrelated project ranked lower on the list, the Executive Administrator has discretion to also offer funding for the interrelated project. Reasons for bypassing projects are discussed in Appendix F.

E. Phases for Invited Projects

1. Pre-Design Funding Option (or Planning, Acquisition, Design and Construction Funding)

The pre-design funding option allows an applicant to receive a single commitment for all phases of a project. The construction portion of the project must be deemed ready to proceed before funds for the construction phase will be released. Acquisition costs could be eligible in proportion to the eligible project costs.

2. Construction Funding Only

Projects that were determined to be ready to proceed to construction based on the current status of their planning, acquisition, and design activities.

3. Planning, Acquisition, and Design Funding

A project that was not deemed ready to proceed to construction may receive an invitation to fund only the Planning, Acquisition, and/or Design portion of the project. Acquisition costs could be eligible in proportion to the eligible project costs.

4. Viability and Feasibility of Projects

A project must demonstrate to the TWDB that it is viable, feasible, and sustainable prior to being invited to submit an application and prior to receiving a commitment for any funding option, including additional subsidization/principal forgiveness, for the acquisition, design or construction phases of the project. A project may receive funds for the planning phase to assess the viability and feasibility of a project.

F. Invitations and Application Submissions

The TWDB will invite certain entities on the PPL to submit an application for the project phases shown on the list using the available funding options. An entity on the list may not submit an application until it receives an invitation from TWDB. TWDB will consider the need to meet the minimum federal additional subsidization requirements when deciding whether it needs to bypass projects on the PPL.

Intent to Apply

As part of the invitation process the TWDB may require the applicant to submit an intent to apply form or information by a specified deadline showing the applicant's intent to request up to the eligible amount of funding in the IUP. **Failure to submit the requested intent to apply information by the established deadline will result in the TWDB bypassing the project on the IUP list.** Bypassed projects are not considered for funding during the remainder of the funding cycle unless funds remain after inviting other eligible projects from the IUP list.

Applicants that submit an accepted Intent to Apply are invited to a pre-application meeting. Entities are required to participate in a pre-application meeting to discuss the application process and project requirements prior to submitting an application. Invited applications from projects on the PPL that are received during the initial invitation round after Board approval of the IUP will be allotted available funds based on rank order. All projects must be determined administratively complete as submitted or within 14 days from the date the applicant receives a notice to correct deficiencies or the project will be bypassed.

Each application received by the TWDB will be reviewed to ensure that the required milestones have been met to allow funding of the phase(s) being requested. If the application review determines that a project is not ready to proceed for funding for the phase(s) being requested, the project may be bypassed for any additional subsidy amounts or receive limited phases of funding.

Projects may be bypassed if an applicant fails to timely submit a complete application or additional requested information.

Deadline for Receipt of Invitation

The TWDB will establish a deadline for receipt of the application. If the application is not received by the established deadline, the project will be bypassed.

Subsequent Invitations

TWDB may invite additional projects to submit if any funds remain unallocated after an initial invitation. Applicants may submit a PIF at any time for a project to be considered for inclusion on the amended PPL. The new projects will be considered after those on the original PPL list have been invited. Amendments to the project lists will undergo a 14-day public review period that will be advertised on the agency website. The TWDB may invite projects that did not receive funding from previous board approved IUPs to submit a financial assistance application for this IUP if the capacity of this IUP exceeds the requested amount of funding for PIFs submitted.

G. Addressing Any Water Loss Mitigation within the Application

If an applicant that is a retail public utility providing potable water has a water loss that meets or exceeds the threshold for that utility in accordance with 31 Texas Administrative Code §358.6 the retail public utility must use a portion of any new CWSRF financial assistance, or any other financial assistance provided by TWDB, for eligible project costs to mitigate the utility's water loss. Due to the limited eligibility of the project activity expenses that can be reimbursed through the CWSRF-EC program, and at the request of a retail public utility, the TWDB may waive this requirement if the TWDB finds that the utility is satisfactorily addressing the utility's system water loss. Mitigation, if necessary, will be determined by the retail public utility and the TWDB's Executive Administrator in conjunction with the project proposed by the utility and funded by TWDB. Note that CWSRF-EC program funds cannot be used to address water loss mitigation unless it directly relates to emerging contaminants.

H. Green Project Reserve

The Federal Appropriation Law for the current fiscal year Clean Water State Revolving Fund program contains certain requirements. The Green Project Reserve (GPR) is included as part of these requirements. The GPR requires that not less than 10% of the funds be made available from the capitalization grant by the State for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The TWDB will review projects for GPR, once information is received from the applicants. The Green Project Reserve can be by implementing a process, material, technique, or technology (i) to address water-efficiency goals; (ii) to address energy-efficiency goals; (iii) to mitigate stormwater runoff; or (iv) to encourage sustainable project planning, design, and construction.

