

State Participation

The TWDB's State Participation financing program allows local governments to build larger regional projects in order to take advantage of economies of scale with fewer overall direct environmental impacts. To keep projects from being a burden to local rate payers, the state bears the cost of reserved capacity until local residents are able to pay back the loan with revenues generated from an expanded customer base. As growth occurs and more of the capacity is needed, the TWDB sells its share of the capacity to the project's owner. The TWDB uses money from the sale to retire the state's debt or finance other projects.

State Participation (G.O. Bond Program)	
Creation Date	1962
Purpose	Allow political subdivisions to construct optimal-sized regional projects designed to meet future growth through partial state acquisition of projects for water supply, flood protection, groundwater recharge and wastewater treatment works
Statutory Requirements	Article III of the Texas Constitution (§§49-d, 49-d-2, 49-d-5 and 49-d-8); Texas Water Code (Chapter 16, Subchapters E and F)
Functions	<ul style="list-style-type: none">• Encourage optimum regional development of authorized facilities through TWDB ownership of projects up to 50 percent• Purchase an interest in regional water supply and wastewater facility projects, reservoirs and flood retention basins
Customers	2,993 eligible entities: political subdivisions of the state and nonprofit water supply corporations
Eligibility Requirements	<ul style="list-style-type: none">• Funds must be expended on optimum regional projects that could not be financed without state participation• Applicants are considered on a first-come, first-served basis
Funding Sources	<ul style="list-style-type: none">• General obligation bonds• Direct state appropriations• Fees may be collected after September 1, 1999 per appropriations rider
Funding Guidelines	As the regional population increases and begins to utilize the TWDB's ownership portion of the project, the TWDB's share of the project should be sold and the agency's investment recovered
Funding Adequacy	Current funding resources are sufficient to continue program through 2001 <ul style="list-style-type: none">• Future legislative intent will be necessary to make additional assistance available through the program beyond that time
Program Evaluation	Demand for this program is increasing: <ul style="list-style-type: none">• So far in 1999, the TWDB has approved \$37 million to finance projects• The 76th Texas Legislature authorized the issuance of another \$50 million in State Participation bonds during the next biennium (ending August 31, 2001)

Water Assistance Fund

One statewide financial assistance program serves as an umbrella for the various water resources planning funding needs. Separate accounts are set up in the Water Assistance Fund to finance specific research and planning activities for State Participation, for hydrographic surveying, to manage the Water Bank, for regional and state water planning conducted by the RWPGs, for flood protection planning, and for construction loans or grants.

Water Assistance Fund*	
Creation Date	1981
Purpose	Provide financing for the construction of water or wastewater projects, water research, flood protection planning, and regional planning for water supply and wastewater treatment and collection
Constitutional and Statutory Requirements	Texas Constitution, Article 3, 49-d-3; Texas Water Code (Chapter 15, Subchapters A-C, E, F)
Functions	<ul style="list-style-type: none">• Designate loans/grants for water supply, water quality enhancement, flood control and other specifically-legislated water-related purposes, including brush control• State acquisition of facilities• Offer grants to individuals and political subdivisions to do research into the practical solutions of water-related problems• Supply grants for flood control planning, regional facility plans, EDAP facility plans, and Senate Bill 1 regional water plan development
Customers	<ul style="list-style-type: none">• Political subdivisions• Nonprofit water supply corporations• Individuals (for research grants)
Eligibility Requirements	<p>Political subdivisions receiving funds for flood protection planning</p> <ul style="list-style-type: none">• Must have the authority to plan for and abate flooding• Should consider structural and nonstructural flood protection measures• Must plan for an entire watershed
Funding Sources	<ul style="list-style-type: none">• State appropriated funds / interest earnings from the funds• Loan repayments• Other gifts and grants• Technical assistance fees
Funding Guidelines	<ul style="list-style-type: none">• Grants for regional facility plans and flood protection planning should be limited to 50 percent of the total cost of the project• Senate Bill 1 regional water planning mandates that the TWDB should provide grants for 100 percent of the regional planning costs and the region should provide 100 percent of the administrative expenses• The TWDB may provide up to 75 percent of the total cost to disadvantaged communities• The TWDB may award grants up to 100 percent of the cost of a research project
Funding Adequacy	The TWDB has successfully run the program within the constraints of the funds appropriated, but funding is not sufficient for future projected needs <ul style="list-style-type: none">• Projected needs over next 50 years = \$65 billion
Program Evaluation	The need for this program will continue to exist as funds are increasingly requested for research and regional planning activities, and for flood protection planning

*Refer to the Research and Local Assistance Strategy and the Water Plan Development Strategy under Goal 1.

