

STATE OF TEXAS

Annual Report

Drinking Water State Revolving Fund

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



SFY 2017

TEXAS WATER DEVELOPMENT BOARD
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TWDB

Raymondville – New 4.5 MGD Water Treatment Plan

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- A. SFY 2017 Annual Financial Report – DWSRF Financial Statements
- B. TCEQ – Small Systems Technical Assistance 2017 Annual Report
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- D. TCEQ – Local Assistance 2017 Annual Report

1 Executive Summary

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

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

The TWDB and the TCEQ provide these reports to summarize annual activities, achievements of goals, requirements met and obligations made as set forth in the State Fiscal Year (SFY) 2017 Intended Use Plan (IUP) and Set-Aside Work Plans for the DWSRF program. The report describes the progress made toward short-term and long-term program goals, the financial status of the DWSRF, and compliance with federal DWSRF requirements during SFY 2017, which was from September 1, 2016, through August 31, 2017.

The SFY 2017 IUP described the intended uses of the funds available in the DWSRF financial assistance program and detailed how the TWDB planned to commit available funds. To comply with the federally mandated program requirements of priority ranking, those eligible entities interested in assistance were required to submit a project information form by March 3, 2016, to be added to the Initial Invited Projects List and be included in the first round of invitations for funding. The TCEQ, using project details outlined in the project information forms, scored them in accordance with their ranking system for SFY 2017, federal DWSRF regulations, and program rules. TWDB staff reviewed, scored, and ranked all submissions based on the requirements set forth in TWDB rules and criteria established for SFY 2017. An Initial Invited Projects List was created based upon project ranking and the established criteria.

During this SFY, the TWDB maintained an open IUP throughout the year to enable all interested parties to submit a project information form for inclusion on the Project Priority Lists. Applications from the initial round of invitations were based upon project ranking if the application was submitted by the established deadline. Following the initial round of invitations, all eligible projects were invited to apply for assistance and funding was awarded on a first-come, first-served basis. The interest in the DWSRF program for SFY 2017 was evidenced in the receipt of 194 project information forms from eligible applicants for projects totaling over \$1.3 billion.

The Federal Fiscal Year (FFY) 2016 Appropriations authorized a \$60,104,000 federal capitalization grant that was used for the SFY 2017 IUP. The TWDB set the SFY 2017 DWSRF program capacity at \$250,000,000, with an interest rate subsidy of 125 basis points below market rates.

In addition to the EPA capitalization grant, the Texas DWSRF utilizes additional state funding sources to increase the program capacity. The additional available resources include the required state match of 20% of the grant, principal repayments from previous DWSRF loans, and interest and investment earnings. During SFY 2017, utilizing all of the funding sources mentioned, the TWDB made 68 DWSRF commitments totaling over \$612 million. This amount reflects an approximately \$534 million increase in the amount committed from the last SFY. The primary reason for the total commitment amount exceeding the program capacity set for the fiscal year is attributed to the number of multi-year commitments made toward several projects (details available on Appendix A, Table 5).

The TWDB continues to strive to improve our financial assistance programs in order to ensure applicants have access to the cost savings associated with utilizing these programs so that they may further advance and develop safe drinking water infrastructure for all Texas citizens.

2 Goals and Achievements

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

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

Short-Term Goals of the Texas DWSRF Program

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

During SFY 2017, the TWDB continued efforts to promote the use of green infrastructure and technologies by setting goals of committing an equivalent of 10% of the capitalization grant, or \$6,010,400, to approved green project costs via a Green Project Reserve. The TWDB enhanced the Green Project Reserve goal with the inclusion of a Green Subsidy category, which offered additional subsidy assistance to projects that contained green components equal to or greater than 30% of their total project costs. For more information on projects identified for Green Project Reserve goals and Green Subsidy amounts, please see Appendix A, Table 1.

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

Of the closings made during SFY 2017, 15 projects took advantaged of terms greater than 20-years. Details on loan terms for these projects may be found in Appendix B.

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

The TWDB's total financial assistance provided for SFY 2017, based upon closings, commitments, and remaining applications under review, has exceeded the capacity set for the SFY. However, no bond issuance was necessary for the DWSRF program.

4. *Utilize, if necessary, the strength of the Clean Water State Revolving Fund (CWSRF) to enhance the DWSRF by cross-collateralizing the programs in accordance with state and federal law.*

During SFY 2015, the TWDB secured approval from the State Legislature during the 84th Legislative Session to cross-collateralize the CWSRF with the DWSRF. During SFY 2017, the TWDB did not have to issue bonds for either program. The corpus of the DWSRF was sufficient to meet the needs of the projects requesting funding.

5. *Enhance our current level of outreach on the State Revolving Fund (SRF) programs by hosting regional financial assistance workshops in conjunction with the continued use of social media.*

The TWDB hosted 12 Financial Assistance workshops during SFY 2017. Additionally, staff from the agency's regional project development teams participated in various outreach opportunities throughout the state at conferences, regional planning meetings, and one-on-one meetings with individual entities/authorities. The topics discussed during the workshops and outreach opportunities covered all TWDB financial assistance programs, the IUP process, the project information form submission, continued training for the Online Loan Application system, DWSRF federal requirements and program changes, specific project related questions and answers, and general outreach. A map showing workshop locations is included as Appendix A-16.

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

6. *Assist water systems with urgent needs through financial assistance in the form of principal forgiveness and zero-percent loans from the Urgent Need reserve.*

The TWDB continued efforts to prioritize urgent need projects through outreach efforts, technical assistance, and utilization of emergency relief funding. During SFY 2017, the TWDB expanded the list of eligible urgent need situations and began offering zero percent financing to qualifying applicants. Communities with projects that addressed an imminent peril to public health, safety, environment or welfare with a threat of failure

in response to an emergency condition were given higher preference for immediate assistance. Funding for these projects were made available on a first-come, first-served basis. To assist these communities further, the TWDB offered an Urgent Need reserve to allocate subsidy funds in the amount of \$2,000,000 to eligible projects. During SFY 2017, the TWDB committed funds to one project meeting these criteria totaling \$500,000. An additional project is still being evaluated for funding consideration and may receive a commitment during SFY 2018.

Long-Term Goals of the Texas DWSRF Program

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

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

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

During SFY 2017, the TWDB provided DWSRF funds totaling over \$103 million to 25 projects that will protect public health and assist communities in maintaining or achieving compliance with SDWA requirements. While the program currently has ample lending capacity to satisfy demand, it has established a priority rating system that directly supports the goals of the SDWA. The TWDB reports on its efforts in achieving this goal using EPA's National Information Management System (NIMS) and Project and Benefits Reporting (PBR) databases as required.

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

The TWDB provided funding commitments during SFY 2017 to all eligible projects that submitted a complete application for assistance, with the exception of those that

withdrew or have applications still pending, thereby ensuring water systems within the state achieved or maintained compliance with the SDWA. Through the approval of leveraging and cross-collateralization with the CWSRF program, the TWDB has the ability to increase the capacity of low-interest funding options. Additionally, the TWDB has developed a task force to identify opportunities for maximizing the agency's efforts in assisting drinking water systems with compliance issues.

To encourage entities to use the DWSRF, a 125 basis point reduction from market interest rates on financing were provided to recipients. The resulting effects were substantial cost savings for the communities. To provide additional savings to disadvantaged communities, green projects, urgent need, and very small systems, the TWDB allocated \$16,000,000 of additional subsidy as shown in the IUP, which was later decreased to \$15,918,208.

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

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

3 Subsidies to Promote Sustainability

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

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

resources, and alternative approaches to integrate natural or “green” systems into the built environment.

During SFY 2017, the TWDB prioritized the use of additional subsidization for those entities that met EPA’s guidance criteria. Disadvantaged communities were allocated the majority of the available subsidy for system upgrades and replacements. The TWDB initially made available \$10,000,000, which was increased to \$10,945,836, of additional subsidy for qualifying disadvantaged communities. The TWDB also made available \$3,000,000 of additional subsidy for very small system projects (serving 1,000 or fewer in population). This amount was later increased to \$3,070,872. The other components of this guidance were fulfilled in part by awarding additional points in the project ranking criteria for entities implementing effective management that will contribute to sustainable operations.

The EPA’s sustainability strategy, which included financing alternative approaches that integrate a green component into the existing system, was prioritized through an additional subsidy for green costs. The TWDB made available \$1,000,000 of the amount required in additional subsidy for green projects in the form of principal forgiveness. This amount was decreased to \$901,500 with the remainder being used for the other subsidy categories. Applicants with proposed project components that qualified as green were eligible for this additional subsidy. For further details, review Section 4, Green Project Reserve.

For the Urgent Need reserve, the TWDB allocated \$2,000,000 in principal forgiveness to these projects and zero percent loan financing. The principal forgiveness was later reduced to \$1,000,000 with the remainder being made available to the other subsidy categories.

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

4 Green Project Reserve

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

The TWDB designated projects as green in the IUP based upon designation by the entity and a review of the initial information submitted demonstrating their green components. The TWDB developed a green project information worksheet in order to facilitate a uniform approach to providing the information proving eligibility. The form also counted as a business case. All eligible projects considered as having green components received an invitation to apply for financial assistance. The TWDB committed to fund \$15,117,120 in

green project costs during SFY 2017. Details of the Green Project Reserve are shown in Appendix A, Table 2.

5 Income from Program Fees

The TWDB assesses fees for the purpose of recovering administrative costs associated with the DWSRF. These fees are placed in a separate account held outside of the program funds. The fees are an assessment of 2.25% of the portion of the DWSRF financial assistance that is to be repaid and is assessed in full at closing.

For SFY 2017, the TWDB collected \$3,926,552 in DWSRF administrative fees. Fees are budgeted as a source of revenue for financing DWSRF administration expenses. During SFY 2017, no funds were transferred from the fee account to the general fund for operations. The balance of funds within the fee account as of August 31, 2017, was \$33,542,730.55.

6 Method of Cash Draw

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

The TWDB demonstrates that the required state match has been deposited and utilized prior to drawing 100% federal funds. In accordance with statute and the FFY 2016 Capitalization Grant, during SFY 2016, the TWDB deposited \$11,936,600 into the DWSRF to fully meet its requirement to match an amount at least equal to 20 percent of the amount awarded in the capitalization grant. Of the \$11.9 million, \$9,600,429 of program funds were deposited on August 26, 2016, and \$2,336,171 of state appropriations were deposited on September 2, 2016. During SFY 2015, an overage in match of \$84,200 was deposited into the DWSRF on August 26, 2015, and subsequently applied toward the FFY 2016 Capitalization Grant. Details of the state match are shown in Appendix A, Table 3.

7 Timely and Expeditious Use of Funds

As of August 31, 2017, the outstanding capitalization grant balance was \$7,397,448.53. Federal draws for SFY 2017 totaled \$101,994,440.96. The TWDB closed on 31 projects totaling \$188,707,810. Additionally, 23 projects totaling \$122,688,433 began work while 21 projects totaling \$168,200,105 were completed. The TWDB has ensured that recipients of financial assistance make sufficient progress to reasonably ensure completion of their project within the project period. Details of fund balances are shown in Appendix A, Table 4.

While the need did not arise during SFY 2017, the TWDB secured approval from the EPA for an inter-fund loan between the CWSRF and DWSRF.

8 Program Initiatives

Additional Subsidization

The additional subsidization associated with the FFY 2016 grant that was allocated to closed projects and commitments totaled \$15,918,208 as of August 31, 2017. Details of the additional subsidization are shown in Appendix A, Table 1.

Disadvantaged Communities Funding

In SFY 2017, the TWDB closed on 9 disadvantaged projects totaling \$43,782,810. A disadvantaged community is a community that meets the DWSRF's Affordability Criteria based upon income, unemployment rates, and population trends. For details on the DWSRF Affordability Criteria, please see the SFY 2017 IUP, Appendix D, Affordability Criteria to Determine Disadvantaged Community Eligibility.

Application Process

The TWDB continued its invitation process whereby projects are invited in excess of the funding capacity available. The process operated such that limited time was given to applicants to respond to their invitation. This allowed those with projects further down the Project Priority List earlier access to program funds.

The first round of invitations included projects whose total costs exceeded the amount of the capitalization grant, as evidenced by the Initial Invited Projects List within the SFY 2017 IUP. Applications received by the initial deadline were considered in the priority order listed on the Project Priority List. Thereafter, applications received were allocated funding on a first-come, first-served basis.

Additionally, the TWDB utilized an open IUP to allow for the addition of new projects at any time throughout the year. This encouraged entities with projects that were not on the initial list to apply at any time during the year. Once their project was added to the SFY 2017 IUP Project Priority List, invitations were extended for them to apply for funding.