I. Closing Deadlines

All commitments must close within four months from the date of the commitment. Please refer to the Clean Water State Revolving Fund Program Guidance (TWDB-0100) for information about the closing process and required documents. In extenuating circumstances, the Board may grant extensions of time to close if an

applicant demonstrates sufficient reason for a delay. The TWDB may extend these closing deadlines if necessary to conform to the closing schedule for concurrent financing for the project from another TWDB financing program.

Type of Financial Assistance	Closing Deadline
All commitments	4 months

J. Limits

1. Proportionate Share/Capacity

The TWDB may limit the amount of total funding available to an individual entity or project based on a proportionate share of total funds available.

2. Additional Project Funding Before Closing

The total project costs may be increased if the entity shows that additional funds are necessary to implement the project.

K. Transfer of Funds

Similar to the regular/base grants, the TWDB may transfer IIJA funds between the Drinking Water State Revolving Fund (DWSRF) Emerging Contaminants account and the CWSRF Emerging Contaminants account, or vice versa, in an amount up to thirty-three percent (33 percent) of the DWSRF IIJA emerging contaminants grant amount, or \$20,101,620. The TWDB is not proposing to transfer any funds between the CWSRF emerging contaminant program and the DWSRF emerging contaminants program in this IUP; however, the TWDB reserves the authority for transferring funds in the future.

L. Funds from Prior Years

Additional funds that may become available through unobligated previous grant funds, or deobligation or closure of previous commitments will be available for eligible projects

M. Updates to the Intended Use Plan

Substantive changes to the IUP may be made through an amendment after a 14-day public review and comment period. Non-substantive changes may be made by the TWDB without public notification.

IX. Financial Status

The TWDB will comply with the requirements associated with the FFY 2025 allotments under this SFY 2026 IUP.

A. Administration / Technical Assistance

The maximum annual amount of CWSRF money (not including any origination fees) that may be used to cover the reasonable costs of administering the fund is the greatest of the following:

1. an amount equal to four percent of all grant awards received by a State CWSRF less any amounts that have been used in previous years to cover administrative expenses;
2. \$400,000; or
3. one-fifth of one percent of the current valuation of the fund.

The TWDB will draw funds for administration and technical assistance from the FFY 2025 Capitalization Grant in the amount of \$388,760 based on the original CWSRF allotment. For this grant, TWDB has allocated funds in accordance with the first option listed above.

Technical Assistance – for SFY 2026 the TWDB has elected not to take an additional two percent of the capitalization grant for technical assistance. The TWDB will provide technical assistance through the use of the portion of the grant allocated to administration and administration funds available under prior base program grants. TWDB reserves the right to use an amount equal to two percent of the grants for technical assistance at a later date.

B. State Match

No state match is required for the emerging contaminant grant funds.

C. Binding Commitment Requirement

The TWDB will enter into binding commitments with entities during SFY 2026 that total the amount of a FFY 2025 grant payment allocated to projects within one year after receipt of the grant payment. A binding commitment occurs when the TWDB's Board adopts a resolution to commit funds to a project.

D. Cross-collateralization

On March 1, 2018, the TWDB has cross-collateralized the CWSRF and the DWSRF as a source of revenue and security for the payment of the principal and interest on bonds for the DWSRF and CWSRF programs. State authority is provided under Section 15.6042 of the Texas Water Code. The TWDB has received a certification from the state Attorney General that state law permits the TWDB to cross-collateralize the assets of the CWSRF and the DWSRF.

1. Summary of the cross-collateralization structure:
 - a. The type of moneys which will be used as security – Pledged Political Subdivision Bonds and certain other funds included in the Master Resolution (program account, portfolio account, and revenue account) will secure the bonds.

- b. How moneys will be used in the event of a default - In the cross-collateralized scenario, Political Subdivision Bonds from the non-defaulting program will be used to cover the debt service delinquency on the defaulting program. If, for any reason, insufficient Political Subdivision Bonds exist in both programs, then program equity will be utilized.
- c. Whether or not moneys used for a default in the other program will be repaid; and, if it will not be repaid, what will be the cumulative impact on the funds - While a decision to repay or not repay would be made at the time of default, the TWDB would either require repayment when funds are available or transfer repayment funds.
2. Proportionality – The proceeds generated by the issuance of bonds will be allocated to the purposes of the CWSRF and the DWSRF in the same proportion as the assets from the two funds that are used as security for the bonds.
3. State Match – In accordance with Texas Water Code §§ 17.853(c)(1) and 17.859, the TWDB intends to provide state match through the issuance of one or more revenue bonds in a program series that will fund the two SRF programs. Supplemental bond resolutions for the issuance of each series will provide detail on what specific money is pledged as security for each program (CWSRF or DWSRF) within the series. As required, the CWSRF and DWSRF will continue to be operated separately. The cash flows for the DWSRF program and the CWSRF program will be accounted for separately. Repayments on loans in the CWSRF program will be paid to the CWSRF and repayments on loans made in the DWSRF program will be paid to the DWSRF.