Agricultural Water Conservation Loan and Grant Program (refer to chart on next page)

This program funds agricultural water conservation equipment and irrigation water conservation projects. The Texas Legislature established the Agricultural Water Trust Fund in 1985 as a separate investment account to generate interest earnings for funding agricultural programs. This account was funded with appropriations. A bond program for Agricultural Water Conservation was approved by constitutional amendment in 1985 (Agricultural Water Conservation Fund). Senate Bill 1, 75th Texas Legislature, allows the TWDB to use the principal from the Agricultural Water Trust Fund as a revolving loan fund for agricultural water conservation projects. Additionally, a portion of the interest earnings from the Agricultural Water Trust Fund may be used to provide grants to local water conservation and irrigation districts for purchasing equipment to evaluate or demonstrate efficient agricultural water uses.

Support staff from all areas of the TWDB collaborate to bring together these agricultural financing programs. A program administrator coordinates with staff in the Conservation, Accounting, Audit and Funds Management, Portfolio Management and Legal divisions. This dynamic, interrelated activity has resulted in more than \$19 million loaned to eligible districts, with reductions in water usage from 22-50 percent for acreage affected.

Agricultural Water Conservation Loan and Grant Program *	
Creation Date	1985
Purpose	Provide water conservation loan and grant funds to eligible districts for conservation purposes including: irrigation systems efficiency, land preparation, precipitation enhancement, and brush control activities
Constitutional and Statutory Requirements	Texas Constitution, Article 3, §50-d; Texas Water Code §15.431; Texas Water Code (Chapter 17, Subchapter J)
Functions	<ul style="list-style-type: none"> • Provide low-interest loans to districts which allow the districts, in turn, to make loans to farmers for the purchase and installation of water-conserving irrigation equipment • Furnish loans to districts to be used for conservation improvements to district facilities • Allow local conservation districts and irrigation districts to purchase equipment to evaluate or demonstrate efficient agricultural water uses (grant funds available up to \$100,000 per year) • Provide funding to other agencies for agricultural water conservation technical assistance, agricultural water conservation education and demonstration programs, research and other water conservation development
Customers	302 eligible entities: groundwater districts, irrigation districts, soil and water conservation districts; and districts eligible to borrow funds for conservation
Eligibility Requirements	Funds must be spent on delivery or application systems of irrigation water, on land preparation, brush control and precipitation enhancement
Funding Sources	<ul style="list-style-type: none"> • State general obligation bonds • Direct state appropriations • State Energy Conservation Office - Oil Overcharge Funds • Repayments of principal and interest on loans • Cash management interest earnings of Agricultural Water Trust Fund
Funding Guidelines	Applicants are considered on a first-come, first-served basis
Funding Adequacy	Level of funding appears sufficient for the foreseeable future
Program Evaluation	Popularity and efficiency gains made through this program have caused it to be expanded to allow more funds to be available

*Refer to the Water Conservation Assistance Strategy under Goal 1

Critical Support Activities for Water Project Financing

Debt Management

Currently, bonds are issued and accounted for separately to appropriately differentiate between legally distinct programs. Separate cash flow projections and financial statements are also maintained. TWDB policy allows for issuing bonds and incurring debt only on an as-needed basis, based on funding commitments for approximately six to nine months at a time. To reduce issuance costs and capitalize on economies of scale, several series of general obligation bonds are often issued at one time. TWDB staff monitor the need for money to fund the many loan programs, and when additional monies are needed, a new bond transaction is negotiated, with the approval of the agency's Board. A new bond issuance is a major undertaking and involves careful coordination between TWDB staff, consultants (financial advisor, bond counsel and underwriters), and other state agencies.