Bypass of Projects on the Project Priority List

The SFY 2017 IUP, in accordance with DWSRF regulations, included a process to bypass higher ranked projects to ensure that funds available are utilized in a timely manner, and that statutory and capitalization grant requirements were met. Following the application process listed above, higher ranked projects that did not submit an application for financial

assistance were bypassed by lower ranked projects that were ready to apply for financial assistance.

American Iron and Steel

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

Financial Indicators

The table below represents key indicators of the financial health of the DWSRF program. The TWDB continues to annually review these indicators to ensure the program is keeping "pace" with the national benchmarks.

Financial Indicators (as of June 30, 2017)						
NIMS Line #	Financial Indicators Based on Cumulative Activity	2013	2014	2015	2016	2017
418	Return on Federal Investment	124.9%	131.0%	144.2%	136.0%	-
419	Assistance Provided as a % of Funds Available	74.5%	77.9%	84.3%	82.6%	87.7%
420	Disbursements as a % of Assistance Provided	94.2%	97.0%	98.5%	99.1%	99.1%
424	Set-Aside Spending Rate	96.8%	96.4%	96.5%	97.5%	98.4%

9 Performance Evaluation Review Follow-up

The DWSRF requires that states comply with Section 1452 of the Safe Drinking Water Act, 40 CFR 35.3570(c). The EPA conducts an annual Performance Evaluation Review (PER) to evaluate compliance with the program and grant requirements. The SFY 2016 PER was conducted March 27 – 30, 2017. The review was based upon the TWDB SFY 2016 annual activity. For the review, there were interactive onsite discussions, file reviews, completion of the standardized national EPA checklists of program evaluation questions, and an analysis

of the EPA Office of Chief Financial Officer's selected cash transactions. The PER was finalized on August 23, 2017. Overall, the EPA found that the TWDB is in compliance with Section 1452 of the SDWA, 40 CFR 35.3570(c), and the capitalization grant conditions.

10 Compliance with FFY 2016 DWSRF Grant Agreement Conditions

The TWDB has complied with all administrative and programmatic conditions in the FFY 2016 DWSRF Capitalization Grant Assistance Agreement (Agreement). The Agreement was adhered to by the TWDB in an appropriate and expeditious manner in compliance with state and federal law. The TWDB understands the terms and conditions as set forth in the Agreement. Any proposed changes or necessary corrections were provided to EPA for appropriate Agreement Amendments.

Appendix A: DWSRF SFY 2017 Tables

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Table 1					
Green Project Reserve and Additional Subsidization - 2014 IUP / 2013 Grant					
IUP and/or Grant Targets	GPR: \$5,351,700		Add Sub Minimum		\$ 10,703,400
			Add Sub Maximum		\$ 16,055,100
Recipient	Amount	Green	Green Subsidy	Very Small System	Disadvantaged
Anthony	\$ 1,041,936	\$ -	\$ -	\$ -	\$ 306,936
Ballinger	856,700	-	-	-	251,700
Bandera Co FWSD #1	785,000	-	-	200,000	-
Cameron	11,985,175	-	-	-	2,680,175
Carbon	794,147	708,415	105,647	200,000	393,500
DeLeon	1,348,750	1,334,737	191,250	-	637,500
Derby WSC	54,000	-	-	54,000	-
Eules	5,493,050	5,389,957	808,050	-	-
Harris Co. WCID #36	4,976,413	-	-	-	1,091,413
Holly Huff WSC	200,000	-	-	200,000	-
Houston	48,214,904	7,370,000	174,904	-	-
Ladonia	394,650	-	-	-	194,650
Los Fresnos	1,426,101	-	-	-	426,101
Moulton	92,800	-	-	92,800	-
New Ulm WSC	63,805	-	-	63,805	-
Nueces County	200,000	-	-	200,000	-
O'Brien	170,000	-	-	170,000	-
Port Mansfield PUD	200,000	-	-	200,000	-
Port Mansfield PUD	600,000	-	-	200,000	180,000
San Saba	297,921	297,921	44,307	-	88,614
Skyline Ranch Estates	540,000	-	-	200,000	-
Sol Y Mar WS	200,000	-	-	200,000	-
Valley WSC	981,000	981,000	147,150	147,150	686,700
Vista Verde Water Systems Inc	200,000	-	-	200,000	-
Winters	603,500	-	-	-	178,500
Grand Totals	\$ 81,719,852	\$ 16,082,030	\$ 1,471,308	\$ 2,327,755	\$ 7,115,789
Total Additional Subsidy:					\$ 10,914,852

Green Project Reserve and Additional Subsidization - 2015 IUP / 2014 Grant						
IUP and/or Grant Targets	GPR: \$ 6,395,300		Add Sub Minimum		\$ 12,790,600	
			Add Sub Maximum		\$ 19,185,900	
Recipient	Amount	Green	Green Subsidy	Very Small System	Disadvantaged	Urgent Need
Baylor WSC	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Corix Utilities	153,000	-	-	153,000	-	-
Corix Utilities	200,000	-	-	200,000	-	-
D Bar B Water & WW SC	200,000	-	-	200,000	-	-
Fayetteville	400,000	-	-	200,000	-	-
Gorman	275,960	272,879	-	-	135,960	-
Harris Co. MUD #50	3,504,409	-	-	-	1,034,409	-
Hazy Hills WSC	94,000	-	-	94,000	-	-
Lee County FWSD #1	151,839	-	-	151,839	-	-
Malone	179,000	-	-	179,000	-	-
Mart	102,719	-	-	-	-	102,719
Reklaw	500,000	-	-	200,000	-	-
Rio Hondo	1,960,215	1,045,596	292,979	-	1,367,236	-
San Pedro Estates Water, LLC	240,281	-	-	200,000	-	40,281
Seymour	3,000,476	-	-	-	885,476	-
Silver Creek Village WSC	447,000	-	-	200,000	-	247,000
Upper Leon River MWD	14,105,766	4,146,442	621,966	-	4,168,800	-
Weinert	110,000	-	-	-	-	110,000
Wellman	1,122,654	-	-	200,000	782,654	-
Westphalia WSC	96,961	-	-	96,961	-	-
White River MWD	500,000	-	-	-	-	500,000
Willow Park	1,039,350	1,039,350	44,350	-	-	-
Windthorst WSC	54,000	-	-	-	-	54,000
Grand Totals	\$ 28,937,630	\$ 6,504,267	\$ 959,295	\$ 2,074,800	\$ 8,374,535	\$ 1,554,000
Total Additional Subsidy:					\$ 12,962,630	

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Table 1 (Continued)						
Green Project Reserve and Additional Subsidization - 2016 IUP / 2015 Grant						
IUP and/or Grant Targets	GPR: \$ 6,353,200		Add Sub Minimum			\$ 12,706,400
			Add Sub Maximum			\$ 19,059,600
Recipient	Amount	Green	Green Subsidy	Very Small System	Disadvantaged	Urgent Need
Bluegrove WSC	\$ 90,000	\$ -	\$ -	\$ 90,000	\$ -	\$ -
Cisco	500,000	-	-	-	-	500,000
Dario V. Guerra, III dba Derby Ing.	140,000	-	-	140,000	-	-
Fayetteville	200,000	-	-	200,000	-	-
LaSalle Landing WSC	200,000	-	-	200,000	-	-
Lee Co. FWSD #1	725,000	-	-	200,000	-	-
Loop WSC	170,000	-	-	170,000	-	-
New Ulm WSC	200,000	-	-	200,000	-	-
New Ulm WSC	200,000	-	-	200,000	-	-
Opdyke West	200,000	-	-	200,000	-	-
Stamford	19,765,708	16,296,000	952,980	-	9,282,728	-
Strawn	700,000	-	-	200,000	-	500,000
Tioga	1,250,000	-	-	200,000	-	-
Grand Totals	\$ 24,340,708	\$ 16,296,000	\$ 952,980	\$ 2,000,000	\$ 9,282,728	\$ 1,000,000
Total Additional Subsidy:						\$ 13,235,708

Green Project Reserve and Additional Subsidization - 2017 IUP / 2016 Grant						
IUP and/or Grant Targets	GPR: \$ 6,010,400		Add Sub Minimum			\$ 12,020,800
			Add Sub Maximum			\$ 18,031,200
Recipient	Amount	Green	Green Subsidy	Very Small System	Disadvantaged	Urgent Need
114th St. Mobile Home	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ -	\$ -
Barton WSC	200,000	-	-	200,000	-	-
Commodore Cove ID	200,000	-	-	200,000	-	-
Cotulla	5,545,400	-	-	-	1,625,400	-
Derby Ing.	200,000	-	-	200,000	-	-
Loop WSC	200,000	-	-	200,000	-	-
Lueders	483,557	-	-	145,068	338,489	-
Melvin	539,902	-	-	200,000	159,902	-
Rogers	2,405,000	-	-	200,000	-	-
Rolling Hills WS	2,333,300	-	-	200,000	1,633,300	500,000
Woodloch	200,000	-	-	200,000	-	-
Total Closed	\$ 12,507,159	\$ -	\$ -	\$ 1,945,068	\$ 3,757,091	\$ 500,000
Arlington	\$ 11,895,777	\$ 11,453,723	\$ 450,777	\$ -	\$ -	\$ -
Ballinger	3,393,435	-	-	-	2,358,435	-
Bracken Christian School	32,072	-	-	32,072	-	-
Buckholts	200,000	-	-	194,932	5,068	-
Cranfills Gap	408,300	243,500	36,500	-	121,800	-
Gordon	1,188,072	1,166,157	174,923	200,000	353,149	-
Gorman	2,000,000	-	-	-	1,000,000	-
Lawn	3,563,239	-	-	200,000	2,478,239	-
New Deal	1,033,800	658,709	-	98,800	-	-
Nueces Co.	900,000	-	-	200,000	630,000	-
Ranger	1,729,300	1,595,031	239,300	-	-	500,000
Toyah	200,000	-	-	200,000	-	-
Winters	822,054	-	-	-	242,054	-
Total Unclosed	\$ 27,366,049	\$ 15,117,120	\$ 901,500	\$ 1,125,804	\$ 7,188,745	\$ 500,000
Grand Totals	\$ 39,873,208	\$ 15,117,120	\$ 901,500	\$ 3,070,872	\$ 10,945,836	\$ 1,000,000
Total Additional Subsidy:						\$ 15,918,208

GPR = Green Project Reserve

Add Sub = Additional Subsidization in the form of principal forgiveness

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Table 2			
Green Project Reserve - 2016 IUP / 2015 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
Stamford	Energy Efficiency; Water Efficiency	\$ 16,296,000	Replace motors with energy efficient motors, VFD's, and controls. Water efficiency --addressing water loss and reducing water consumption within the treatment plant to deliver equal or better water service with less net water use.
Total Closed	1	\$ 16,296,000	

Green Project Reserve Requirement: \$ 6,353,200
257%

Green Project Reserve - 2017 IUP / 2016 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
Arlington	Energy Efficiency	\$ 11,453,723	Energy efficient retrofits, upgrades, or new systems are business case eligible under Part B, Section 3.5-a. The business case provided documents substantial energy savings that would be accomplished by consolidating services and equipment and also by upgrading to more energy efficient components.
Cranfills Gap	Water Efficiency	243,500	The replacement of existing malfunctioning water meters with smart meter technology is categorically eligible under Part B, Section 2.2-3a(ii).
Gordon	Water Efficiency	1,166,157	Water line replacement is business case eligible under the Water Efficiency category, Part B, 2.5-2. The entity has listed an annual cost savings of approximately \$56,400, which corresponds to a payback period of about 21 years. This is less than the design life of 30 years. The water efficiency upgrades that include the Micro-Filtration unit and associated equipment seek to accomplish water savings by considerably reducing water consumption at the treatment plant and should deliver equal or better water services with less net water use as compared to traditional practices. These meet the business case decision criteria described in Part B, Section 2.4. Non-green eligible costs of \$12,000 represent upsizing of existing 6-inch line with 8-inch line. Engineer's cost estimate of \$5/l.f. difference at 2,400-l.f.
New Deal	Water Efficiency	658,709	Water line replacement is business case eligible under the Water Efficiency category, Part B, 2.5-2. The proposed water main replacement will also result in energy savings due to the lower friction in the new pipeline and from not pumping lost water.
Ranger	Water Efficiency	1,595,031	The replacement of existing malfunctioning water meters with meters with built in leak detection is categorically eligible under Part B, Section 2.2-3b. Retrofitting or adding AMR capabilities is categorically eligible under Part B, Section 2.2-4. Water line replacement is business case eligible under the Water Efficiency category, Part B, 2.5-2. The City has demonstrated a history of significant water loss, and this proposed projects seeks to address those losses.
Total Unclosed	5	\$ 15,117,120	

Green Project Reserve Requirement: \$ 6,010,400
252%

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Table 3 - Grant and Match Funds

