



P.O. Box 13231, 1700 N. Congress Ave.
Austin, TX 78711-3231, www.twdb.texas.gov
Phone (512) 463-7847, Fax (512) 475-2053

Texas Water Supply Corporation Grants

One-time funding opportunity for a limited number of Texas Water Supply Corporations (TWSC) to receive grant funding to implement water infrastructure and supply projects, including those that address water conservation strategies and water loss mitigation projects. Funding is provided through the Texas Water Fund. In July 2024, the Executive Administrator presented a Texas Water Fund implementation plan intended to meet statutory directives. Up to \$50 million is being allocated for this purpose.

KEY ISSUES

- Funds will be transferred to the Rural Water Assistance Fund (RWAFF) and the Water Loan Assistance Fund (WLAFF), so those programmatic requirements will apply depending on the funding source used for each specific applicant.
- The opportunity is open only to nonprofit Water Supply Corporations created and operating under Chapter 67 that serve existing residential customers (excludes those primarily providing service to commercial or industrial customers).
- Drainage, flood control, and wastewater projects are not eligible.
- Projects must be consistent with the 2027 State Water Plan and 2026 Regional Water Plans.
- Applicants must be current in their audited financial statements. For a funding application to be considered complete and eligible, it must include a 2025 fiscal year-end financial audit that has been adopted by the applicant's governing body. Applicants may submit IRS Form 990 in place of audited financial statements only if they have no active TWDB financing and the proposed TWSC grant project is less than \$1 million.
- US Iron & Steel provisions apply (Tex. Gov't Code Chapter 2252, Subchapter G).
- Conveyance coordination requirements apply only **if land acquisition is a part of the project**. (Tex. Water Code Chapter 6, Subchapter H).
- All applicants are subject to requirements for:
 - Water conservation plan (Tex. Water Code §§ 16.402 and 16.4021; 31 Tex. Admin. Code (TAC) § 363.15);
 - Water use survey (Tex. Water Code § 16.012(m); 31 TAC § 358.5);
 - Water loss audit (Tex. Water Code § 16.0121; 31 TAC § 358.6 (proposed new § 358.11)); and
 - Water loss validation (Tex. Water Code §§ 16.0121 and 16.0122; 31 TAC § 358.6 (proposed new § 358.12)).

Our Mission

Leading the state's efforts
in ensuring a secure
water future for Texas

Board Members

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

PROGRAM ELIGIBILITY

- Funding is designated for water infrastructure and supply projects only, including reuse (e.g., addresses real or apparent water loss, or Texas Commission on Environmental Quality (TCEQ) violations, or upgrading or replacing water systems).
- Direct and indirect potable reuse are eligible. Funding for reuse projects will be limited to the tertiary treatment of wastewater effluent and any applicable components thereafter to convey the water for potable usage.

Rural Water Assistance Fund

If an applicant meets the following definition of “rural political subdivision” from Texas Water Code § 15.001(14), that applicant’s project may be funded through the RWAf:

- "Rural political subdivision" means:
 - a nonprofit water supply or sewer service corporation created and operating under Chapter [67](#) of this code... no part of the service area of which is located in an urban area with a population of more than 50,000; or an entity that:
 - is a nonprofit water supply or sewer service corporation created and operating under Chapter [67](#) of this code... and
 - 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.
- For those applicants funded through the RWAf, funding is designated for water supply and infrastructure projects only. This funding is limited to:
 - water or water-related projects, including:
 - construction of infrastructure facilities for wholesale or retail water service;
 - desalination projects;
 - the purchase or lease of water well fields;
 - property necessary for water well fields; and
 - the purchase or lease of rights to produce groundwater;
 - water projects included in the state water plan or a regional water plan;
 - development of groundwater sources and acquisition of water rights, including groundwater and surface water rights;
 - the acquisition of retail public utilities as defined by Texas Water Code § 13.002;
 - construction or improvement of water projects to provide water service to an economically distressed area;
 - planning and design costs, permitting costs, and other costs associated with state or federal regulatory activities with respect to a project; and
 - obtaining water service supplied by other political subdivisions or the consolidation or regionalizing of neighboring political subdivisions, or both.
- See Texas Water Code § 15.994(b) and 31 Texas Administrative Code § 365.3(b) for grant eligibility from RWAf.

Water Loan Assistance Fund

If an applicant does not meet the definition of a “rural political subdivision” included above, the applicant’s project may be funded through the WLAF.