Similar to other states' financing methods where state match is not provided by appropriation and is instead generated through debt issuance, the TWDB cross-collateralization structure allows the TWDB to retire bonds for the State Match with interest earnings payments only, not principal, earned from each SRF in accordance with 40 CFR § 35.3135(b)(2).

E. Method of Cash Draw

There is no state match, and the EPA has revised its cash draw policy as described in "Class Exception from the Clean Water and Drinking Water State Revolving Fund Cash Draw Rules," dated November 18, 2022. Therefore, the TWDB will draw federal funds using acceptable evidence of expenditures.

F. Long-Term Financial Health of the Fund

The long-term financial health of the CWSRF is monitored through ongoing cash flow and capacity modeling. The TWDB lending rate policy has been established to preserve the corpus of the capitalization grants and state match funds, excluding the amount of additional subsidization, administration from each grant, and net transfers. The TWDB will continue to manage the CWSRF to ensure funds will be available in perpetuity for activities under the CWA.

G. Fees

No origination fee will be assessed on project financing.

H. EPA Program Evaluation Report and Audit

The EPA has conducted an annual program review of the CWSRF program for SFY 2024 in April 2025. The final EPA Program Evaluation Report related to the CWSRF program in SFY 2024 is not yet available. The TWDB will provide status updates within the SFY 2025 Annual Report for any recommendations or action items following receipt of a final EPA Program Evaluation Report. The annual program review report from the EPA for SFY 2023 was delivered to the TWDB in January 2025. The EPA made the following recommendations: (1) utilize funds in the DWSRF and CWSRF fee accounts at a faster pace; (2) perform annual program-specific financial audits for the DWSRF program; (3) ensure compliance with Executive Order 13690 regarding the National Floodplain Risk Management Standard; (4) meet the minimum additional subsidization requirements; and (5) meet the binding commitments requirements following receipt of capitalization grants. The TWDB continues to implement strategies to address these recommendations and has provided status updates within the SFY 2025 Annual Report.

The Texas State Auditor's Office published the results of the SFY 2025 Federal Portion Single Audit of the CWSRF on February 20, 2026 (Report 26-318). There were no findings as a result of the review.

X. Navigating the Lists

Appendices G – K are a series of lists that detail the proposed project information for each project based upon the PIFs received.

- **Appendix G** - The alphabetical list is the PPL sorted alphabetically. It contains the project information; the name of the applying entity, their total number of points and associated priority order rank, a detailed description of the proposed project, all project phases requested by the entity, and total project cost. A grand total for all of the projects is listed on the last page of the appendix.
- **Appendix H** – Projects that were deemed ineligible to receive CWSRF funding with a brief description as to why they were deemed ineligible.
- **Appendix I** – Projects that were deemed ineligible to receive disadvantaged funding with a brief description as to why they were deemed ineligible. The project may still be eligible to receive other funding options.
- **Appendix J** – Lists projects in order of highest priority to receive funding. The content is the same as the alphabetical list in Appendix G.
- **Appendix K** – Lists the initially invited projects. The content in this list is similar to the alphabetical and priority order lists.

Appendix A. Public Review and Comment

Public participation is an important and required component of the IUP development process. The TWDB takes seriously its responsibility in administering these funds and considers public input necessary and beneficial.

A. Notice

To seek public comment, the draft IUP including the Project Priority List will be made available until July 24, 2026. The draft FFY 2025/SFY 2026 CWSRF Emerging Contaminants IUP will be announced as follows:

- Public notification of the draft IUP and the public comment period will be posted on the TWDB website at www.twdb.texas.gov.
- A copy of the draft IUP will be sent to the EPA after being published for public comment.

B. Comment

Comments will be accepted via the following options from June 24, 2026, until midnight on July 24, 2026.

1. Attending a public hearing on June 26, 2026, at 11:00 A.M. at the Stephen F. Austin State Office Building, Room 172, in Austin, Texas.
2. Completing a Public Comment Microsoft Form online.

C. Effective Date

The FFY 2025/SFY 2026 CWSRF Emerging Contaminants IUP is considered final on the effective date.

D. Documentation

The entire final IUP, including project lists, will be formally submitted to the EPA and posted on the TWDB website.