Texas Water Resources Finance Authority (TWRFA)

In 1989, pursuant to legislation passed that year, the TWDB's financial portfolio was sold to the Texas Water Resources Finance Authority (TWRFA), producing an initial payment from TWRFA to the TWDB of about \$41 million. These additional proceeds were applied to the TWDB's financial assistance programs in order to fund grants, loans, and state participation in regional water supply and wastewater treatment projects. In addition to the initial payment, the TWDB benefits from annual payments of the available excess coverage from the loan portfolio. These excess coverage payments have in the past been primarily appropriated by the legislature to pay debt service on EDAP General Obligation bonds. TWDB staff administer the program, paying and collecting debt and servicing loans, ensuring the continued integrity of financial assistance projects.

Portfolio, Reporting, and Systems Management

The TWDB's Portfolio, Reporting, and Systems Management team plays a crucial role in supporting the agency's financial assistance programs. This group prepares priority lists for federally-funded financial projects and develops an Intended Use Plan for each State Revolving Fund program (CWSRF and DWSRF), reported annually to the Environmental Protection Agency (EPA) to acquire necessary project funding. Additionally, the team performs the record-keeping associated with the each of the TWDB program portfolios, prepares reports for the Legislative Budget Board and other entities, prepares cash flow data for bond sales, processes

claims for payments for federal programs, and maintains financial systems and any complex financial analyses in support of the programs.

Audit and Funds Management

Chief responsibilities for this team consist of the TWDB's external audit and funds management activities including loan closings, grant releases, investments, debt service payments and collections, loan portfolio monitoring, and special audits and investigations.

The TWDB's Interagency Coordination on Statewide Financial Assistance

The TWDB, the Texas Natural Resource Conservation Commission (TNRCC), and the Texas Parks and Wildlife Department (TPWD) have defined roles and responsibilities for various Water Project Financing programs and collaborate on the following:

- Drinking Water State Revolving Fund projects;
- Clean Water State Revolving Fund projects;
- Other drinking water projects; and,
- Other wastewater projects.

The TWDB also coordinates on a smaller scale with several other agencies to implement financing programs:

- The Texas Historical Commission (THC), responsible for assessing and protecting the archeological, architectural and historical state landmark resources; and
- The Economic Development Administration (EDA), to provide matching grants to organizations to construct water and wastewater facilities in economically distressed areas.

For a more in-depth description of the interagency coordination efforts between the TWDB, the TNRCC, and other agencies, refer to the Statewide Financial Assistance Strategy in the Part VI Section titled, **Shared Jurisdiction of the Texas Water Development Board and Other Agencies**, page 93.

ECONOMICALLY DISTRESSED AREAS PROGRAM (EDAP) STRATEGY DESCRIPTION

Purpose: Provide financial assistance to develop adequate water and sewer services in economically distressed areas

In 1989, the 71st Texas Legislature passed comprehensive legislation that established the Economically Distressed Areas Program (EDAP) to be administered by the TWDB. The EDAP offers grants and loans for planning, designing, and constructing water and wastewater services to assist economically distressed areas in which the present services are inadequate to meet the minimal needs of residents. EDAP funds are available to political subdivisions located within counties adjacent to the Texas-Mexico border, or within counties with qualifying income and unemployment levels. Funds can be used for construction, acquisition or improvements to water supply and wastewater collection and treatment works, including all necessary engineering work.

The TWDB provides research and planning grants to political subdivisions in economically distressed areas (also referred to as "colonias"), to prepare water and wastewater service facility plans. Colonias are defined as areas within a county containing inadequate water or wastewater services that are health risks for the residents; in which the financial resources of the area are inadequate to provide the services, and which meet residential occupancy requirements as determined by the TWDB. EDAP financial assistance may be awarded in the form of loans, grants or a combination of the two. Eligible EDAP applicants may receive EDAP grants and loans, in conjunction with other financial assistance programs, to design and construct adequate water or wastewater facilities. Current projections of projects completed, projects under design or construction, and projects in the facilities planning process indicate that an estimated 280,000 colonia residents will receive adequate water or wastewater services, or both when the program is complete.

The TWDB's EDAP financial assistance offerings have resulted in an average of \$77 million in cost savings to customers over the last two years.