FFY	SFY/ IUP	Grant Award #	SRF Grant	State Match 20%	State Match provided from State Appropriations/ Other Sources	State Match provided from GO Bonds	State Match Provided	In-Kind
1997	1997	FS-99679501	\$ 70,153,800	\$ 14,030,760	\$ -	\$ -	\$ -	\$ -
1998	1998	FS-99679502	54,014,400	10,802,880	13,166,911	-	13,166,911	-
1999	1999	FS-99679503	56,612,200	11,322,440	5,843,600	3,000,000	8,843,600	-
2000	2000	FS-99679504	58,836,500	11,767,300	3,750,000	-	3,750,000	-
2001	2001	FS-99679505	59,079,800	11,815,960	4,098,104	10,000,000	14,098,104	-
2002	2002	FS-99679506	62,023,700	12,404,740	4,098,104	14,500,000	18,598,104	-
2003	2003	FS-99679507	61,651,000	12,330,200	3,130,403	20,000,000	23,130,403	-
2004	2004	FS-99679508	63,953,900	12,790,780	3,130,403	10,000,000	13,130,403	-
2005	2005	FS-99679509	63,818,500	12,763,700	3,636,971	12,800,000	16,436,971	-
2006	2006	FS-99679510	67,799,550	13,563,165	3,636,971	9,000,000	12,636,971	-
2007	2007	FS-99679511	67,801,000	13,560,200	3,735,026	9,622,377	13,357,403	-
2008	2008	FS-99679512	42,112,000	13,422,400	5,183,323	8,242,332	13,425,655	54,887
2009	2009	FS-99679513	10,737,920	13,422,400	-	13,422,400	13,422,400	-
2009	ARRA	2F-96692301	160,656,000	-	-	-	-	-
	2010	No Grant Used	-	-	-	-	-	-
2010	2011	FS-99679514	67,628,080	17,250,800	4,936,171	12,314,629	17,250,800	-
2011	2012	FS-99679515	59,854,000	11,970,800	7,597,404	4,373,396	11,970,800	77,600
2012	2013	FS-99679516	57,041,000	11,408,200	949,408	10,458,792	11,408,200	-
2013	2014	FS-99679517	53,517,000	10,703,400	351,787	10,351,613	10,703,400	-
2014	2015	FS-99679518	63,953,000	12,790,600	2,336,171	10,454,429	12,790,600	-
2015	2016	FS-99679519	63,532,000	12,706,400	2,336,171	10,454,429	12,790,600	-
2016	2017	FS-99679520	60,104,000	12,020,800	2,336,171	9,600,429	11,936,600	-
Totals			\$ 1,324,879,350	\$ 252,847,925	\$ 74,253,099	\$ 178,594,826	\$ 252,847,925	\$ 132,487

GO = General Obligations

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

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Table 4 – Capitalization Grant Draws			
	Beginning Balance	Expended	Balance - 08/31/2017
FS-99679519 FY 2015			
Construction	\$ 44,260,391.10	\$ 44,260,391.10	\$ -
Administration	-	-	-
TCEQ 10% Set-Aside	3,356,968.63	3,356,968.63	-
TCEQ 2% Set-Aside	1,246,477.06	1,246,477.06	-
TCEQ 15% Set-Aside	424,052.70	424,052.70	-
Totals	\$ 49,287,889.49	\$ 49,287,889.49	\$ -
FS-99679520 FY 2016			
Construction	\$ 48,687,360.00	\$ 44,710,646.63	\$ 3,976,713.37
Administration	2,404,160.00	2,316,747.12	87,412.88
TCEQ 10% Set-Aside	6,010,400.00	3,603,216.24	2,407,183.76
TCEQ 2% Set-Aside	1,202,080.00	647,052.39	555,027.61
TCEQ 15% Set-Aside	1,800,000.00	1,428,889.09	371,110.91
Totals	\$ 60,104,000.00	\$ 52,706,551.47	\$ 7,397,448.53
Grand Totals	\$ 109,391,889.49	\$ 101,994,440.96	\$ 7,397,448.53

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Table 5 – Binding Commitments Summary

IUP	Recipient	Project ID	Commitment #	Commitment Date	Status	Closing Date	Amount	Required Binding Commitments	Total Commitments / Quarter	% of Required
(1997) - (2016)	Previous SFYs						\$1,886,081,792	\$ 1,248,873,946	\$1,886,081,792	151.02%
2016	Anthony	62611	L1000550	09/22/2016	Active	01/19/2017	\$980,000	\$1,305,019,970	\$2,127,801,792	163.05%
2016	Coryell City WSD	62705	L1000544	09/22/2016	Active	11/22/2016	\$2,000,000			
2016	Edinburg	62597	L1000545	09/22/2016	Active	12/15/2016	\$5,405,000			
2016	Troy	62701	L1000536	09/22/2016	Active	03/01/2017	\$2,100,000			
2016	Eagle Pass	62556	LM16100561	10/05/2016	Active	12/16/2016	\$17,090,000			
2016	Eagle Pass	62556	LM17100561	10/05/2016	Commitment		\$11,900,000			
2016	Eagle Pass	62556	LM18100561	10/05/2016	Commitment		\$15,075,000			
2016	Anahuac	62710	L1000566	11/17/2016	Active	05/05/2017	\$5,175,000			
2016	Cisco	62717	L1000564	11/17/2016	Active	01/17/2017	\$500,000			
2016	Cottonwood Shores	62707	L1000554	11/17/2016	Active	01/12/2017	\$1,395,000			
2016	Greater Texoma UA	62642	L1000570	11/17/2016	Active	01/25/2017	\$2,125,000			
2016	Greater Texoma UA	62648	L1000558	11/17/2016	Active	01/25/2017	\$11,880,000			
2016	Hondo	62537	L1000553	11/17/2016	Active	01/19/2017	\$5,470,000			
2016	Pearland	62712	L1000611	11/17/2016	Active	03/09/2017				
2016	Pearland	62712	L1000612	11/17/2016	Active	03/09/2017				
2016	Pearland	62712	LM17100563	11/17/2016	Withdrawn		\$22,250,000			
2016	Pearland	62712	LM18100563	11/17/2016	Commitment		\$8,650,000			
2016	Pearland	62712	LM19100563	11/17/2016	Commitment		\$106,000,000			
2016	Pearland	62712	LM20100563	11/17/2016	Commitment		\$22,600,000			
2016	West Tawakoni	62698	L1000541	11/17/2016	Active	03/21/2017	\$1,125,000	\$1,307,757,122	\$2,221,383,686	169.86%
2017	Commodore Cove ID	62718	L1000597	12/15/2016	Active	03/15/2017	\$200,000			
2017	Loop WSC	62690	L1000587	12/15/2016	Active	03/17/2017	\$200,000			
2017	Lueders	62719	L1000581	12/15/2016	Active	03/23/2017	\$483,557			
2017	Kellyville-Berea WSC	62725	L1000577	01/12/2017	Commitment		\$635,000			
2017	114th Street Mobile Home Park	62732	L1000595	01/26/2017	Active	04/20/2017	\$200,000			
2017	Ballinger	62720	L1000591	01/26/2017	Commitment		\$3,393,435			
2017	Ballinger	62720	LF1000665	01/26/2017	Commitment					
2017	Melvin	10451	L1000588	01/26/2017	Active	05/17/2017	\$539,902			
2017	River Oaks	62731	L1000574	02/10/2017	Active	05/04/2017	\$8,000,000			
2017	West Wise SUD	62730	L1000579	02/10/2017	Commitment		\$13,430,000			
2017	Corpus Christi	62734	L1000607	02/23/2017	Active	05/02/2017	\$51,300,000			
2017	Dario V. Guerra, III, dba Derby Ing.	62729	L1000593	02/23/2017	Active	05/30/2017	\$200,000			
2017	Granbury	62733	L1000610	02/23/2017	Active	04/19/2017	\$15,000,000			

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Table 5 – Binding Commitments Summary

IUP	Recipient	Project ID	Commitment #	Commitment Date	Status	Closing Date	Amount	Required Binding Commitments	Total Commitments / Quarter	% of Required
2016	Montgomery	62715	L1000605	03/09/2017	Active	05/11/2017	\$1,730,000	\$1,310,494,274	\$2,472,019,440	188.63%
2017	Toyah	62727	LF1000586	03/29/2017	Commitment		\$200,000			
2017	Winters	62623	L1000590	03/29/2017	Active	09/07/2017	\$822,054			
2017	Winters	62623	LF1000659	03/29/2017	Active	09/07/2017				
2017	Woodloch	62737	LF1000614	04/06/2017	Active	07/31/2017	\$200,000			
2017	Nueces County	62622	L1000569	04/20/2017	Commitment	10/20/2017	\$900,000			
2017	Nueces County	62622	LF1000661	04/20/2017	Commitment	10/20/2017				
2016	Cotulla	62713	L1000559	05/04/2017	Active	08/17/2017	\$5,545,400			
2016	Cotulla	62713	LF1000666	05/04/2017	Active	08/17/2017				
2017	Crystal Clear SUD	62742	L1000615	05/04/2017	Commitment		\$15,000,000			
2017	Rolling Hills WS	62721	L1000584	05/04/2017	Active	06/13/2017	\$2,333,300			
2017	Woodbranch Village	62740	L1000616	05/04/2017	Active	09/14/2017	\$1,500,000			
2017	Dallas	62741	LM17066	05/31/2017	Commitment		\$44,000,000			
2017	Dallas	62741	LM18066	05/31/2017	Commitment		\$44,000,000			
2017	Dallas	62741	LM19066	05/31/2017	Commitment		\$44,000,000			
2017	Dallas	62741	LM20066	05/31/2017	Commitment		\$44,000,000			
2017	Dallas	62741	LM21066	05/31/2017	Commitment		\$44,000,000			
2017	Rogers	62723	L1000572	05/31/2017	Active	07/14/2017	\$2,405,000			
2017	Rogers	62723	LF1000663	05/31/2017	Active	07/14/2017				
2017	Buckholts	62738	LF1000623	06/12/2017	Active	09/07/2017	\$200,000	\$1,313,231,426	\$2,498,869,161	190.28%
2017	Gladewater	62745	L1000630	06/12/2017	Active	09/29/2017	\$1,600,000			
2017	Barton WSC	62708	LF1000629	07/06/2017	Active	08/25/2017	\$200,000			
2017	Bracken Christian School of Bulverde	62722	LF1000592	07/06/2017	Active	09/11/2017	\$32,072			
2017	Greater Texoma UA	62749	L1000639	07/06/2017	Active	09/26/2017	\$1,225,000			
2017	Mustang SUD	62747	L1000637	07/06/2017	Commitment	10/25/2017	\$3,555,000			
2017	New Deal	62570	L1000634	07/06/2017	Commitment		\$935,000			
2017	New Deal	62570	LF1000644	07/06/2017	Commitment		\$98,800			
2017	Arlington	62750	L1000640	07/20/2017	Commitment		\$11,445,000			
2017	Arlington	62750	LF1000642	07/20/2017	Commitment		\$450,777			
2017	Central Washington Co WSC	62743	L1000627	07/20/2017	Active	09/28/2017	\$2,815,000			
2017	Gordon	62724	L1000583	07/20/2017	Commitment	10/18/2017	\$460,000			
2017	Gordon	62724	LF1000658	07/20/2017	Commitment		\$728,072			
2017	Booker	62754	L1000651	08/17/2017	Commitment		\$455,000			
2017	Chandler	62752	L1000654	08/17/2017	Commitment		\$750,000			
2017	D & M WSC	62753	L1000655	08/17/2017	Commitment		\$1,900,000			
SFY Totals		68		\$612,787,369						

Note: Due to a change in the way commitments are processed by the TWDB, some commitments are shown above with a blank dollar amount. The full amount committed to each recipients' project is reflected within another commitment listed above.