Appendix B. Projected Sources and Uses of Funds
(As of May 1, 2026)

SOURCES:

FFY 2025 Federal Capitalization Grant Allotment	\$9,719,000
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TOTAL SOURCES:	\$9,719,000
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USES:

Administration:

Administration	\$388,760
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Total Administration:	\$388,760
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Projects to be Funded:

SFY 2026 IUP Commitments – Principal Forgiveness	\$9,330,240
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Total Projects To Be Funded - SFY 2026:	\$9,330,240
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TOTAL USES:	\$9,719,000
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NET SOURCES (USES):	\$0
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Appendix C. Rating Criteria

1.a. Identified perfluoroalkyl and polyfluoroalkyl substances (PFAS) (Highest priority) and where PFAS within wastewater, stormwater, or nonpoint source locations exceeds at least one maximum concentration level (MCL) of the National Primary Drinking Water Regulation (NPDWR) and requested construction costs for treatment and removal of PFAS (e.g., reverse osmosis membranes, granular activated carbon [GAC], ion-exchange, or other approved methods) – 200 points (Highest priority), or

1.b. Identified perfluoroalkyl and polyfluoroalkyl substances (PFAS) (Highest priority) where PFAS within wastewater, stormwater, or nonpoint source locations do not exceed MCLs of the NPDWR and requested construction costs for treatment and removal of PFAS (e.g., reverse osmosis membranes, GAC, ion-exchange, or other approved methods, not including treatment – 150 points, or

1.c. Identified perfluoroalkyl and polyfluoroalkyl substances (PFAS) (Highest priority) and requested construction costs, not including treatment – 120 points, or

1.d. Identified emerging contaminants other than PFAS and requested construction costs – 100 points, or

1.e. Proposals requesting only planning and design and associated pre-project costs, including pilot testing, for addressing identified emerging contaminants, without requesting the associated construction costs – 50 points

Plus the following:

2. Proposal that addresses the removal of emerging contaminants from treated wastewater/stormwater effluent that will eventually enter a drinking water treatment plant, or

a proposal that addresses the removal of emerging contaminants from treated wastewater/stormwater effluent that will be beneficially reused for agricultural irrigation, potable water supply, groundwater replenishment, industrial processes, or environmental restoration – 15 points

3. Proposal that will provide first-time service to connections currently un-served by a central wastewater plant, and eliminate emerging contaminants, originating from the on-site waste systems from entering the watershed – 20 points

4. Disadvantaged Community or Small System

i. A disadvantaged community is defined in Appendix D – 30 points.

ii. A small system is one serving fewer than 25,000 people – 15 points.

3. A rural project is one that fits the definition of “rural political subdivision” within Chapter 15 of the Texas Water Code, with any of the following – 10 points
(A) *A nonprofit water supply or sewer service corporation created and operating under Chapter [67](#) of this code or a district or authority created under Section [52](#),*

- Article III, or Section [59](#), Article XVI, Texas Constitution, no part of the service area of which is located in an urban area with a population of more than 50,000;*
- (B) a municipality:*
- (i) with a population of 10,000 or less no part of the service area of which is located in an urban area with a population of 50,000 or more; or*
 - (ii) located wholly in a county in which no urban area has a population of more than 50,000;*
- (C) a county in which no urban area has a population of more than 50,000; or*
- (D) an entity that:*
- (i) is a nonprofit water supply or sewer service corporation created and operating under Chapter [67](#) of this code, a district or authority created under Section [52](#), Article III, or Section [59](#), Article XVI, Texas Constitution, municipality, county, or other political subdivision of the state, or an interstate compact commission to which the state is a party; and*
 - (ii) demonstrates in a manner satisfactory to the board that the entity is rural or the area to be served by the project is a wholly rural area despite not otherwise qualifying under Paragraph (A), (B), or (C).*

6. System size

Applicant entity serves under 1,000 connections – 15 points

Applicant entity serves between 1,000 and 10,000 connections – 10 points

Applicant entity serves between 10,000 and 25,000 connections – 5 points

Applicant entity serves over 25,000 connections but fewer than 50,000 connections – 2 points

Tie Breaker

Rating factors will be ranked in descending order with priority given to the entity serving the fewest connections first.

Appendix D. Affordability Criteria

An entity is considered an eligible disadvantaged community if it:

- 1) may have emerging contaminants,
- 2) 51 percent or more of the proposed project beneficiary area based on household connections has an Annual Median Household Income (AMHI) level that does not exceed 150 percent of the state's AMHI level. The state AMHI from the U.S. Census 2024 American Community Survey (ACS) 5-year estimate is \$78,476; therefore the AMHI of the proposed project beneficiary area must not exceed \$117,714, and
- 3) the unemployment rate for the project beneficiaries is greater than 50 percent of the state unemployment rate or the population has declined, or the utility is a small system with 25,000 or fewer connections for the applicable utility service.