EDAP Strategy Cost Savings Fiscal Year 1998
Actual cost savings = \$42,684,863
EDAP Strategy Cost Savings Fiscal Year 1999 up to 3rd Quarter
Actual cost savings = \$110,205,523

Percent increase over two-year period = 158 percent

As of July 31, 1999, \$250 million in voter-authorized state general obligation bonds and \$29 million of other state funds are being combined with a total of \$300 million of federal Colonia Wastewater Treatment Assistance Program (CWTAP) funds to finance eligible water and/or wastewater construction projects in economically distressed areas, including residential hookups.

The OPFCA's Border Project Management Division administers the EDAP financial assistance programs, working closely with customers throughout the application process and facility construction until the end of life of the loan. A facility planning process determines the need for the project, and evaluates the scope and cost of a project to determine if it meets EDAP eligibility criteria for financial assistance. Once the TWDB's Board considers and approves funding for EDAP projects, the Border Project Management team then reviews and approves engineering plans and specifications for the project, and monitors the progress of the project. The Inspection and Field Support Services Division staff inspect the facility construction. This highly-involved approach allows the TWDB to maintain efficient and effective service delivery to economically distressed areas.

*Contact: Ignacio Madera, Jr.
Location: Office of Project Finance and Construction Assistance
FTEs (Budgeted/Actual): 32.7/30.7*

Key State-Funded Programs: Economically Distressed Areas Program

The EDAP is the only TWDB financial assistance program funded from state general obligation bonds that is currently authorized by the Texas Legislature to provide financial assistance in the form of grants. Currently, up to 90 percent of the total general obligation bond authorization for the EDAP may be used for grants, and individual projects can be awarded up to 100 percent grants.

Economically Distressed Areas Program	
Creation Date	1989
Purpose	Provide cost-effective financial assistance for construction, acquisition, or improvements to water supply and wastewater collection and treatment works in economically distressed areas
Constitutional and Statutory Requirements	Texas Constitution Article III, §§49-d-7, 49-d-8; Texas Water Code §15.407; Chapter 16 (Subchapter J); Chapter 17 (Subchapter K)
Functions	<ul style="list-style-type: none">• Provide financial assistance to address the lack of adequate water and wastewater services in economically distressed areas, particularly along the Texas-Mexico Border• Create a mechanism for the control of further proliferation of economically distressed areas by ensuring the adoption and enforcement of Model Subdivision Rules by local political subdivisions (enforcement of Model Subdivision Rules is the responsibility of the Office of the Attorney General and local district attorneys)
Customers	36 currently eligible counties: 1495 economically distressed areas, with 392,000 estimated residents, as identified by 1992 and 1996 surveys
Eligibility Requirements	<ul style="list-style-type: none">• Eligible political subdivisions must be in counties with unemployment rates 25 percent above the state average, and per capita income 25 percent below the state average, or next to the Texas/Mexico border• Counties must adopt and enforce Model Subdivision Rules to stop colonia growth• Area to be served must lack adequate water or wastewater service, lack the financial resources necessary to obtain adequate service, and must have been established as a residential development as of 1989• A limit of 90 percent of financial assistance in the form of grants applies to state-issued bond proceeds• To receive greater than 50 percent of the projected costs in the form of a grant, the Texas Department of Health must find conditions in the area dangerous to public health• Project must be located in an area where a local political subdivision is participating in the TNRCC program to regulate on-site waste disposal facilities
Funding Sources	<ul style="list-style-type: none">• State general obligation bonds• Texas Water Resources Finance Authority portfolio sales proceeds
Funding Guidelines	Up to \$250 million of general obligation bond authorization for water and wastewater projects may be set aside for EDAP funds
Funding Adequacy	Unable to determine <ul style="list-style-type: none">• Other federal and bi-national agencies may be providing increased funding to contribute to the \$776.6 million estimated need• The TWDB expects to provide \$579 million
Program Evaluation	Ninety EDAP projects are currently completed, in design, under construction or in the TWDB's EDAP planning stage; this program continues to be in demand

**Key Federal-State Partnership Funding Programs:
Colonia Wastewater Treatment Assistance Program (CWTAP) and
Colonia Plumbing Loan Program (CPLP)**

Colonia Wastewater Treatment Assistance Program (CWTAP)

The TWDB is the agency designated by the Environmental Protection Agency to administer the \$300 million of federal Colonia Wastewater Treatment Assistance Program (CWTAP) funds to finance eligible water and/or wastewater construction projects in economically distressed areas. Additionally, the TWDB is required to contribute a state match.

