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## AGENDA ITEM MEMO

**BOARD MEETING DATE:** December 16, 2025

**TO:** Board Members

**THROUGH:** Bryan McMath, Executive Administrator  
Ashley Harden, General Counsel  
Georgia Sanchez, Chief Financial Officer  
Jessica Peña, Deputy Executive Administrator, Water Supply & Infrastructure

**FROM:** Marvin Cole-Chaney, Director, Program Administration & Reporting  
Jesse Milonovich, Assistant Director, Program Administration & Reporting  
Trae Tillis, Manager, State Programs Administration & Reporting

**SUBJECT:** State Water Implementation Fund for Texas 2026 Funding Cycle Timeline

### **ACTION REQUESTED**

Consider approving the 2026 State Water Implementation Fund for Texas (SWIFT) timeline.

### **BACKGROUND**

In 2013, the 83rd Texas Legislature created the SWIFT and the State Water Implementation Revenue Fund for Texas (SWIRFT). In addition, a \$2-billion supplemental appropriation from the state's Economic Stabilization Fund to the SWIFT was authorized. Proposition 6, approved by voters in 2013, amended the Texas Constitution to create a constitutionally dedicated fund. The SWIFT program was designed to support funding of \$27 billion in water supply projects based on 50-year needs to assist communities with developing water supplies during times of drought. Eligible SWIFT projects are recommended Water Management Strategy Projects (WMSP) with an associated nonzero capital cost in the most recently adopted State Water Plan (SWP) at the time abridged applications are due to the TWDB for consideration.

To date, the TWDB has committed almost \$17.2 billion in assistance toward 71 SWIFT projects representing 82 WMSP recommended in the SWP resulting in the addition of 2.7 million acre-feet of water supply, with savings of approximately \$2.1 billion over the life of the obligations compared to unsubsidized market-rate transactions.

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Leading the state's efforts  
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#### [Board Members](#)

L'Oreal Stepney, P.E., Chairwoman | W. Brady Franks, Board Member | Ashley Morgan, Board Member  
Bryan McMath, Executive Administrator

In December 2023, the Board adopted a policy where entities whose application for financial assistance (combined with outstanding balances) in the SWIFT program exceeds four percent of the anticipated principal balances owed for political subdivision obligations as of December of the previous year must provide a publicly available rating from a nationally recognized statistical rating organization at the time the full application is submitted.

### **KEY ISSUES**

This is the third time in the history of SWIFT that a new SWP will transition into a funding cycle. To incorporate the upcoming 2027 SWP into this funding cycle as the basis for new 2026 SWIFT commitments, the Executive Administrator (EA) intends to follow the approach used prior to the 2022 SWIFT funding cycle. As shown in the timeline below, the EA will prioritize SWIFT abridged applications based on the 16 Board-approved 2026 regional water plans. Therefore, projects considered for SWIFT funding will be based on the 2027 SWP.

The TWDB will open the solicitation period for the 2026 Funding Cycle on December 16, 2025. Abridged applications will be due on February 2, 2026. Information on how to submit abridged applications is available on the TWDB's website. Abridged applications will be prioritized according to criteria set forth in rules, and invitations will then be extended to entities to submit complete applications. All financial commitments are expected to close by December 2026.

The intent of the SWIFT program and the SWP is to identify and fund projects that produce additional water supply during drought conditions. Projects that rehabilitate, replace, or provide maintenance of infrastructure to maintain existing water supplies are not eligible for SWIFT. If a project includes the replacement or expansion of existing facilities that will also provide additional supply volumes above the existing supply volume, then only the share of the cost of the infrastructure that provides additional supply volumes will be eligible to receive SWIFT funding.

Earlier this year, the 89th Texas Legislature passed Senate Bill 1967, which amends Water Code Section 15.437(d) by adding a new SWIFT prioritization item. The new criterion asks entities to indicate whether their project is a water supply project that contains a flood control component, regardless of whether the applicant holds a certificate of convenience and necessity under which it provides retail water or wastewater service. The abridged application has been revised to collect the information necessary for consideration. The TWDB will implement this update in the Texas Administrative Code Section 363.1304. A public comment period will be part of the rulemaking process and details will be shared once available.

A strategic planning tool is used to analyze the funding scenarios and the capacity of the program for each funding cycle to support the original goal of funding \$27 billion in water supply projects over 50 years. The actual amounts and types of funds are expected to fluctuate between years to obtain this goal. Since the first SWIFT funding cycle in 2015, the TWDB has been able to accommodate all eligible projects on the prioritization lists. Without additional capitalization, financial assistance capacity in the SWIFT program is likely to be reduced in the near term. The deposit of funds into SWIFT from funds made available by Proposition 4 could begin in Fiscal Year 2028. As outlined in the authorizing legislation,

should the conditions exist to allow for a transfer of funds, it is anticipated that deposits of funds from the Texas Water Fund could serve as additional capitalization to substantially increase capacity. However, capacity for the 2026 Funding Cycle – and the next three funding cycles in particular – may be reduced compared to prior years, especially for projects that are not eligible for the New Water Supply for Texas Fund. It is important to note that the TWDB has other financial assistance programs available to finance projects unable to receive funding through this cycle of the SWIFT, including the Texas Water Development Fund, commonly referred to as DFund.

In accordance with applicable governing statutes and administrative rules, the EA reserves the right to bypass projects or implement funding caps to ensure equitable distribution and fiscal responsibility. Such caps may be applied by project, by entity, or by dollar amount, as determined necessary based on program needs and funding constraints.

### **TIMELINE**

The anticipated timeline for the 2026 SWIFT funding cycle:

December 16, 2025	Abridged Application solicitation period begins
February 2, 2026	Abridged Applications due to the TWDB
April 2026	Board action: <ul style="list-style-type: none"><li>• Consider prioritization of Abridged Applications</li><li>• Establish financing structure and interest rate subsidies</li><li>• Identify the amount of funds available by category</li><li>• Invitations extended to submit Complete Applications</li></ul>
May 2026	Complete Applications due 30 days from invitations
July 2026	Projects recommended to the Board for commitment
Fall/Winter 2026	TWDB bond sale and borrower closings

### **RECOMMENDATION**

To actively manage the SWIFT program, the EA recommends approval of the 2026 SWIFT funding cycle timeline.