Acceptable Source of Socioeconomic Data for SFY 2025

For this IUP, the TWDB will utilize:

- (1) U.S. Census 2024 ACS 5-year estimates. An Excel spreadsheet containing this data is located here:

<https://www.twdb.texas.gov/financial/instructions/doc/ACS-data-for-SFY2027.xlsx>

Entities may also access their U.S. Census 2024 ACS 5-year estimate data directly from the U.S. Census webpage. Census Data Search guidance (WRD-284) is available on the TWDB website at: <http://www.twdb.texas.gov/financial/instructions/doc/WRD-284.docx>

OR

- (2) Data from a socioeconomic survey approved by the Executive Administrator of a statistically acceptable sampling of customers in the service area completed in accordance with the most current Socioeconomic Surveys Guidelines (WRD-285) posted on the TWDB website. Any survey being used for income determination must be conducted within five years prior to the date the TWDB receives the PIF. An entity must submit documentation that substantiates the inadequate or absent Census data that led to the need to conduct a survey. **All entities must obtain prior approval to use survey data instead of the most recently available ACS data.**

In instances where the ACS data does not adequately reflect an entity's service area (e.g., an entity serves a community outside of its Certificate of Convenience and Necessity, an entity serves another system, the entity is a system without a Census Bureau defined boundary, etc.), a prorated analysis of ACS block group data will be performed to calculate the AMHI. Systems owned and operated by a public school or school district will be evaluated for their annual median household income for their school district boundary.

If recent reliable data is unavailable for the school district to determine the AMHI, the TWDB will use information from the Texas Education Agency's Title I, Part A program to determine income eligibility. If more than 50 percent of the school districts campuses are eligible for the program, the district's AMHI will be assumed to be eligible.

Methodology - Affordability Calculation and Disadvantaged Community Eligibility

City/Place, Census Tract and Block Group geographical U.S. Census geographical areas or an eligible income survey may be used for the AMHI, unemployment rate and population change calculations.

The methods below should be used to find the AMHI for the project beneficiary area. When finding the AMHI for the census geographic areas, applicants should also make note of the unemployment percentages and population change, as the same method and data source used for the AMHI calculation method below will be used for the unemployment rate and change in population. If an income survey is used, TWDB will use the most appropriate geographical area that represents the proposed project beneficiaries for determining the unemployment rate and change in population.

First method, easiest method to employ:

To lessen the burden on applicants who can meet the requirement without considering the 51% level, the TWDB will make the presumption that the average (mean) of the AMHI of all U.S. Census Bureau Cities/Places, Block Groups and/or Census Tracts containing any portion of the project service area is the AMHI for the project. Applicants must provide a list of all of the Cities/Places, Block Groups and/or Census Tracts containing any portion of the project service area, the AMHI for each City/Place, Block Group and/or Census Tract, and a detailed map of the proposed service area to be considered for using the presumptive approach in establishing the project's AMHI. TWDB will use the project area map to verify the associated Cities/Places, Block Groups and/or Census Tracts submitted. The Executive Administrator will then determine whether this option is a reasonable estimate of the AMHI for the project service area and may be used for the AMHI threshold calculation.

Second method, if first method does not meet the 150 percent threshold:

Any applicant that does not meet the 150 percent threshold by using the average (mean) of the U.S. Census Bureau Block Groups and/or Census Tracts containing any portion of the project service area may submit the actual number of household connections in each Block Group and/Census Tract and calculate the weighted average AMHI for the project service area.

Third method, if necessary to meet the 150 percent threshold:

Finally, if the AMHI of the applicant's project service area does not fall within 150 percent of the state AMHI threshold without consideration of the 51 percent calculation, the applicant would need to provide the number of household connections in each U.S. Census Bureau's geographical area that is used in the calculation.

Alternatively, as with general program activities, the entity may conduct an income survey for determining the applicable AMHI. Any survey being used for income determination must be completed within five years of prior to the date the TWDB receives the PIF.

Appendix E. Federal Requirements and Assurances

A. Federal Requirements

1. Build America, Buy America Act, 2021

The requirements of the Build America, Buy America Act, 2021 (P.L. 117-58), known as BABA, will apply to all projects funded for emerging contaminants. Additional information on BABA is available on the TWDB website at:

<http://www.twdb.texas.gov/financial/programs/BABA/index.asp>

An additional source of information on BABA is Information on the EPA's [website](#).

2. Davis-Bacon Wage Rate Requirements

A subrecipient must comply with the requirements of section 513 of the Federal Water Pollution Control Act (33 U.S.C. 1372) in all procurement contracts and must require contractors to include compliance with section 513 of the Federal Water Pollution Control Act in all subcontracts and other lower tiered transactions. All contracts and subcontracts for the treatment works construction project must contain in full in any contract in excess of \$2,000 the wage rate requirements contract clauses prescribed by TWDB. Section 513 requires compliance with 40 U.S. Code Sections 3141 to 3144, 3146, and 3147 covering wage rate requirements. TWDB guidance is available at <http://www.twdb.texas.gov/financial/instructions/doc/DB-0156.pdf>.