Colonia Wastewater Treatment Assistance Program (CWTAP)	
Creation Date	1992 (grant applications were accepted beginning in 1993)
Purpose	Improve wastewater treatment and water supply in colonias in the state, including funding for planning and design
Statutory Requirements	Public Laws 102-389, 103-327, 103-715, 104-99, 104-204, 105-65; Continuing Resolutions Numbers 3 and 4; 40 C.F.R. Part 31; Federal appropriations of 1993, 1995, 1996, 1997 and 1998
Functions	<ul style="list-style-type: none">• Provide grants for planning, designing and constructing adequate wastewater treatment systems to serve unincorporated colonias in existence as of November 9, 1989 as expeditiously as possible• Improve public health for colonia residents• Dispense funds for regional and rural colonia planning• Provide for \$100 million to be used for water and/or wastewater service connections and projects
Customers	Political subdivisions and nonprofit water supply corporations in eligible counties
Eligibility Requirements	<ul style="list-style-type: none">• Counties on the Texas/Mexico border or within 100 kilometers of the border• County must adopt model rules for the regulation of subdivisions prior to application for financial assistance• Projects must be located in economically distressed areas within affected counties (affected counties are those with a per capita income 25 percent below the state average and an unemployment rate 25 percent above the state average, or are next to the international border)• Project must be located in an area where a local political subdivision is participating in the TNRCC program to regulate on-site waste disposal facilities• Areas to be served must lack adequate water and wastewater service, lack adequate financial resources to obtain adequate services, and must have been established as residential subdivisions as of 1989
Funding Sources	<ul style="list-style-type: none">• \$300 million federal allocation, applicable to five CWTAP grants• State matching funds from EDAP-authorized general obligation bonds
Funding Guidelines	<ul style="list-style-type: none">• Match to federal appropriations varies between 20-50 percent match• For the last \$100 million, water projects are eligible• Two of the CWTAP grants (CWTAP IV and CWTAP V) allow applicants to apply for both water and wastewater funding• Applicants are considered on a first-come, first-served basis
Funding Adequacy	Funding is not sufficient to meet projected needs <ul style="list-style-type: none">• Some EPA funding for colonia-related projects is being channeled to the North American Development Bank (NADBank) instead of to the states for distribution
Program Evaluation	Program is necessary to assist in meeting \$776.6 million estimated need

Colonia Plumbing Loan Program (CPLP)

The TWDB also administers an EPA-funded loan program for plumbing improvements and connections called the Colonia Plumbing Loan Program (CPLP). Through the CPLP, the TWDB makes loans to local entities that lend to residents in need of plumbing improvements and/or connections. As of July 31, 1999, almost \$9.8 million is available for assistance through this program.

Colonia Plumbing Loan Program (CPLP)	
Creation Date	1989
Purpose	Provide funds to local entities which in turn provide low or zero-interest loans to individual borrowers for plumbing improvements or connections costs
Statutory Requirements	Public Law 101-144; Texas Constitution Article III §49-d-3; Texas Water Code (Chapter 15, Subchapter L)
Function	Offer low-interest loans that assist low-to-moderate income colonia residents with financing connections to water and wastewater systems, and with the installation of necessary plumbing improvements within their homes
Customers	12 eligible counties: political subdivisions and nonprofit water supply corporations
Eligibility Requirements	<ul style="list-style-type: none">• City or county where customer resides must have adopted Model Subdivision Rules and a water conservation and drought contingency plan• Maximum loan amount per household is \$4000, unless applicant can document that costs are greater
Funding Sources	\$15 million federal grant from 1989 Clean Water State Revolving Fund grant (balance can be returned to SRF if not needed)
Funding Guidelines	Political subdivisions applying for and receiving funds under the CPLP can then make low-interest plumbing loans to qualifying colonia residents
Funding Adequacy	Level of funding appears sufficient for current needs
Program Evaluation	Colonia residents have not typically sought these funds since they are loans (requiring repayment) and not grants

The TWDB's Interagency Coordination on EDAP Financial Assistance

The TWDB coordinates with the Texas Natural Resource Conservation Commission on EDAP financing projects. The TNRCC investigates the severity of nuisance conditions in a colonia, and determines whether an innovative technology is appropriate for use on colonia projects. (On September 1, 1999, this responsibility will transfer to the Texas Department of Health.)