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Table 6 – Grant Payments by Quarter					
	SFY 1997 - SFY 2016	SFY 2017			
	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
GRANT PAYMENTS					
All Previous Grants (including ARRA)	\$ 1,264,775,350				
FS-99679520		60,104,000			
QUARTERLY TOTAL	\$ 1,264,775,350	\$ 60,104,000	\$ -	\$ -	\$ -

REQUIRED BINDING COMMITMENTS	SFY 1997 - SFY 2017	SFY 2018			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Cumulative EPA Payments	\$ 1,264,775,350	\$ 1,324,879,350	\$ 1,324,879,350	\$ 1,324,879,350	\$ 1,324,879,350
+ State Match	240,911,325	252,847,925	252,847,925	252,847,925	252,847,925
- Set-Asides	192,455,249	203,871,889	203,871,889	203,871,889	203,871,889
REQUIRED BINDING COMMITMENTS (Within One Year From the Date of the EPA Payment)	\$ 1,313,231,426	\$ 1,373,855,386	\$ 1,373,855,386	\$ 1,373,855,386	\$ 1,373,855,386

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Table 6 - FFY 2017 DBE Utilization						
		MBE Actual			WBE Actual	
Total Procurements	MBE Goals	Dollar Value	% of Procurement	WBE Goals	Dollar Value	% of Procurement
\$ 264,357,871.89		\$ 2,514,382.20	0.95%		\$ 3,864,593.19	1.46%
Construction	12.94%	311,129.00	0.12%	8.72%	2,469,618.21	0.93%
Supplies	9.68%	103,309.43	0.04%	9.34%	1,017,999.51	0.39%
Equipment	7.12%	65,000.00	0.02%	5.39%	52,677.17	0.02%
Services	10.84%	2,034,943.77	0.77%	5.72%	324,298.29	0.12%
Overall DBE Procurements					2.41%	

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Table 7 – Sources and Uses of Funds (Cash Basis)

Cash Available:	\$ 311,747,060.08
SOURCES:	
Federal Grants Drawn	\$ 101,994,440.96
State Match Deposited	-
Principal Repayments	47,430,983.62
Interest Repayments	14,563,470.34
Investment Earnings on Funds	2,217,498.00
TOTAL SOURCES:	\$ 166,206,392.92
USES:	
<u>Set-Asides Used</u>	
Administration Expenses - 4% Set-Aside	\$ 2,316,747.12
TCEQ Small Systems Technical Assistance Program - 2% Set-Aside	1,893,529.45
TCEQ Texas State Management Program - 10% Set-Aside	6,960,184.87
TCEQ Capacity Development - 15% Set-Aside	1,852,941.79
Total Set-Asides:	\$ 13,023,403.23
<u>Projects Funded</u>	
Funds Disbursed	\$ 188,724,312.50
Total Projects Funded:	\$ 188,724,312.50
<u>Debt Service</u>	
Principal Paid	\$ 9,867,390.64
Interest Paid	4,332,940.78
Total Debt Service:	\$ 14,200,331.42
TOTAL USES:	\$ 215,948,047.15
NET SOURCES (USES):	\$ (49,741,654.23)
Cash - Ending Balance (8/31/2017):	\$ 262,005,405.85

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

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TEXAS WATER DEVELOPMENT BOARD
DRINKING WATER STATE REVOLVING FUND
PROJECTED ANNUAL CASH FLOW COVERAGE
AS OF AUGUST 31, 2017

Operational Minimum DSC: 1.10													
Lowest Total DSC: 2.44													
	Funds On Hand Restricted To Debt Service & Year End Balance	Loan Receipts 9/1 - 5/31 (2) Interest	Projected Loan Receipts (3) Interest	Projected Investment Income (4)	Total Existing Match Bond Debt Service (5)	Total Debt Service Coverage (6)	Balance	Loan Receipts 6/1 - 8/31 Interest	Balance	Total Loan Receipts From Current and Projected Loans Principal	Projected Fee Income (7)	Projected Operating Expenses	Yearly Stand Alone Coverage Loan Int to Debt Service
2018 (1)	\$18,620,224	\$12,020,901	-	\$1,452,917	\$13,132,485	2.44	\$18,961,556	\$3,926,902	\$22,888,459	\$49,735,480	\$2,499,127	\$2,249,045	1.21
2019	22,888,459	11,597,836	\$516,788	-	12,618,613	2.77	22,384,470	3,793,443	26,177,912	54,172,421	2,499,127		1.22
2020	26,177,912	11,205,370	1,018,093	-	12,176,073	3.15	26,225,301	3,645,264	29,870,566	56,753,304	2,499,127		1.22
2021	29,870,566	10,748,187	1,503,789	-	11,569,124	3.64	30,553,418	3,482,851	34,036,269	59,047,564	2,499,127		1.23
2022	34,036,269	10,227,207	1,830,114	-	10,881,755	4.24	35,211,835	3,309,615	38,521,450	60,836,802	2,499,127		1.24
2023	38,521,450	9,653,139	1,787,775	-	10,067,205	4.96	39,895,159	3,125,442	43,020,601	61,155,236	2,499,127		1.27
2024	43,020,601	9,047,439	1,728,191	-	9,199,211	5.85	44,597,021	2,931,903	47,528,924	60,924,299	2,499,127		1.30
2025	47,528,924	8,412,245	1,668,125	-	8,060,061	7.15	49,549,233	2,729,604	52,278,836	61,566,166	2,499,127		1.38
2026	52,278,836	7,733,775	1,607,572	-	6,878,838	8.96	54,741,345	2,514,340	57,255,684	61,772,619	2,499,127		1.49
2027	57,255,684	7,028,517	1,546,528	-	5,793,584	11.36	60,037,145	2,286,215	62,323,360	61,931,862	2,499,127		1.61
2028	62,323,360	6,292,447	1,484,991	-	4,790,229	14.63	65,310,569	2,062,057	67,372,626	58,601,998	2,499,127		1.74
2029	67,372,626	5,666,077	1,422,954	-	4,785,842	15.56	69,675,815	1,864,250	71,540,065	53,384,932	2,499,127		1.57
2030	71,540,065	5,125,431	1,360,415	-	4,103,866	19.01	73,922,046	1,695,167	75,617,213	50,890,555	2,499,127		1.66
2031	75,617,213	4,600,178	1,297,370	-	2,468,221	33.03	79,046,540	1,560,527	80,607,067	46,680,924	2,499,127		2.50
2032	80,607,067	4,115,735	1,233,814	-	1,411,575	60.89	84,545,041	1,418,373	85,963,413	45,374,980	2,499,127		3.92
2033	85,963,413	3,628,562	1,169,743	-	810,755	111.95	89,950,963	1,265,329	91,216,292	45,911,251	2,499,127		6.04
2034	91,216,292	3,120,238	1,105,153	-	682,739	139.79	94,758,944	1,118,398	95,877,342	41,832,441	2,499,127		6.21
2035	95,877,342	2,681,988	1,040,040	-	-	-	99,599,370	970,366	100,569,736	39,330,854	2,499,127		
2036	100,569,736	2,327,214	974,400	-	-	-	103,871,349	835,205	104,706,554	30,309,894	2,499,127		
2037	104,706,554	2,036,038	908,228	-	-	-	107,650,821	703,452	108,354,272	27,162,267	2,499,127		
2038	108,354,272	1,769,680	841,520	-	-	-	110,965,472	577,126	111,542,598	24,835,075	2,499,127		
2039	111,542,598	1,538,485	774,271	-	-	-	113,855,354	487,094	114,342,448	23,125,163	2,499,127		
2040	114,342,448	1,329,456	707,115	-	-	-	116,379,020	404,944	116,783,963	22,556,738	2,499,127		
2041	116,783,963	1,114,764	640,053	-	-	-	118,538,780	336,069	118,874,849	20,635,760	2,499,127		
2042	118,874,849	907,926	573,084	-	-	-	120,355,859	264,591	120,620,450	20,840,769	2,499,127		
2043	120,620,450	694,647	506,210	-	-	-	121,821,307	191,118	122,012,425	20,300,082	2,499,127		
2044	122,012,425	494,871	439,431	-	-	-	122,946,727	128,712	123,075,439	19,322,961	2,499,127		
2045	123,075,439	310,660	372,111	-	-	-	123,758,210	75,984	123,834,194	19,222,381	2,499,127		
2046	123,834,194	132,453	304,246	-	-	-	124,270,893	22,052	124,292,945	12,378,246	2,499,127		
2047	124,292,945	66,205	235,832	-	-	-	124,594,982	6,184	124,601,165	11,405,660	2,499,127		
2048	124,601,165	13,241	166,863	-	-	-	124,781,269	-	124,781,269	9,573,629	2,499,127		
2049	124,781,269	-	97,336	-	-	-	124,878,605	-	124,878,605	6,303,575	2,499,127		
2050	124,878,605	-	46,277	-	-	-	124,924,881	-	124,924,881	4,005,052	-		
2051	124,924,881	-	13,836	-	-	-	124,938,717	-	124,938,717	1,687,912	-		
2052	124,938,717	-	164	-	-	-	124,938,881	-	124,938,881	20,207	-		
2053	124,938,881	-	-	-	-	-	124,938,881	-	124,938,881	-	-		
		\$145,640,910	\$30,922,431	\$1,452,917	\$119,430,176			\$47,732,576		\$1,243,589,059			

- (1) The Texas Water Development Board's fiscal year runs from 9/1 to 8/31.
- (2) Represents Interest repayments received from September 1st through May 31st to be used for debt service.
- (3) Represents the projected Interest repayments based on current commitments and excess funds available.
- (4) Represents projected investment income based on current fund balances.
- (5) Represents current debt service requirements.
- (6) Total revenue to debt ratio. Total revenue includes beginning fund balances, actual interest loan receipts received from September 1st thru May 31st, and projected interest loan receipt and investment projections.
- (7) Projected fee income is derived from fees charged to borrowers to cover the administrative costs of the program. The fees in all years are based upon the assumption that \$118,737,600 in principal amount of loans are made per year with charges of 2.15% of the loan amount. Fees are collected outside of the State Revolving Fund based upon state law. Borrowers are provided an additional reduction in loan rates to offset the charges. This is reflected in the cash flow loan rate assumptions.

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TEXAS WATER DEVELOPMENT BOARD DRINKING WATER STATE REVOLVING FUND PROJECTED SOURCES OF REVENUES AS OF AUGUST 31, 2017

Fiscal Year	Income to be Used Within the Same Fiscal Year					Total Projected Interest Income to Pay Debt Service	Loan Receipts	
	Loan Receipts 9/1 - 5/31	Loan Receipts 9/1 - 5/31	Projected Loan Receipts (2)	Projected Loan Receipts (2)	Projected Investment Income (3)		6/1 - 8/31	6/1 - 8/31
	Principal	Interest	Principal	Interest			Principal	Interest
2018 (1)	36,065,101	\$12,020,901	-	-	1,452,917	\$13,473,818	13,670,379	\$3,926,902
2019	39,579,902	\$11,597,836	1,911,454	516,788	-	12,114,624	12,681,066	\$3,793,443
2020	40,490,520	\$11,205,370	3,838,391	1,018,093	-	12,223,462	12,424,393	\$3,645,264
2021	41,228,566	\$10,748,187	5,780,936	1,503,789	-	12,251,976	12,038,062	\$3,482,851
2022	41,988,464	\$10,227,207	7,214,649	1,830,114	-	12,057,321	11,633,689	\$3,309,615
2023	41,859,167	\$9,653,139	7,356,020	1,787,775	-	11,440,914	11,940,049	\$3,125,442
2024	41,381,347	\$9,047,439	7,415,603	1,728,191	-	10,775,631	12,127,349	\$2,931,903
2025	41,462,247	\$8,412,245	7,475,670	1,668,125	-	10,080,370	12,628,249	\$2,729,604
2026	41,358,947	\$7,733,775	7,536,223	1,607,572	-	9,341,346	12,877,449	\$2,514,340
2027	42,037,647	\$7,028,517	7,597,266	1,546,528	-	8,575,045	12,296,949	\$2,286,215
2028	39,095,196	\$6,292,447	7,658,804	1,484,991	-	7,777,437	11,847,998	\$2,062,057
2029	35,743,494	\$5,666,077	7,720,840	1,422,954	-	7,089,031	9,920,598	\$1,864,250
2030	33,367,976	\$5,125,431	7,783,379	1,360,415	-	6,485,846	9,739,200	\$1,695,167
2031	28,817,400	\$4,600,178	7,846,424	1,297,370	-	5,897,548	10,017,100	\$1,560,527
2032	26,948,500	\$4,115,735	7,909,980	1,233,814	-	5,349,549	10,516,500	\$1,418,373
2033	27,422,900	\$3,628,562	7,974,051	1,169,743	-	4,798,305	10,514,300	\$1,265,329
2034	23,353,100	\$3,120,238	8,038,641	1,105,153	-	4,225,391	10,440,700	\$1,118,398
2035	21,786,800	\$2,681,988	8,103,754	1,040,040	-	3,722,028	9,440,300	\$970,366
2036	14,797,200	\$2,327,214	8,169,394	974,400	-	3,301,613	7,343,300	\$835,205
2037	12,367,100	\$2,036,038	8,235,567	908,228	-	2,944,266	6,559,600	\$703,452
2038	12,046,800	\$1,769,680	8,302,275	841,520	-	2,611,200	4,486,000	\$577,126
2039	10,875,800	\$1,538,485	8,290,863	774,271	-	2,312,757	3,958,500	\$487,094
2040	10,359,880	\$1,329,456	8,279,358	707,115	-	2,036,571	3,917,500	\$404,944
2041	8,369,000	\$1,114,764	8,267,760	640,053	-	1,754,816	3,999,000	\$336,069
2042	8,499,000	\$907,926	8,256,069	573,084	-	1,481,010	4,085,700	\$264,591
2043	8,163,300	\$694,647	8,244,282	506,210	-	1,200,857	3,892,500	\$191,118
2044	7,471,900	\$494,871	8,311,061	439,431	-	934,302	3,540,000	\$128,712
2045	7,229,000	\$310,660	8,378,381	372,111	-	682,772	3,615,000	\$75,984
2046	3,487,000	\$132,453	8,446,246	304,246	-	436,699	445,000	\$22,052
2047	2,436,000	\$66,205	8,514,660	235,832	-	302,037	455,000	\$6,184
2048	990,000	\$13,241	8,583,629	166,863	-	180,104		
2049			6,303,575	97,336	-	97,336		
2050			4,005,052	46,277	-	46,277		
2051			1,687,912	13,836	-	13,836		
2052			20,207	164	-	164		
2053			-	-	-	-		
	\$751,079,254	\$145,640,910	\$239,458,376	\$30,922,431	\$1,452,917	\$178,016,258	\$253,051,429	\$47,732,576

(1) The Texas Water Development Board's fiscal year runs from 9/1 to 8/31.