3. American Iron and Steel (AIS)

The TWDB and all CWSRF financial assistance recipients will comply with the American Iron and Steel (AIS) requirements in Section 608 of the Federal Water Pollution Control Act (33 U.S.C. 1388). The statute requires all of the iron and steel products used the construction, alteration, maintenance, or repair of treatment works funded by the CWSRF to be produced in the United States.

The term "iron and steel products" means the following products made primarily of iron or steel:

- lined or unlined pipes and fittings
- manhole covers and other municipal castings
- hydrants
- tanks
- flanges, pipe clamps, and restraints
- valves
- structural steel
- reinforced precast concrete
- construction materials

The EPA may waive the AIS requirement under certain circumstances.

Furthermore, if the original financial assistance agreement for the planning and/or design of a project closed prior to January 17, 2014, then the AIS provision would not apply to the construction phase of the same project. TWDB guidance is available at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1106.docx>.

4. National Environmental Policy Act-like environmental review

The NEPA-like environmental review applies to all CWSRF program emerging contaminants projects. These requirements are specified in Texas Administrative Code, Title 31, Part 10, Chapter 375. When conducting its NEPA-like review the TWDB will inform the EPA when consultation or coordination by the EPA with other federal agencies is necessary to resolve issues regarding compliance with applicable federal authorities.

5. Generally Accepted Accounting Principles

Assistance recipients must maintain project accounts according to Generally Accepted Accounting Principles as issued by the Governmental Accounting Standards Board, including standards relating to the reporting of infrastructure assets.

6. Cost and Effectiveness Analysis

A municipality or intermunicipal, interstate, or State agency that receives assistance from the CWSRF must certify that they have conducted a cost and effectiveness analysis. A cost and effectiveness analysis is an eligible cost under the CWSRF. The certification must be provided before CWSRF assistance is provided for final design or construction. TWDB guidance is available at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1107.pdf>.

7. Architectural and Engineering contracts

A contract to be carried out using CWSRF funds for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services must be negotiated in the same manner as a contract for architectural and engineering services is negotiated under 40 U.S.C. 1101 et seq. This applies to new solicitations, significant contractual amendments, and contract renewals. TWDB guidance is available at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1108.pdf>.

8. Compliance with Cross-cutting Authorities

There are a number of federal laws, executive orders, and federal policies that apply to projects and activities receiving federal financial assistance, regardless of whether the federal laws authorizing the assistance make them applicable. These federal authorities are referred to as cross-cutting authorities or cross-cutters. All cross-cutters apply to Equivalency projects, which is all emerging contaminants projects

The cross-cutters can be divided into three groups: environmental; social policies; and, economic and miscellaneous authorities.

- Environmental cross-cutters include federal laws and executive orders that relate to preservation of historical and archaeological sites, endangered species, wetlands, agricultural land, etc. (Note – as described under Number 3 above, any project that is considered a “treatment work” as defined in 33 U.S. Code § 1292 (2)(CA), incorporated by reference in 33 U.S.C. § 1362 (26), must comply with 33 U.S.C. § 1371(c)(1). TWDB will apply to these projects its “NEPA-like”

environmental review process found in Texas Administrative Code, Title 31, Part 10, Chapter 375.)

- Social policy cross-cutters include requirements such as nondiscrimination laws.
- Economic cross-cutters directly regulate the expenditure of federal funds such as the prohibition against entering into contracts with debarred or suspended firms.

The Equivalency projects that are considered federal are those entered into the Federal Funding Accountability and Transparency Act Subaward Reporting System.

9. Signage

CWSRF emerging contaminants projects must comply with applicable EPA signage requirements. See guidance for SRF Project Public Awareness, [TWDB-1109](#).

B. Assurances

1. Regulatory Assurances (Citations refer to sections of Title VI of the Clean Water Act (CWA-33 U.S.C. §§1251 *et seq.*):

- a. 602(b)(3) – Binding Commitments - The TWDB will enter into binding commitments for amount equal to each quarterly payment within one year of receipt of that payment taking in account cumulative excess binding commitments.
- b. 602(b)(4) – Expeditious and Timely Expenditures - The TWDB will expend all funds in the CWSRF in a timely and expeditious manner.
- c. 602(b)(5) – First Use for Enforceable Requirements - The TWDB has previously met this requirement.
- d. 602(b)(6) – Compliance with Title II Requirements - The TWDB will comply with 511(c)(1) and 513 of this Act in the same manner as treatment works constructed with assistance under title II of this Act.
- e. 602(b)(6) – Environmental Reviews –A NEPA-like review will be conducted on all projects for the construction of treatment works.