Additionally, the TWDB collaborates with the following agencies:

- The Texas Border Infrastructure Group (TBIG);
- The Department of Housing and Urban Development through the Texas Department of Housing and Community Affairs;
- The United States Department of Agriculture through the Rural Development Division;
- The North American Development Bank (NADBank); and,
- The Border Environment Cooperation Commission (BECC).

For a more in-depth description of the interagency coordination efforts between the TWDB, the TNRCC, and other agencies, refer to the EDAP Strategy in the Part VI Section titled, **Shared Jurisdiction of the Texas Water Development Board and Other Agencies**, page 96.

SHARED JURISDICTION OF THE TEXAS WATER DEVELOPMENT BOARD AND OTHER AGENCIES

Goal 2 - Water Project Financing

The Texas Water Development Board (TWDB), the Texas Natural Resource Conservation Commission (TNRCC), and the Texas Parks and Wildlife Department (TPWD) have defined roles and responsibilities for various Water Project Financing programs.

The TNRCC regulates services for water and wastewater treatment works operations, sets the design and construction standards for water, wastewater and flood control projects, oversees area-wide wastewater management planning and nonpoint source planning, and regulates the creation and operation of most water districts, which may apply for funding through the TWDB.

The TPWD manages and conserves the natural and cultural resources of Texas, participates in and makes recommendations for administrative and judicial proceedings concerning pollution incidents, development projects and other actions that may affect fish and wildlife. The TPWD reviews planning documents associated with TWDB funding applications so that endangered species will not be adversely affected by projects. The TWDB utilizes the TPWD's information on endangered species lists in developing mitigation for specific projects.

Coordination on the TWDB's Statewide Financial Assistance Strategy

Drinking Water State Revolving Fund (MOU between the TWDB and the TNRCC, 31 TAC 371.5)

- The TWDB obtains the TNRCC's database of Public Water System Operators to create mailing lists to send information to potential customers about the Drinking Water State Revolving Fund (DWSRF) program and funding cycles.
- The TWDB creates an Intended Use Plan, identifying public water systems that qualify for financing. The TNRCC ranks projects seeking DWSRF funding, based on health and compliance factors.
- The TNRCC evaluates existing public water systems and their operations in order to regulate and enforce standards for water systems. The TWDB obtains the TNRCC's assistance in performing

The TWDB obtains the TNRCC's assistance in performing financial, managerial and technical capability assessments of applicants who are expected to apply for DWSRF funding . . .

financial, managerial and technical capability assessments of applicants who are expected to apply for DWSRF funding; applicants must have an affirmative finding before the TWDB can provide financing, or they must be on an approved corrective action plan.

- The TWDB administers the funding and management of DWSRF projects and ensures that they comply with the requirements of the Clean Air Act regulated by the TNRCC.
- The TWDB and the TNRCC participate on a standing coordination team to ensure awareness of issues affecting the DWSRF program; special purpose teams are created as necessary to address issues.

Clean Water State Revolving Fund

- The TNRCC administers the nonpoint source program, and regulates and enforces water quality standards within the state. The TWDB provides funding for nonpoint source projects. The TWDB coordinates with the TNRCC to ensure that best management practices are followed and that funding will be awarded to projects in a Priority Segment based on the TNRCC's 303(d) Clean Water Act list of threatened and impaired water bodies. (§319 of the Clean Water Act)
- The TWDB obtains the latest water quality information and self-reporting data from the TNRCC for use in assigning priority rankings for wastewater projects applying for CWSRF financing.

Other drinking water projects

- The TNRCC is responsible for reviewing the plans and specifications for water infrastructure projects statewide to ensure they comply with the water hygiene rules of the state. (30 TAC Chapter 290)
- The TWDB reviews plans and specifications to confirm that they will meet local community needs and are eligible for any applicable TWDB program funding.
- To avoid a duplicate review between the two agencies, the TNRCC has agreed to allow the TWDB to review plans and specifications for all water distribution infrastructure projects which the TWDB funds; however, the TNRCC has retained responsibility for treatment plants. (Letter of Agreement)

The TWDB obtains the latest water quality information and self-reporting data from the TNRCC for use in assigning priority rankings for wastewater projects applying for CWSRF financing.