(2) Represents projected repayments from (a) \$239,458,376 in Board commitments which include \$229,520,335 in loan commitments and \$9,938,041 in loan commitment installments, and (b) \$0 in excess funds available.

(3) Assumes investment income on fund balances at 0.842% for 8 months.

Texas Water Development Board

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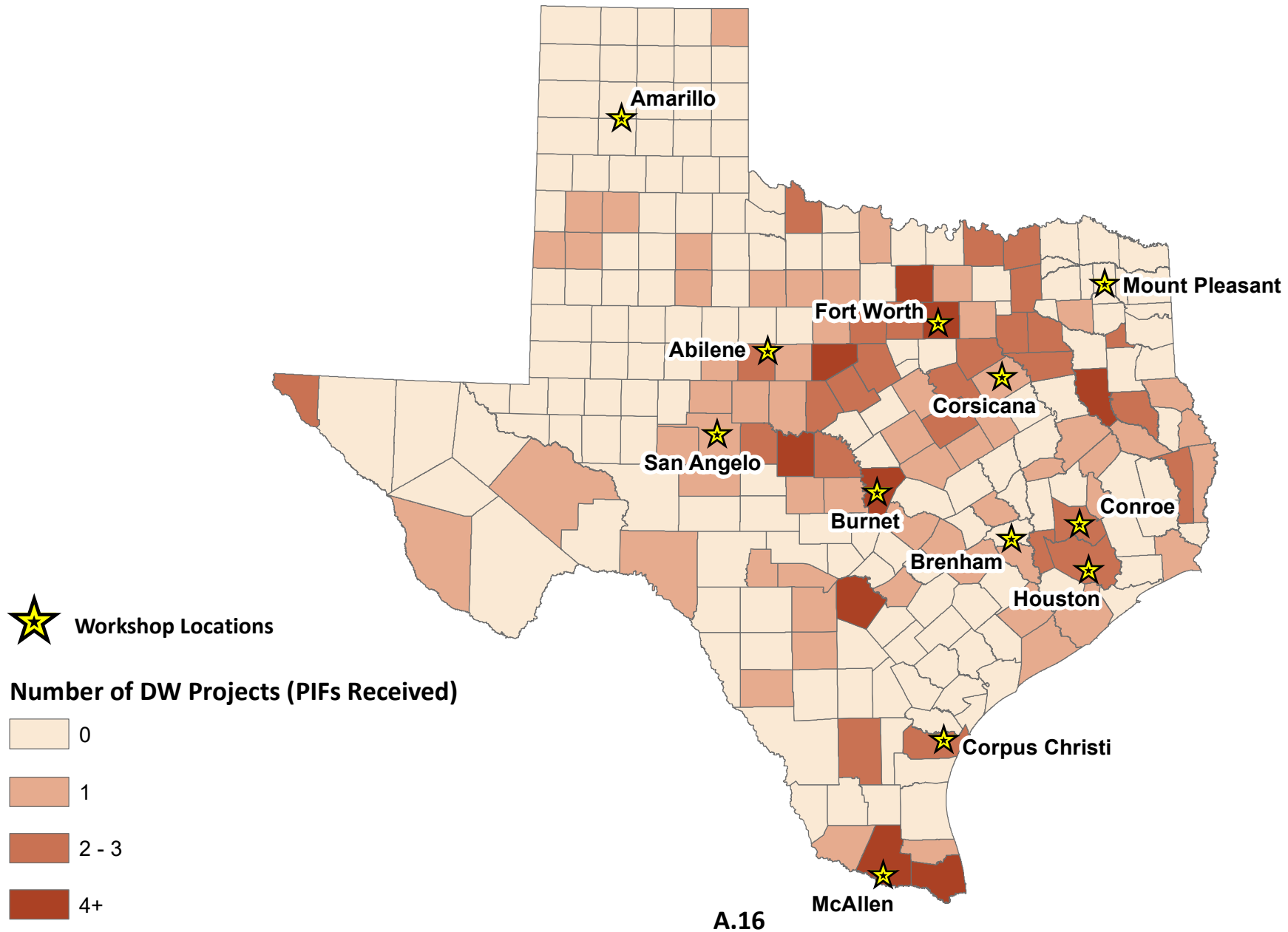
TEXAS WATER DEVELOPMENT BOARD
DRINKING WATER STATE REVOLVING FUND
DEBT SERVICE ON OUTSTANDING BONDS
AS OF AUGUST 31, 2017

Fiscal Year	State Match Fixed Rate Bonds		Total Debt Service
	Principal	Interest	
2018 (1)	\$9,166,969	\$3,965,517	\$13,132,485
2019	\$9,013,427	\$3,605,186	12,618,613
2020	\$8,935,482	\$3,240,591	12,176,073
2021	\$8,694,954	\$2,874,170	11,569,124
2022	\$8,364,662	\$2,517,093	10,881,755
2023	\$7,901,473	\$2,165,732	10,067,205
2024	\$7,375,697	\$1,823,513	9,199,211
2025	\$6,567,817	\$1,492,244	8,060,061
2026	\$5,654,110	\$1,224,729	6,878,838
2027	\$4,797,835	\$995,749	5,793,584
2028	\$4,015,564	\$774,665	4,790,229
2029	\$4,196,943	\$588,900	4,785,842
2030	\$3,712,324	\$391,542	4,103,866
2031	\$2,249,716	\$218,505	2,468,221
2032	\$1,299,143	\$112,432	1,411,575
2033	\$755,423	\$55,332	810,755
2034	\$657,169	\$25,570	682,739
2035			-
2036			-
2037			-
2038			-
2039			-
2040			-
2041			-
2042			-
2043			-
2044			-
2045			-
2046			-
2047			-
2048			-
2049			-
2050			-
2051			-
2052			-
2053			-
	\$93,358,706	\$26,071,470	\$119,430,176

(1) The Texas Water Development Board's fiscal year runs from 9/1 to 8/31.

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Map of Workshops Conducted in SFY 2017



Appendix B: DWSRF SFY 2017 Projects

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Texas Water Development Board
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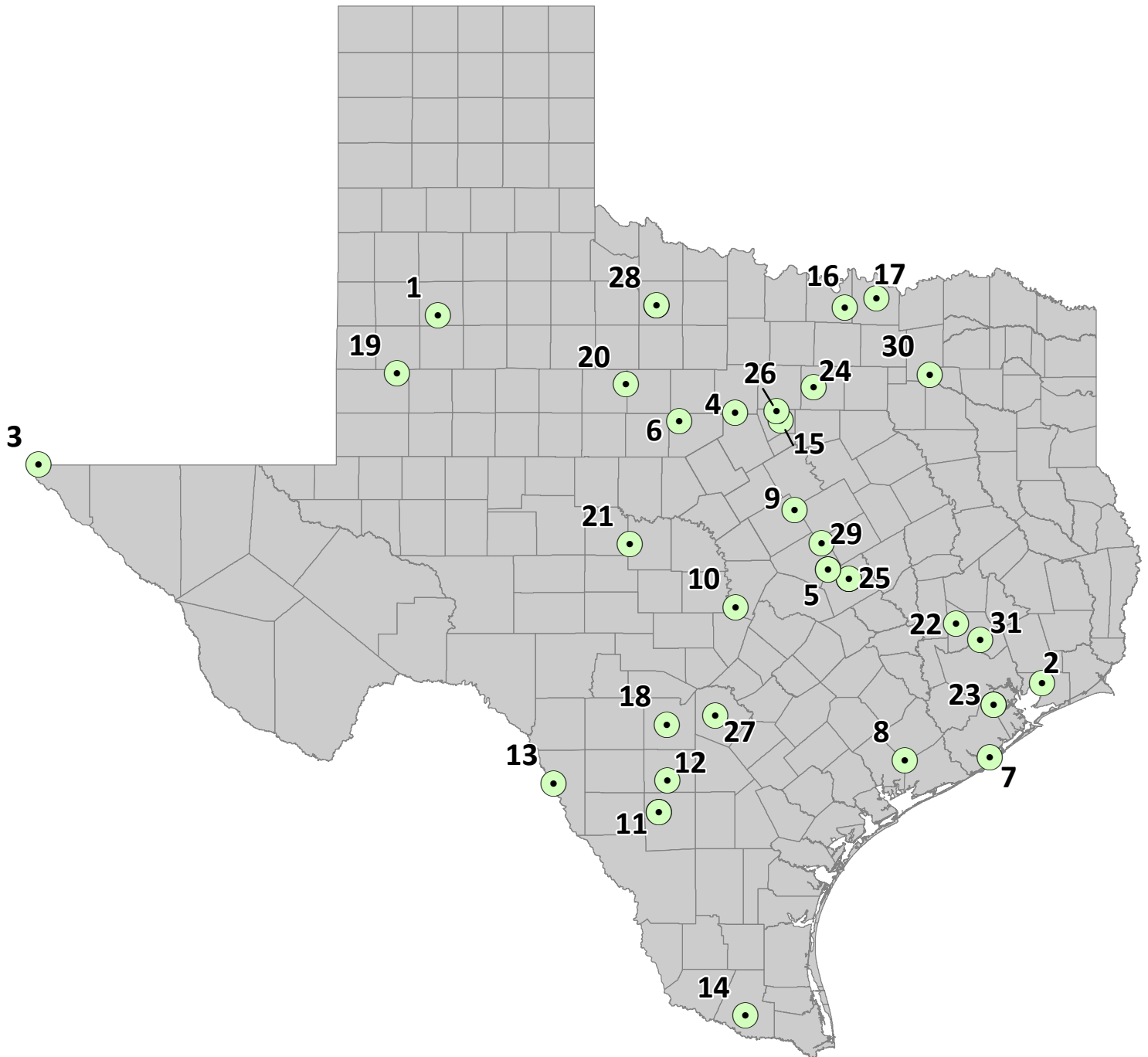
Commitments Closed										
Map ID	Entity	Commitment #	Loan Amount	Principal Forgiven	Total Closed	First Principal Payment	Last Principal Payment	Interest Rate	IUP Year	Small Community
1	114th Street Mobile Home Park	L1000595	-	200,000	200,000	N/A	N/A	N/A	2017	Yes
2	Anahuac	L1000566	5,175,000	-	5,175,000	10/15/2018	10/15/2047	2.296%	2016	Yes
3	Anthony	L1000550	980,000	-	980,000	02/15/2018	02/15/2046	2.473%	2016	Yes
4	Barton WSC	LF1000629	-	200,000	200,000	N/A	N/A	N/A	2017	Yes
5	Cameron	L1000517	9,305,000	-	9,305,000	03/01/2017	03/01/2042	0.951%	2016	Yes
5	Cameron	LF1000534	-	2,680,175	2,680,175	N/A	N/A	N/A	2016	Yes
6	Cisco	L1000564	-	500,000	500,000	N/A	N/A	N/A	2016	Yes
7	Commodore Cove ID	L1000597	-	200,000	200,000	N/A	N/A	N/A	2017	Yes
8	Corpus Christi	L1000607	51,215,000	-	51,215,000	07/15/2017	07/15/2045	1.413%	2017	
9	Coryell City WSD	L1000544	2,000,000	-	2,000,000	10/01/2018	10/01/2037	1.369%	2016	Yes
10	Cottonwood Shores	L1000554	1,395,000	-	1,395,000	05/01/2018	05/01/2037	2.032%	2016	Yes
11	Cotulla	L1000559	3,920,000	-	3,920,000	02/01/2019	02/01/2047	1.983%	2016	Yes
11	Cotulla	LF1000666	-	1,625,400	1,625,400	N/A	N/A	N/A	2016	Yes
12	Dario V. Guerra, III, dba Derby Ing.	L1000593	-	200,000	200,000	N/A	N/A	N/A	2017	Yes
13	Eagle Pass	LM16100561	17,090,000	-	17,090,000	12/01/2018	12/01/2046	1.329%	2016	
14	Edinburg	L1000545	5,405,000	-	5,405,000	03/01/2017	03/01/2036	0.701%	2016	
15	Granbury	L1000610	15,000,000	-	15,000,000	08/15/2018	08/15/2037	1.724%	2017	
16	Greater Texoma UA	L1000570	2,125,000	-	2,125,000	08/15/2017	08/15/2037	2.068%	2016	Yes
17	Greater Texoma UA	L1000558	7,155,000	-	7,155,000	10/01/2018	10/01/2037	1.352%	2016	
18	Hondo	L1000553	5,470,000	-	5,470,000	08/01/2017	08/01/2036	2.107%	2016	Yes
19	Loop WSC	L1000587	-	200,000	200,000	N/A	N/A	N/A	2017	Yes
20	Lueders	L1000581	-	483,557	483,557	N/A	N/A	N/A	2017	Yes
21	Melvin	L1000588	180,000	359,902	539,902	09/01/2018	09/01/2047	2.111%	2017	Yes
22	Montgomery	L1000605	1,730,000	-	1,730,000	03/01/2018	03/01/2037	1.128%	2016	Yes
23	Pearland	L1000611	10,225,000	-	10,225,000	09/01/2018	09/01/2027	0.578%	2016	
23	Pearland	L1000612	12,025,000	-	12,025,000	09/01/2018	09/01/2047	1.538%	2016	
24	River Oaks	L1000574	8,000,000	-	8,000,000	06/15/2018	06/15/2047	1.557%	2017	Yes
25	Rogers	L1000572	2,205,000	-	2,205,000	08/15/2019	08/15/2047	1.972%	2017	Yes
25	Rogers	LF1000663	-	200,000	200,000	N/A	N/A	N/A	2017	Yes
26	Rolling Hills WS	L1000584	-	2,333,300	2,333,300	N/A	N/A	N/A	2017	Yes
27	San Antonio Water System	L1000547	12,500,000	-	12,500,000	05/15/2017	05/15/2046	0.993%	2016	
28	Seymour	L1000514	2,115,000	-	2,115,000	03/01/2019	03/01/2048	2.188%	2016	Yes