2. Entry into the Federal Reporting Systems

The TWDB will enter information into the EPA's CWSRF Reporting System, the CWSRF National Information Management System, and the Federal Funding Accountability and Transparency Act Subaward Reporting System as required.

Appendix F. Bypass Procedures

The Executive Administrator may decide to bypass, or skip, higher ranked projects in favor of lower ranked projects to ensure that funds available are utilized in a timely manner and that statutory and capitalization grant requirements are met. If an entity is offered funding for any project that has an interrelated project ranked lower on the list, the TWDB Executive Administrator will have discretion to also offer funding for the interrelated project. The TWDB may limit the amount of total funding available to an individual entity or project based on a proportionate share of total funds available.

Reasons for bypassing projects are listed below, but are not limited to:

1. Fulfill the Minimum Additional Subsidization Requirement

A project on the PPL may be bypassed to fulfill the federal minimum additional subsidization requirement or to make commitments of the amount of funds that remain unallocated.

2. Intent to Apply and Application Submission Deadlines

A project may be bypassed if the applicant did not submit any intent to apply form or information by a specified deadline or the application is not received by the TWDB-established submission deadline and it is not administratively complete by the established deadline.

3. Readiness to Proceed

The Executive Administrator may bypass projects to include those deemed ready to proceed to construction.

4. Past Project Performance

If the applicant has failed to close a commitment or complete a project in a timely manner under a prior IUP, and it is determined that such failure to perform could jeopardize the timely use of funds for a project under this IUP, the Executive Administrator may bypass the project.

5. Financial Capacity

A project may be bypassed if the Executive Administrator determines that the applicant will be unable to repay the SRF financial assistance for the project or does not have acceptable financial records or audits.

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Appendix G. Project Priority List - Alphabetical

Rank	Points	Entity	PIF No.	Population	Project Description	Requested Phase(s)	Emerging Contaminants	Total Project Cost
1	100	Johnson County SUD	17928	7,818	This project includes monitoring for PFAS compounds in Johnson County Special Utility District (JCSUD) WWTP raw influent, treated effluent, and biosolids. Effluent is discharged to Village Creek in the Trinity Basin and biosolids are hauled to a landfill. The purpose and intent of this planning project is to develop a baseline of PFAS loads to the WWTP and identify future capital project needs to address PFAS at the WWTP if future PFAS regulations are implemented.	P	PFAS	\$730,700.00
Total 1 \$730,700.00								
Projects from SFY2025 - rolled over to SFY26 CWSRF-EC IUP								
3	80	Abilene	17136	128,053	This project includes monitoring for PFAS compounds in the City of Abilene's WWTP treated influent, effluent, and biosolids. Effluent from the City of Abilene's WWTP is pumped to Lake Fort Phantom - a major drinking water source for the City - and biosolids are currently stored in on-site lagoons. The lagoons are nearing capacity and the City needs to develop an actionable plan to dispose of biosolids in the future. The purpose and intent of this planning project is to develop a baseline of PFAS loads to the WWTP and identify future capital project needs to address PFAS at the WWTP if future PFAS regulations are implemented.	P	PFAS, PFOA, PFOS	\$ 1,405,600.00
2	140	East Rio Hondo	17138	34,767	Recent tests of the Nelson Road WTP (NRWTP) residual solids (sludge) shows the presence of Lithium in the residual solids. This poses a risk to site groundwater and surface water contamination and migration to surrounding surface water body located just 450 ft away. The proposed project includes improving ERHWSC's sludge handling process at the NRWTP in order to prevent groundwater contamination. The existing sludge basins at the NRWTP, measuring approx. 215'x70', are unlined, earthen basins constructed by simple excavation into natural ground. The proposed project includes removing the existing sludge for safe disposal and lining the existing sludge basins with an impermeable layer to mitigate the potential for groundwater contamination via infiltration and seepage.	PDC	Lithium	\$ 6,867,187.50
4	80	Laredo	17140	257,619	PFAs and emerging contaminants are of rising concern and the City wants to take a proactive approach to complete testing, purchase monitoring equipment for continuous wastewater treatment discharge monitoring and develop a plan for treatment.	P	Lithium, PFAs	\$ 1,445,000.00
Total 3 \$9,717,787.50								

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Appendix H. Project Priority List - Ineligible

None.