Other wastewater projects

- The TNRCC prepares an area-wide wastewater management plan identifying designated management agencies responsible for providing specified services within their assigned boundaries. (§208 of the Clean Water Act)
- The TWDB coordinates with the TNRCC to verify consistency with area-wide wastewater management plans and to ensure that funding is awarded to the most appropriate applicants.
- The TNRCC establishes design criteria for wastewater systems, and develops procedures concerning the submission and review of proposed designs; the TWDB may offer proposed variances to design criteria for sewage systems to ensure consistency between the agencies. (30 TAC 317)
- Projects receiving funding from the TWDB are exempt from the TNRCC review when the TWDB approves the plans and specifications. (Water Code §17.276(d))

Additionally, the TWDB coordinates on a smaller-scale with the following agencies:

The Texas Historical Commission (THC)

- The THC assesses and protects archeological, architectural and historical state landmark resources. Many TWDB-funded projects have the potential to impact these resources, so the TWDB employs archeologists to assist applicants with determining impacts to historical and archeological resources.
- Federal and state antiquities laws require all funded projects be evaluated for their potential impact to archeological features present on a project site, and that all projects obtain clearance from the THC. To facilitate this coordination, a Memorandum of Understanding (MOU) between the TWDB and the Texas Antiquities Committee (formally merged in the last legislative session with the THC) has been established. (31 TAC 353.14)

The Economic Development Administration (EDA)

- The EDA provides matching grants to state and local governments, regional economic development districts, and public and private organizations, to construct water and wastewater facilities in economically distressed areas.

- The TWDB coordinates with the EDA on companion projects, such as partial financing for sewer lines to an industrial park, or expanding a wastewater treatment plant through CWSRF assistance.
- The EDA works with the TWDB on wastewater projects by requesting a “Certificate of Adequacy of Treatment” to ensure that any wastewater generated by a project will receive adequate treatment. The TWDB performs this function on behalf of the Environmental Protection Agency through a delegation agreement.

Coordination on the TWDB’s Economically Distressed Areas Program (EDAP) Financial Assistance Strategy

The TWDB coordinates with the EDA on companion projects, such as partial financing for sewer lines to an industrial park, or expanding a wastewater treatment plant through CWSRF assistance.

EDAP Funding

- Upon request of the TWDB, the TNRCC investigates the severity of nuisance conditions in a colonia that has applied for EDAP funding. The TNRCC issues a letter concerning the severity of the health hazards in the colonia.
- If the TNRCC has not made a finding that a nuisance condition relating to inadequate water and sewer services exists in the colonia, the TWDB must limit the percentage of EDAP assistance available to the applicant in the form of a grant.
- The TWDB consults with the TNRCC to determine whether an innovative technology is appropriate for use on colonia projects when such technology is proposed by applicants.
- The TNRCC employs a Texas Small Towns Environment Program (STEP) coordinator to assist local communities in applying for the STEP program, which is partially funded by the TWDB.

The Texas Border Infrastructure Group (TBIG)

- The TWDB and the TNRCC both participate in the Texas Border Infrastructure Group (TBIG) in order to set priorities and coordinate the efforts of state and federal agencies to provide water, wastewater and solid waste infrastructure and affordable housing in order to eliminate the substandard living conditions in existing colonias, and prevent the development of new colonias, or colonia-like conditions.

- The TBIG is working on adopting an action plan to develop strategies for securing hook-ups for all water and wastewater projects associated with the EDAP, and to create and adopt common operating procedures for the enforcement of mandatory hook-up policies and project coordination and implementation.
- The TNRIS, through the Border Information Center, is providing tools and information to support the TBIG's activities.