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Commitments Closed										
Map ID	Entity	Commitment #	Loan Amount	Principal Forgiven	Total Closed	First Principal Payment	Last Principal Payment	Interest Rate	IUP Year	Small Community
28	Seymour	LF1000530	-	885,476	885,476	N/A	N/A	N/A	2016	Yes
29	Troy	L1000536	2,100,000	-	2,100,000	02/01/2019	02/01/2048	2.146%	2016	Yes
30	West Tawakoni	L1000541	1,125,000	-	1,125,000	02/01/2018	02/01/2047	2.231%	2016	Yes
31	Woodloch	LF1000614	-	200,000	200,000	N/A	N/A	N/A	2017	Yes
Totals		36	\$178,440,000	\$10,267,810	\$188,707,810					

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Project Locations of Closings



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Descriptions of Closed Projects

114th Street Mobile Home Park

Filtration System for Arsenic and Fluoride Removal

Project # 62732

Commitment Amount	\$200,000	Closing Date	4/20/2017
Commitment Code	L1000595	Map Location	1

Project Need: 114th Mobile Home Park, LLC (Company) operates a public water system that exceeds the maximum contaminant level (MCL) for fluoride and historically has exceeded the MCL for arsenic. The Company has received two Administrative Orders from the Environmental Protection Agency (EPA) regarding the arsenic and fluoride levels. The order for arsenic has since been rescinded as levels of arsenic have fallen below the MCL; however, the water system is at risk of exceeding the MCL as the level of arsenic remains high.

Project Description: The Company proposes to install a filtration system in their public water system to attain compliance with the MCL for fluoride and maintain compliance with the MCL for arsenic.

Anahuac

Water Line Replacement, Ground Storage Tank Replacement, Elevated Tank Rehabilitation, and SCADA

Project # 62710

Commitment Amount	\$5,175,000	Closing Date	5/5/2017
Commitment Code	L1000566	Map Location	2

Project Need: The City of Anahuac (City) has several water system deficiencies/needs that will be addressed by this project.

Project Description: Proposed use of funds includes: replacement of old tuberculated cast iron piping that results in pipeline breaks, leaks, discolored water and low pressure; installation of a new ground storage tank will keep the water plant in operation; rehabilitation of the existing elevated storage tank after inspection located corrosion and deterioration in various structural members and the coating system, and installation of SCADA system communications to improve efficiency and operations. Pending availability of funds other water systems improvements may be included: installing erosion protection along levee perimeter of raw water holding pond; replacement of the existing standby generator located at the water treatment plant (WTP); improvements to the piping and electrical controls at the ground storage tank location; and installation of altitude control valves at elevated storage tanks with installation of security cameras and perimeter fence improvements.

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Anthony

Arsenic Removal & System Improvements

Project # 62611

Commitment Amount	\$980,000	Closing Date	1/19/2017
Commitment Code	L1000550	Map Location	3

Project Need: The Town of Anthony (Town) relies on groundwater that has elevated levels of arsenic and has been cited by the Texas Commission on Environmental Quality (TCEQ) for exceeding MCL for arsenic. The Town has also identified additional improvements to address storage capacity, water loss and aging infrastructure. Finally, one of the town's three wells is inoperable and has been taken out of service, limiting the resilience of the Town's water supply.

Project Description: The Town's Water System Improvements project consists of installing an arsenic treatment system, installing a new 250,000-gallon elevated storage tank, upgrades to the existing booster stations, installation of a new chlorination control system and the rehabilitation and/or replacement of existing water lines.

Barton WSC

Disinfection and Water System Improvements

Project # 62708

Commitment Amount	\$200,000	Closing Date	8/25/2017
Commitment Code	LF1000629	Map Location	4

Project Need: Barton Water Supply Corporation's (Corporation) existing pump stations have electrical and control problems due to their ages. The Corporation experiences issues maintaining disinfection residuals to meet safe drinking water standards.

Project Description: The Corporation is proposing to rehabilitate four pump station sites to include replacing pumps, electrical upgrades, Supervisory Control and Data Acquisition (SCADA) improvements, and upgrades to the chloramine disinfection systems.

Cameron

Treatment Plant & Distribution System Improvements

Project # 62695

Commitment Amount	\$11,985,175	Closing Date	9/14/2016
Commitment Code	L1000517, LF1000534	Map Location	5

Project Need: One of the two clarifiers at the City of Cameron's (City) 4.0 million gallon per day (MGD) water treatment plant (WTP) has become inoperable due to mechanical failure; with only one remaining clarifier in service the plant has no redundancy. Several WTP units are also at the end of their service life and in need of repair. The City's distribution system is in need of replacement for aged water lines which have a history of breakage.

Project Description: The proposed project would rehabilitate the City's WTP. The first construction contract is proposed to address the primary issue of rehabilitating the inoperable clarifier. A second construction contract would address rehabilitation of additional WTP units. Improvements to the distribution system would include replacing failing water lines and installation of isolation valves.

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Cisco Cisco Emergency WTP Replacement Urgent Need Project Project # 62717			
Commitment Amount	\$500,000	Closing Date	1/17/2017
Commitment Code	L1000564	Map Location	6
<p>Project Need: The City of Cisco (City) needs to finalize design and construct a new surface WTP to replace their existing plant, which was destroyed by flooding in June 2016. The City is currently using a portable, temporary microfiltration plant to provide potable water to their residents.</p> <p>Project Description: The City proposes to finalize design and construct a new 2.0 MGD surface WTP to replace the plant destroyed in June 2016. The replacement plant will be relocated to a site adjacent to the existing plant and employ treatment techniques similar to the destroyed plant.</p>			
Commodore Cove ID Reverse Osmosis Treatment Project # 62718			
Commitment Amount	\$200,000	Closing Date	3/15/2017
Commitment Code	L1000597	Map Location	7
<p>Project Need: The Commodore Cove Improvement District (District) has experienced ongoing issues related to maintaining compliance with TCEQ's drinking water standards and have received violations for elevated levels of Total Trihalomethanes (TTHM).</p> <p>Project Description: The District is requesting financial assistance for the construction of a reverse osmosis (RO) treatment system in order to meet the maximum contaminant levels for TTHM's required by the TCEQ's drinking water standards. A portion of the currently supplied groundwater will be treated with the RO system and the permeate will be blended back in with the chlorinated groundwater prior to distribution. The system includes a RO treatment package unit, pre-treatment equipment, storage tank, booster pumps, and all necessary piping, valves, and appurtenances.</p>			
Corpus Christi Mary Rhodes Pipeline Phase II Project # 62734			
Commitment Amount	\$51,215,000	Closing Date	5/2/2017
Commitment Code	L1000607	Map Location	8
<p>Project Need: The City of Corpus Christi (City) provides potable water for much of the Coastal Bend Region through its own distribution system and through two regional water suppliers, the San Patricio Municipal Water District and the South Texas Water Authority. To meet the increase in water demand due to the population growth of the region, the City needs to provide additional water from the Colorado River through its previously purchased water rights.</p> <p>Project Description: The City's funding request is to refinance a portion of the construction project. The project consists of the construction of an intake structure, sedimentation basin, and pump station on the Colorado River; 42 miles of 54-inch water transmission pipeline from the Colorado River to the point of tie-in at the Lake Texana intake pump station; and installation of a fiber optic communication system. The City has substantially completed the construction of the project. From the Lake Texana intake pump station, the water will then be transported via the existing Mary Rhodes pipeline from Lake Texana to the O.N. WTP in Corpus Christi.</p>			

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Coryell City WSD

Water System Improvements for Water Loss Reduction

Project # 62705

Commitment Amount	\$2,000,000	Closing Date	11/22/2016
Commitment Code	L1000544	Map Location	9

Project Need: Coryell City Water Supply District has 350 miles water distribution and service lines sized 1-inch through 6-inch which are deteriorated, breaking, and causing excessive water losses.

Project Description: This proposed project will replace approximately 10 miles of deteriorated distribution water line with new poly vinyl chloride (PVC) mains. The new line will be designed to maintain required flow and pressure and should help the District reduce water losses.

Cottonwood Shores

Treatment Plant Expansion

Project # 62707

Commitment Amount	\$1,395,000	Closing Date	1/12/2017
Commitment Code	L1000554	Map Location	10

Project Need: The City of Cottonwood Shores' (City) WTP is in poor condition due to its age and is in need of replacement.

Project Description: The City's proposed project includes expanding the City's aging WTP; constructing a 500,000 gallon per day (GPD) Pall microfiltration WTP to be housed in the City's existing WTP; and other upgrades to expand the existing plant capacity from 0.5 MGD to 1.0 MGD.

Cotulla

Pumping and Storage Improvements

Project # 62713

Commitment Amount	\$5,545,400	Closing Date	8/17/2017
Commitment Code	L1000559, LF1000666	Map Location	11

Project Need: The City of Cotulla (City) is in need of a water system expansion due to growth in the region.

Project Description: The City's proposed project will consist of the construction of a new elevated storage tank, 12-inch line connecting to the new tank, a new high service pump station, and an 8-inch line extending to the Cotulla airport.

Dario V. Guerra, III, dba Derby Ing.

Derby Water System Improvements

Project # 62729

Commitment Amount	\$200,000	Closing Date	5/30/2017
Commitment Code	L1000593	Map Location	12

Project Need: The private utility, Derby Ing. (Utility), was under an enforcement order from TCEQ dated September 2014, for certain system deficiencies. The Utility's existing well needs a disinfection upgrade and new iron removal system. Ground storage facilities and meters require replacement and automation. The Utility also needs a second water source to prevent the necessity of hauling water when the existing well is out of commission.

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Project Description: The project addresses the production, storage, and distribution needs, some of which are part of the settlement of the enforcement action between the Utility and the TCEQ. Proposed project work includes installation of disinfection and iron removal systems for treatment of the existing well, new storage facilities with automatic pump controls, and new auto-read meters for system customers. Additionally, the project will provide funding for a location and feasibility planning for a second ground water source.

Eagle Pass

Upgrade and Expansion of the Water Treatment and Distribution System

Project # 62556

Commitment Amount	\$17,090,000	Closing Date	12/16/2016
Commitment Code	LM16100561	Map Location	13

Project Need: The City of Eagle Pass (City) needs to replace deteriorated and undersized pipe, rehabilitate aging water storage tanks, add water storage capacity, replace old and inaccurate water meters, and replace water plant filters' membranes that are reaching their expected service life. In addition, the City must expand its WTP because, per the TCEQ rules, it has exceeded 85% of its permitted capacity.