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Appendix I. Projects Ineligible for Disadvantaged Funding

None

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Appendix J. Project Priority List - Rank

Rank	Points	Entity	PIF No.	Population	Project Description	Requested Phase(s)	Emerging Contaminants	Total Project Cost
1	100	Johnson County SUD	17928	7,818	This project includes monitoring for PFAS compounds in Johnson County Special Utility District (JCSUD) WWTP raw influent, treated effluent, and biosolids. Effluent is discharged to Village Creek in the Trinity Basin and biosolids are hauled to a landfill. The purpose and intent of this planning project is to develop a baseline of PFAS loads to the WWTP and identify future capital project needs to address PFAS at the WWTP if future PFAS regulations are implemented.	P	PFAS	\$730,700.00
Total		1						\$730,700.00
Projects from SFY2025 - rolled over to SFY26 CWSRF-EC IUP								
2	140	East Rio Hondo	17138	34,767	Recent tests of the Nelson Road WTP (NRWTP) residual solids (sludge) shows the presence of Lithium in the residual solids. This poses a risk to site groundwater and surface water contamination and migration to surrounding surface water body located just 450 ft away. The proposed project includes improving ERHWSC's sludge handling process at the NRWTP in order to prevent groundwater contamination. The existing sludge basins at the NRWTP, measuring approx. 215'x70', are unlined, earthen basins constructed by simple excavation into natural ground. The proposed project includes removing the existing sludge for safe disposal and lining the existing sludge basins with an impermeable layer to mitigate the potential for groundwater contamination via infiltration and seepage.	PDC	Lithium	\$ 6,867,187.50
3	80	Abilene	17136	128,053	This project includes monitoring for PFAS compounds in the City of Abilene's WWTP treated influent, effluent, and biosolids. Effluent from the City of Abilene's WWTP is pumped to Lake Fort Phantom - a major drinking water source for the City - and biosolids are currently stored in on-site lagoons. The lagoons are nearing capacity and the City needs to develop an actionable plan to dispose of biosolids in the future. The purpose and intent of this planning project is to develop a baseline of PFAS loads to the WWTP and identify future capital project needs to address PFAS at the WWTP if future PFAS regulations are implemented.	P	PFAS, PFOA, PFOS	\$ 1,405,600.00
4	80	Laredo	17140	257,619	PFAs and emerging contaminants are of rising concern and the City wants to take a proactive approach to complete testing, purchase monitoring equipment for continuous wastewater treatment discharge monitoring and develop a plan for treatment.	P	Lithium, PFAs	\$ 1,445,000.00
Total		3						\$9,717,787.50

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Appendix K. Initially Invited List

Rank	Points	Entity	PIF No.	Population	Project Description	Requested Phase(s)	Emerging Contaminants	Total Project Cost
1	100	Johnson County SUD	17928	7,818	This project includes monitoring for PFAS compounds in Johnson County Special Utility District (JCSUD) WWTP raw influent, treated effluent, and biosolids. Effluent is discharged to Village Creek in the Trinity Basin and biosolids are hauled to a landfill. The purpose and intent of this planning project is to develop a baseline of PFAS loads to the WWTP and identify future capital project needs to address PFAS at the WWTP if future PFAS regulations are implemented.	P	PFAS	\$730,700.00
Total 1 \$730,700.00								
Projects from SFY2025 - rolled over to SFY26 CWSRF-EC IUP								
2	140	East Rio Hondo	17138	34,767	Recent tests of the Nelson Road WTP (NRWTP) residual solids (sludge) shows the presence of Lithium in the residual solids. This poses a risk to site groundwater and surface water contamination and migration to surrounding surface water body located just 450 ft away. The proposed project includes improving ERHWSC's sludge handling process at the NRWTP in order to prevent groundwater contamination. The existing sludge basins at the NRWTP, measuring approx. 215'x70', are unlined, earthen basins constructed by simple excavation into natural ground. The proposed project includes removing the existing sludge for safe disposal and lining the existing sludge basins with an impermeable layer to mitigate the potential for groundwater contamination via infiltration and seepage.	PDC	Lithium	\$ 6,867,187.50
3	80	Abilene	17136	128,053	This project includes monitoring for PFAS compounds in the City of Abilene's WWTP treated influent, effluent, and biosolids. Effluent from the City of Abilene's WWTP is pumped to Lake Fort Phantom - a major drinking water source for the City - and biosolids are currently stored in on-site lagoons. The lagoons are nearing capacity and the City needs to develop an actionable plan to dispose of biosolids in the future. The purpose and intent of this planning project is to develop a baseline of PFAS loads to the WWTP and identify future capital project needs to address PFAS at the WWTP if future PFAS regulations are implemented.	P	PFAS, PFOA, PFOS	\$ 1,405,600.00
4	80	Laredo	17140	257,619	PFAs and emerging contaminants are of rising concern and the City wants to take a proactive approach to complete testing, purchase monitoring equipment for continuous wastewater treatment discharge monitoring and develop a plan for treatment.	P	Lithium, PFAs	\$ 1,445,000.00
Total 3 \$ 9,717,787.50								