The Department of Housing and Urban Development through the Texas Department of Housing and Community Affairs

- This agency provides financing up to \$40 million per year in loans and grants for construction projects, including utility infrastructure and housing. Some projects receive joint funding from both the TWDB and the TDHCA.
- The Office of Colonia Initiatives (OCI) coordinates border issues and manages a portion of the department's existing programs targeted for colonias. These programs include housing finance and mortgage revenue bond set-asides, community development block grants and self-help centers, and the implementation of legislation effecting the colonias (Senate Bills 336 and 1509, 74th Texas Legislature).
- A formal Memorandum of Understanding (MOU) between the TWDB and the TDHCA assures that none of the funds appropriated by the TDHCA are expended in a manner that aids the proliferation of colonias or are otherwise used in a manner inconsistent with the intent of the TWDB's Economically Distressed Areas Program. (31 TAC 363.511)

The United States Department of Agriculture through the Rural Development Division (USDA-RD)

- The USDA-RD may finance up to \$83 million in grants and loans for construction projects in rural areas. The agency has provided funding for several projects in areas that did not meet the TWDB's EDAP eligibility requirements, but still had low per capita income levels.
- The TWDB closely coordinates with the USDA-RD on engineering, financing, and environmental reviews of jointly funded projects, and on payment processing procedures on EDAP projects.

The North American Development Bank (NADBank)

- The NADBank may provide funding for components of projects that are not eligible for the TWDB's EDAP funding. (An example would be a collection system in a colonia created after June of 1989.)
- The TWDB identifies projects that may qualify for NADBank funding and obtains input regarding financing opportunities. The NADBank has become involved in joint financing of some EDAP projects.

The Border Environment Cooperation Commission (BECC)

- The BECC certifies projects for funding through NADBank. The BECC often relies on the TWDB's environmental review of prospective NADBank projects, such as critically needed and often socially and environmentally complex water infrastructure projects.
- The BECC evaluates the TWDB's priority list of EDAP projects to ensure that the BECC commences coordination efforts promptly on projects that may need BECC certification and funding from the NADBank.
- A current project, financed by the TWDB and the EPA, is developing an Internet-facilitated regional environmental review process for water infrastructure projects proposed for municipalities and districts in Cameron, Hidalgo, and Starr counties. This system is anticipated to replace the currently redundant and duplicative federal review process. The BECC, the TWDB, and the Environmental Protection Agency are also investigating similar programmatic approaches to environmental reviews of water public works improvements projects for other parts of Texas and Mexico.

The BECC often relies on the TWDB's environmental review of prospective NADBank projects, such as critically needed and often socially and environmentally complex water infrastructure projects.

Upper Trinity Regional Water District (UTRWD)

This case study focuses mainly on the financial assistance the TWDB has provided to the Upper Trinity Regional Water District. The initial \$125,000 planning grant awarded to Denton County initiated the establishment of the UTRWD as a major purveyor of water and wastewater service. The TWDB has continued to partner with the UTRWD on several projects to expand the UTRWD into a water and wastewater provider that serves more than 50 small, medium, and large cities in northeast Texas. The following illustration highlights a few of the data, planning and financial services the TWDB has provided to the UTRWD in the last ten years.

INTEGRATED FUNCTIONS

Water Resources Planning

- Upper Trinity Aquifer groundwater study conducted that ultimately aided in the decision to convert from groundwater usage to surface water usage in the Upper Trinity Regional Water District service area.
- Population and water demand projections coordinated for all member cities and districts that were used in the state participation loan

Data Collection and Dissemination

- Maps, aerial photographs, census data, as well as state and federal digital data were accessed via the Texas Natural Resources Information System to facilitate water resources planning

Financial Assistance

- \$125,000 water supply and wastewater planning grant awarded to Denton County, which determined that groundwater supplies could not support the region's projected growth and ultimately led to the decision to construct a regional water system to meet future water needs
- \$61,065,000 loan provided to construct 20.0 million gallons per day (MGD) water treatment plant at Lake Lewisville, a 0.5 MGD package water treatment plant at Lake Ray Roberts, ground storage tanks, pump stations, transmission lines, and other facilities to provide water to 13 different entities
- \$24,745,000 loan granted to purchase the wastewater treatment facility owned by Lake Cities Municipal Utilities Authority and to expand it from 1.0 MGD to 3.5 MGD, in addition to building lift stations and conveyance lines to add Highland Village and the southeast portion of Corinth to the regional system
- \$3,085,000 loan provided to construct a 6.0 MGD wastewater reuse pump station
- \$17,165,000 loan used for the expansion of the UTRWD's regional water treatment plant; building the plant to the optimum size now using State Participation financing will result in a total present worth savings of \$5 million during the 20-year planning period

Resulted in the establishment of the UTRWD.