Project Description: The proposed project consists of planning, design, and construction of improvements to and expansion of the existing membrane surface WTP from 15 MGD to 18 MGD; replacement of deteriorated cast iron water lines; replacement of the water distribution system in Las Quintas, and Jardines Verdes subdivisions; water tank rehabilitation; and construction of a new ground storage tank at College Hills. In addition, the project includes a leak detection study, a water audit, water modeling, and a GIS-based asset management plan.

Edinburg

West WTP Expansion

Project # 62597

Commitment Amount	\$5,405,000	Closing Date	12/15/2016
Commitment Code	L1000545	Map Location	14

Project Need: The City of Edinburg (City) operates two WTPs with a current total capacity of 18 MGD. With over 23,600 existing connections, the system has reached 92% of its treatment capacity. As a result, the City needs to expand its WTP to meet TCEQ's capacity requirements. The expansion of the City's WTP requires that the raw water pumping capacity will need to be increased along with an increase in the surface elevation of the City's reservoirs.

Project Description: The City proposes to expand its existing West WTP from 8 MGD to 16 MGD within the existing facility site, to add intake pipes between the Hidalgo County Irrigation District's canal No. 1 and reservoir No. 2, and to add a pump station at reservoir No. 2 to increase the water levels in reservoirs No. 1, No. 3, No. 4 and No. 5.

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<p style="text-align: center;">Granbury City of Granbury DWSRF Water Distribution System Improvements Project Project # 62733</p>			
Commitment Amount	\$15,000,000	Closing Date	4/19/2017
Commitment Code	L1000610	Map Location	15
<p>Project Need: The City of Granbury (City) needs to improve its transmission and distribution system to allow for the integration of its new WTP currently under construction and balance pressure and flows throughout the system for better water supply distribution.</p> <p>Project Description: The City proposes to install a 20-inch transmission main to distribute the water leaving the new WTP, allowing several existing water mains to be connected to the new line. Several areas of the City need new distribution lines to increase the capacity and address pressure issues within the system, including a new line along the U. S. Highway 377 Business route bridge crossing Lake Granbury. A new 250,000-gallon elevated storage tank, two new pumping stations, and system wide valves and controls needed to complete the improvements will also be added. The City is planning on using a construction manager at risk delivery on the proposed improvements to meet the schedule to place the new WTP in service.</p>			
<p style="text-align: center;">Greater Texoma UA Lake Kiowa SUD Water Improvements Project # 62642</p>			
Commitment Amount	\$2,125,000	Closing Date	1/25/2017
Commitment Code	L1000570	Map Location	16
<p>Project Need: The Lake Kiowa Special Utility District (District) initiated the replacement of 22 miles of asbestos cement water lines, dating from 1967, and other water improvements including the replacement of an elevated storage tank. The District closed on a DWSRF loan in October 2014, to fund Phase 1 of the project. Phase 1 consisted of the construction of a water tank and replacement of 24,591 feet of again water lines. The District needs additional funding for the consecutives phases of the project.</p> <p>Project Description: The District is requesting funds to replace the remaining water lines associated with Phase 1A and Phase 2. Phase 1A will replace approximately 7,163 feet of 6-inch, 8-inch, and 10-inch lines and Phase 2 will replace approximately 14,500 feet of 6-inch, 8-inch, and 10-inch lines in the most deteriorated areas.</p>			
<p style="text-align: center;">Greater Texoma UA Sherman WTP Expansion and Upgrade/Elevated Storage Tank Project # 62648</p>			
Commitment Amount	\$7,155,000	Closing Date	1/25/2017
Commitment Code	L1000558	Map Location	17
<p>Project Need: Outlined in the Region C Water Plan, the Grayson County Water Supply Project will provide additional surface water for water user groups in Grayson County, supplementing the existing groundwater and surface water supplies. Part of the Grayson County Water Supply Project includes the expansion of the Sherman Surface WTP. In addition, due to population growth and an aging infrastructure, the City's water system does not have adequate capacity to maintain required</p>			

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storage and pressure requirements during scheduled maintenance and rehabilitation of the existing facilities.

Project Description: The City has previously received loans for Planning and Design of this project and a loan for construction of the elevated storage tank. The City's current funding will expand and upgrade the WTP to address regional needs with reasonable, acceptable capacity for anticipated population growth. The project will include a dual membrane treatment process for expansion of the WTP and a concentrated disposal pipeline to a lift station.

Hondo

Water Line & Storage Tank Rehabilitation

Project # 62537

Commitment Amount	\$5,470,000	Closing Date	1/19/2017
Commitment Code	L1000553	Map Location	18

Project Need: The City of Hondo (City) needs to increase the operational efficiency of the water distribution system and reduce water loss by replacing deteriorating water lines and rehabilitating/replacing several storage tanks.

Project Description: The City requested construction funding to replace aging waterlines, rehabilitate the Golf Course ground storage tank, rehabilitate or replace the Spatz Road ground storage tank, rehabilitate the Downtown elevated storage tank, replace the North elevated storage tank, and install a SCADA system. The City previously received funding for planning and design of the proposed improvements.

Loop WSC

WTP Improvements

Project # 62690

Commitment Amount	\$200,000	Closing Date	3/17/2017
Commitment Code	L1000587	Map Location	19

Project Need: The Loop Water Supply Corporation (Corporation) is currently under EPA and TCEQ enforcement for exceeding MCL for arsenic and fluoride.

Project Description: The Corporation proposes to install a small RO system including evaporation ponds at their existing WTP to bring the Corporation into compliance within the MCLs for arsenic and fluoride.

Lueders

Waterline, Disinfection, And Meter System Improvements

Project # 62719

Commitment Amount	\$483,557	Closing Date	3/23/2017
Commitment Code	L1000581	Map Location	20

Project Need: The City of Lueders needs to extend distribution lines to five customers and replace old inaccurate meters to address water loss. Most of the meters are over 30 years old and are between 70 and 90 percent accurate in their recording capabilities. The City also needs to address disinfection residuals within their system. The City has exceeded the current MCL for TTHM and haloacetic acids (HAA5), also referred to as disinfection by-products, on several occasions in recent years. To further address water quality, the City is proposing to add a tank mixing system to the City's standpipe to address water age issues. The combination of new disinfection equipment and

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tank mixing system will provide a more consistent and accurate control of the disinfection residual and disinfection by-products within the system.

Project Description: The City proposes to install approximately 3,000 linear feet of new distribution line to provide service to 5 customers within their service area; add disinfection and a tank mixing system to their existing standpipe storage tank to maintain water quality; and install an automatic meter reading system for their 185 customers.

Melvin

Radium Removal

Project # 10451

Commitment Amount	\$539,902	Closing Date	5/17/2017
Commitment Code	L1000588	Map Location	21

Project Need: In March 2013, the EPA informed the City of Melvin (City) that it will be required to come into immediate compliance with the MCL for radionuclides and that if immediate compliance was not possible, the City must actively pursue alternatives to achieve compliance.

Project Description: Through funding, the City proposes to construct corrective treatment facilities for its existing water source using a Water Remediation Technologies (WRT) Z-88TM radium adsorption process.

Montgomery

Water Plant No. 3 Improvements

Project # 62715

Commitment Amount	\$1,730,000	Closing Date	5/11/2017
Commitment Code	L1000605	Map Location	22

Project Need: Water Plant No. 3, which houses Water Wells No. 3 and 4, is the City of Montgomery's (City) main water production facility. Water Well No. 4 is drilled into the Catahoula Aquifer and the water produced from this well is over 100 degrees Fahrenheit. The existing cooling tower was only designed to cool approximately 1/3 of the current production capacity of Water Well No. 4. The City's water production capacity is limited by hydropneumatic tank capacity. Ground Storage Tank No. 1 is also exhibiting severe interior corrosion and requires replacement. In addition to the problems previously mentioned, the water pressure to the western extents of the City, which includes a large multi-family development and multiple Montgomery Independent School District facilities, is highly variable and lacks system redundancy; the entire area is served from a single dead-end distribution main. The distribution main is comprised of 6-inch, 8-inch, and 12-inch pipe.

Project Description: The proposed project includes construction of one additional 10,000 gallon hydropneumatic tank, the replacement of the severely corroded ground storage tank with a 210,000-gallon ground storage tank, and one additional cooling tower to treat the remaining Water Well No. 4 capacity. The project also includes construction of new water mains and the replacement of aging and undersized water mains throughout the system. The new water main will complete additional waterline loops within the City. Upsizing the water main will improve the water flow and pressure to the western extents of the City. The project consists of the installation of approximately 4,000 LF of 12-inch water main through the central business district and along SH-105, including the replacement the undersized water mains with 12-inch water mains.

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Pearland
10 MGD Surface WTP
Project # 62712

Commitment Amount	\$22,250,000	Closing Date	3/9/2017
Commitment Code	L1000611, L1000612	Map Location	23

Project Need: Due to continued and sustained growth in residential, commercial and industrial sectors within the City of Pearland (City), the City requires additional potable water to meet the growing demand. The City currently receives potable water from the City of Houston's Southeast Water Purification Plant (SEWPP) and from ground water wells. As there is no additional source water available from the SEWPP, a new Plant will be beneficial in efforts to implement a diversification of source water.

Project Description: TWDB funds will be used for Planning, Acquisition, Design and Construction with pilot testing of a 10 MGD Surface WTP including 36-inch diameter transmission lines to various points and the replacement of existing, aging customer water meters. The WTP will treat raw water from the Gulf Coast Water Authority (GCWA) canal for distribution throughout the City's water system. The WTP will be located on City property on County Road 48 adjacent to the GCWA canal. The project activities are scheduled over a five-year period with new potable water capacity being available by 2022. The City currently has agreements in place with the GCWA to access 10 MGD of raw water from its canal.

River Oaks
River Oaks Water Infrastructure Improvements
Project # 62731

Commitment Amount	\$8,000,000	Closing Date	5/4/2017
Commitment Code	L1000574	Map Location	24

Project Need: The City of River Oaks (City) needs to replace approximately 9.6 miles of water lines and reconstruct a clarifier at the existing WTP to address water quality and pressure issues within the distribution system.

Project Description: The City sought planning, design, and construction funding to replace approximately 9.6 miles of aged water lines that are causing emergency repairs and water outages. Additionally, the project includes the reconstruction of the existing clarifier upgrading it with new structural metal components.

Rogers
Water System Improvements
Project # 62723

Commitment Amount	\$2,405,000	Closing Date	7/14/2017
Commitment Code	L1000572, LF1000663	Map Location	25

Project Need: The City of Rogers (City) experiences high water loss as a result of old cast and ductile iron water lines. The replacement of water lines would reduce water loss and improve system pressure and reliability. The City currently purchases water on a wholesale basis from Central Texas Water Supply Corporation and desires its own system to improve water source reliability.

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Project Description: The project would replace cast and ductile iron water lines with new PVC lines. The proposed new well system includes construction of a water well, ground storage tank, booster pumps, and disinfection. The project also includes land acquisition for a new well site.

Rolling Hills WS

Rolling Hills Water System Improvements

Project # 62721

Commitment Amount	\$2,333,300	Closing Date	6/13/2017
Commitment Code	L1000584	Map Location	26

Project Need: Rolling Hills Water Services experiences high water losses due to the age of its system. The groundwater quality is poor, being high in total dissolved solids, chlorides, bromides, and iron resulting in high TTHM and aesthetic issues such as color and taste. The system has had numerous violations for TTHMs. Additionally, a landslide in June 2016, caused by flooding damaged the ground storage tank, piping, foundation and field instruments.

Project Description: The proposed project includes the addition of membrane and iron removal units, replacement of waterlines, ground storage tank, hydropneumatic tank, pump house, pump station, and water meters with automated meter reading units. The project also includes preparation of an asset management plan and water conservation plan.

San Antonio Water System

34th Street Pump Station Improvements

Project # 62703

Commitment Amount	\$12,500,000	Closing Date	12/15/2016
Commitment Code	L1000547	Map Location	27

Project Need: The San Antonio Water System (SAWS) has experienced problems with the 34th Street Pump Station due to aging, obsolete, and unserviceable materials, equipment, and components. Improvements are needed to help bring the pump station into compliance with current standards and to address failing electrical systems.

Project Description: SAWS requested construction funding to improve the 34th Street Pump Station. The improvements and upgrades include: 1) replacing the existing 3.0 MGD pump with a 6.0 MGD pump and discharge valves and piping; 2) installation of new chemical storage and feed facilities; 3) replacing valves and yard piping around the existing pressure reducing valve and around the existing chemical injection vault; and, 4) installation of a new control system.

Seymour

Water System Improvements

Project # 62693

Commitment Amount	\$3,000,476	Closing Date	2/23/2017
Commitment Code	L1000514, LF1000530	Map Location	28

Project Need: The City of Seymour (City) is not meeting the permitted limits of their water treatment plant waste discharge permit and needs to develop an alternate disposal method.