- For those applicants funded through the WLAF, funding is designated for water supply and infrastructure projects only. This funding is limited to:
 - Projects that include supplying water service to areas in which water supply services:
 - from a community water system do not provide drinking water of a quality that meets the standards set forth by the TCEQ in 30 TAC 290, Subchapter D, and any applicable standards of any governmental unit with jurisdiction over such area;
 - from individual wells after treatment do not provide drinking water of a quality that meets the standards set forth by the TCEQ in 30 TAC 290, Subchapter D, and any applicable standards of any governmental unit with jurisdiction over such area; or
 - do not exist or are not provided, including a temporary interruption of service due to emergency conditions; and
 - the financial resources are inadequate to provide water supply or sewer services that meet the standards and requirements of the TCEQ as set forth herein; or

Projects for:

- water conservation, meaning those practices, techniques, and technologies that will reduce the consumption of water, reduce the real or apparent loss or waste of water, improve the efficiency in the use of water, or increase the recycling and reuse of water so that a water supply is made available for future or alternative uses;
 - desalination; or
 - regionalization for a project type listed above.
- See Texas Water Code § 15.102 and 31 Texas Administrative Code § 363.17 for grant eligibility from WLAF.

RECOMMENDATION

The Executive Administrator recommends the following TWSC Grants plan. This plan is intended to be flexible and is subject to change.

1. Limiting one application per entity to expedite the review process and encourage entities to prioritize system needs.
2. Limiting funding eligibility.
 - a. May request planning, acquisition, design, or construction.
 - b. If only construction is requested, the project must be ready to proceed: all environmental coordination, acquisition of 100 percent of all required water rights, land and easements, design (plans and

specifications with design report), and permitting must be completed.

- c. Reimbursement of previously incurred costs for the project will only be considered if they were incurred on or after September 1, 2023.
3. If a project previously received a funding commitment from a TWDB funding program (except for unclosed SWIFT commitments slated to close in 2027 or later), these grant funds may not be used for the same activities that previously received funding commitments. However, if a project previously received funding commitments for only planning, acquisition, or design, the project is eligible to receive funding from these grants for construction.
 4. If a project has an active application with the TWDB, the processing of those non-TWSC grant applications may be postponed, allowing entities to pursue the most advantageous funding opportunity.
 5. Allocation of the available funding. This funding cap allows for at least 10 projects.

Funding Cap per project	\$5 million
Total funding target	\$50 million

6. A simplified project prioritization for allocating available funding. This criteria list is intended to simplify and expedite the ranking process.

Criteria	Points Calculation	Points
Retail Water Providers: Service Area’s Annual Median Household Income (AMHI) (if using a TWDB-approved socioeconomic survey; the AMHI will be inflation adjusted)	$(76,292 \div \text{AMHI}) \times 10$	Result
Wholesale Water Providers: Total population (POP) served by Retail Water Providers that purchase wholesale from applicant as listed in TCEQ’s Drinking Water Viewer .	$(100,000 \div \text{POP}) \times 10$	Result
For projects that are deemed ready to proceed.		10 points
Tiebreaker: Preference given to the community that has never or has the greater amount of time since it last received financial assistance from the TWDB.		

7. Land/easements acquisition to be limited to entities requesting pre-design funding. All required land and easements must already be acquired for a project to qualify as ready to proceed.
8. Entities must have submitted their applicable water use survey, water loss audit, and water conservation plan and annual report by their respective deadlines or before the application deadline to be eligible.
9. TWDB will rely on TCEQ design approval for ready-to-proceed projects. TWDB will need to review Plans and Specifications to ensure these requirements are met:
 - US Iron & Steel
 - Performance bonds
 - Retainage
10. The TWDB will issue a Certificate of Approval prior to authorization of release of final retainage ensuring the funds have been utilized in accordance with the committed project.
11. Funds will be disbursed to applicants through an entity-established escrow account.
12. Construction contracts must not have an end date past January 31, 2031. Construction closeout documents must be submitted by February 28, 2031, including completion of a final site visit by TWDB staff.
13. **Failure to submit any of the required information at the time the application is submitted will disqualify the application from the selection process.** Questions can be directed to the TWDB, and two pre-application webinars will be held and posted to the TWDB website. Applications may be submitted prior to the January 13, 2027, deadline, but the TWDB will not initiate review until the deadline has passed. Entities may withdraw and resubmit an early application, provided the revised submission is a fully completed package.

IMPLEMENTATION TIMELINE

June 18- July 17, 2026	Public Comment Period
September 10, 2026	Board briefing on the implementation plan
September 15, 2026	Solicitation of applications opens for 120 days
September 15, 2026 ¹	Recorded Presentation posted to website
October 6, 2026 ¹	First Pre-Application Webinar
October 27, 2026 ¹	Second Pre-Application Webinar
January 13, 2027	Applications due
Beginning Late Summer/Fall 2027	Commitments
Beginning Winter 2027	Closings

LEGAL/SPECIAL CONDITIONS

- Entities must submit, with their financial assistance application, a resolution from their governing body requesting financial assistance.
- Entities must submit with their financial assistance application, an application affidavit.
- Entities must have submitted their Water Use Surveys, Water Loss Audits, and Water Conservation Plans, as applicable, by their respective deadlines prior to submitting an application.

¹ Dates are subject to change