Project Description: The City is proposing to further concentrate the waste stream from their RO plant to enable disposal in an evaporation pond. The City is proposing to add additional RO treatment to their plant and construct an approximate 11-acre evaporation pond.

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Troy
Water Well Expansion
Project # 62701

Commitment Amount	\$2,100,000	Closing Date	3/1/2017
Commitment Code	L1000536	Map Location	29

Project Need: The City of Troy (City) currently utilizes water produced from one well and treated surface water purchased from a wholesale provider. The City is solely reliant on a single wholesale water system to meet peak water demands during high summer water usage and is increasingly at risk for excessive TTHM. The City has been unable to secure a long-term wholesale contract and needs to develop a new well to obtain additional long-term water supply.

Project Description: The City proposes to construct a second well to supplement its current supplies. The project will also include the construction of a ground storage tank, pressure tank, pump station, disinfection system, and water main installation as required to connect the well to the existing distribution system. This project also includes the preparation of an asset management plan. This planning process would develop strategies to maximize value of existing water system assets and maintain financial capacity to make scheduled repairs and the planned replacement of assets.

West Tawakoni
Groundwater Storage Tank, Pumps & Water Intake
Project # 62698

Commitment Amount	\$1,125,000	Closing Date	3/21/2017
Commitment Code	L1000541	Map Location	30

Project Need: The City of West Tawakoni's water system will not have adequate capacity to maintain required storage and pressure requirements during scheduled maintenance and rehabilitation of the existing facilities due to population growth and aging infrastructure.

Project Description: The City will rehabilitate the existing ground storage tank and North Elevated Storage Tank to correct identified deficiencies. The project also includes increasing high service pump capacity to supply 20-year projected capacities and construct a new ground storage tank.

Woodloch
Hydrotank No. 1 Replacement
Project # 62737

Commitment Amount	\$200,000	Closing Date	7/31/2017
Commitment Code	LF1000614	Map Location	31

Project Need: The Town of Woodloch (Town) currently serves approximately 836 residents. The existing 5,000 gallon Hydropneumatic Tank No. 1 at the Town's only water treatment facility was installed in 1997 and the interior and exterior coatings are in the advanced stages of deterioration. An inspection several years ago determined that the metal was thin and weakened from its design strength. To avoid failure, the tank needs to be demolished and replaced.

Hydropneumatic Tank No. 2 is similarly deteriorated and requires the same solution. Additionally, the City's WTP is over 40 years old and is deteriorated. An onsite/abandoned ground storage tank needs to be demolished and new booster pumps, air compressor system, piping, and coatings are needed. The controls are extremely outdated and have components that are no longer functional.

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Project Description: Funds are requested for planning, design, demolition, and construction/replacement of the existing Hydropneumatic Tank No. 1. If funds remain, the project may also include demolition/replacement of the old Hydropneumatic Tank No. 2 plus WTP improvements including, but not limited to, the demolition of the existing abandoned ground storage tank, installation of new booster pumps, yard piping, interior/exterior recoating, and controls.

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DWSRF Project Starts					
Entity	Project #	Commitment #	Closing Date	Start Date	Net Amount
Cameron	62695	L1000517	09/14/2016	05/22/2017	\$ 9,305,000
Cameron	62695	LF1000534	09/14/2016	05/22/2017	2,680,175
Castroville	62534	L1000392	11/24/2015	09/05/2016	3,500,000
Cisco	62717	L1000564	01/17/2017	01/18/2017	500,000
Corpus Christi	62734	L1000607	05/02/2017	05/02/2017	51,215,000
Eules	62647	LF1000353	08/05/2015	09/06/2016	808,050
Fayetteville	62696	LF1000519	05/13/2016	09/01/2016	200,000
Granbury	62694	L1000512	07/06/2016	03/23/2017	2,720,000
Jefferson	62697	L1000527	07/25/2016	04/10/2017	2,600,000
La Salle Landing WSC	62691	LF1000521	06/10/2016	10/17/2016	200,000
Laredo	62657	L1000358	11/30/2015	10/05/2016	4,600,000
Loop WSC	62690	LF1000482	04/29/2016	02/16/2017	170,000
Malone	62668	LF1000403	01/13/2016	06/19/2017	179,000
Port Mansfield PUD	62649	L1000362	04/14/2016	06/15/2017	220,000
Port Mansfield PUD	62649	LF1000363	04/14/2016	06/15/2017	380,000
Rio Hondo	62600	L1000206	12/19/2013	09/12/2016	1,278,000
Rio Hondo	62600	L1000365	03/10/2016	09/12/2016	300,000
Rio Hondo	62600	LF1000207	12/19/2013	09/12/2016	2,515,916
Rio Hondo	62600	LF1000366	03/10/2016	09/12/2016	1,660,215
Rogers	62723	L1000572	07/14/2017	07/14/2017	2,205,000
Rogers	62723	LF1000663	07/14/2017	07/14/2017	200,000
San Antonio Water System	62703	L1000547	12/15/2016	02/27/2017	12,500,000
Strawn	62677	LF1000500	05/06/2016	09/16/2017	700,000
Sweetwater	62699	L1000537	08/19/2016	11/14/2016	5,000,000
Upper Leon River MWD	62582	L1000369	06/25/2015	03/24/2017	7,452,000
Upper Leon River MWD	62582	L1000416	06/25/2015	03/24/2017	1,863,000
Upper Leon River MWD	62582	LF1000373	06/25/2015	03/24/2017	4,790,766
West Tawakoni	62698	L1000541	03/21/2017	09/05/2017	1,125,000
Westphalia WSC	62661	LF1000377	05/21/2015	12/19/2016	96,961
Willow Park	62588	L1000134	04/29/2014	11/19/2016	685,000
Willow Park	62682	L1000468	04/14/2016	11/19/2016	995,000
Willow Park	62682	LF1000490	04/14/2016	11/19/2016	44,350
Totals	23				\$ 122,688,433

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DWSRF Project Completions					
Entity	Project #	Commitment #	Closing Date	Completion Date	Net Amount
Baylor WSC	62672	LF1000411	05/21/2015	04/26/2017	\$ 500,000
Breckenridge	62519	L1000026	12/06/2012	07/10/2017	1,680,000
Breckenridge	62519	LF1000028	12/06/2012	07/10/2017	704,878
Burnet	62510	L110066	09/28/2012	06/26/2017	110,000
Carbon	62548	L1000260	03/27/2014	10/18/2016	95,000
Carbon	62548	LF1000261	03/27/2014	10/18/2016	699,147
Cockrell Hill	61217	L060033	11/25/2008	12/20/2016	1,875,000
Corpus Christi	62734	L1000607	05/02/2017	05/02/2017	51,215,000
Dario V. Guerra, III, dba Derby Ing.	62619	LF1000504	06/17/2016	12/01/2016	140,000
East Rio Hondo WSC	62599	L1000198	08/14/2014	03/22/2017	1,379,000
East Rio Hondo WSC	62599	LF1000199	08/14/2014	03/22/2017	591,000
Fayetteville	62696	LF1000519	05/13/2016	03/28/2017	200,000
LaSalle Landing WSC	62691	LF1000521	06/10/2016	03/30/2017	200,000
Mount Pleasant	61405	L080031	08/18/2008	11/01/2016	24,785,000
New Ulm WSC	62637	LF1000507	05/04/2016	01/26/2017	200,000
New Ulm WSC	62702	LF1000532	08/17/2016	01/26/2017	200,000
Port Mansfield PUD	62644	LF1000330	11/05/2015	10/20/2016	200,000
Porter	61333	L070044	05/02/2007	10/14/2016	1,590,000
Reklaw	62575	L1000399	02/17/2016	08/01/2017	300,000
Reklaw	62575	LF1000398	02/17/2016	08/01/2017	200,000
San Antonio Water System	62645	L1000354	01/21/2015	05/03/2017	75,920,000
Silver Creek Village	62652	LF1000410	04/17/2015	06/27/2017	447,000
Surfside Beach	61153	L060017	06/29/2006	03/09/2017	1,655,000
Wortham	62524	L1000042	09/11/2013	07/13/2017	280,000
Wortham	62524	LF1000177	09/11/2013	07/13/2017	1,535,295
Zavala Co WCID #1	62540	L1000105	05/09/2013	06/14/2017	760,000
Zavala Co WCID #1	62540	LF1000106	05/09/2013	06/14/2017	738,785
Totals	21				\$ 168,200,105

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Drinking Water SRF Reporting
Assistance Provided for Texas

Report Generated: 10/2/2017 -- Data Last Modified: 10/2/2017 1:50:00 PM

Tracking Number	Recipient	1st Agreement Date in Selected Period	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Recipient Could Afford Project without Subsidy?	Population Served	GPR Amount
10451 - L10005	Melvin	5/17/2017	539,902	0	0	359,902	<input type="checkbox"/>	179	0
62537 - L10005	Hondo	1/19/2017	5,470,000	0	0	0	<input type="checkbox"/>	8,803	0
62556 - LM161	Eagle Pass	12/16/2016	17,090,000	0	0	0	<input type="checkbox"/>	53,683	0
62597 - L10005	Edinburg	12/15/2016	5,405,000	0	0	0	<input type="checkbox"/>	83,014	0
62611-L100055	Town of Anthony	1/19/2017	980,000	0	0	0	<input type="checkbox"/>	5,011	0
62642 - L10005	Greater Texoma UA	1/25/2017	2,125,000	0	0	0	<input type="checkbox"/>	2,040	0
62648 - L10005	Greater Texoma UA	1/25/2017	7,155,000	0	0	0	<input type="checkbox"/>	43,199	0
62690 - L10005	Loop WSC	3/17/2017	200,000	0	0	200,000	<input type="checkbox"/>	243	0
62693 - L10005	Seymour	2/23/2017	3,000,476	0	0	885,476	<input type="checkbox"/>	2,634	0
62695 - L10005	Cameron	9/14/2016	11,985,175	0	0	2,680,175	<input type="checkbox"/>	5,552	0
62698 - L10005	West Tawakoni	3/21/2017	1,125,000	0	0	0	<input type="checkbox"/>	1,623	0
62701 - L10005	Troy	3/1/2017	2,100,000	0	0	0	<input type="checkbox"/>	1,845	0
62703 - L10054	SAN ANTONIO WATER SYSTEM	12/15/2016	12,500,000	0	0	0	<input type="checkbox"/>	2,693,321	0
62705 - L10005	Coryell City WSD	11/22/2016	2,000,000	0	0	0	<input type="checkbox"/>	5,412	0
62707 - L10005	Cottonwood Shores	1/12/2017	1,395,000	0	0	0	<input type="checkbox"/>	1,158	0
62708 - LF1000	Barton WSC	8/25/2017	200,000	0	0	200,000	<input type="checkbox"/>	766	0
62710 - L10005	Anahuac	5/5/2017	5,175,000	0	0	0	<input type="checkbox"/>	2,407	0
62712 - L10006	Pearland	3/9/2017	22,250,000	0	0	0	<input type="checkbox"/>	115,000	0
62713 - L10005	Cotulla	8/17/2017	5,545,400	0	0	1,625,400	<input type="checkbox"/>	5,262	0
62715 - L10006	Montgomery	5/11/2017	1,730,000	0	0	0	<input type="checkbox"/>	722	0
62717 - L10005	Cisco	1/18/2017	500,000	0	0	500,000	<input type="checkbox"/>	3,846	0
62718 - L10005	Commodore Cove ID	3/15/2017	200,000	0	0	200,000	<input type="checkbox"/>	350	0
62719 - L10005	Lueders	3/23/2017	483,557	0	0	483,557	<input type="checkbox"/>	342	0
62721 - L10005	Rolling Hills Water	6/13/2017	2,333,300	0	0	2,333,300	<input type="checkbox"/>	231	0
62723 - L10005	Rogers	7/14/2017	2,405,000	0	0	200,000	<input type="checkbox"/>	974	0
62729 - L10005	Dario V. Guerra, III, dba Derby Ing.	5/30/2017	200,000	0	0	200,000	<input type="checkbox"/>	87	0
62731 - L10005	River Oaks	5/4/2017	8,000,000	0	0	0	<input type="checkbox"/>	7,500	0
62732 - L10005	114th Street Mobile Home Park	4/20/2017	200,000	0	0	200,000	<input type="checkbox"/>	135	0
62733 - L10006	Granbury	4/19/2017	15,000,000	0	0	0	<input type="checkbox"/>	10,507	0
62734 - L10006	Corpus Christi	5/2/2017	51,215,000	0	0	0	<input type="checkbox"/>	324,074	0
62737 - LF1000	Woodloch	7/31/2017	200,000	0	0	200,000	<input type="checkbox"/>	836	0

All Dates from 9/1/2016 thru 8/31/2017

**Texas Water Development Board
SFY 2017 Drinking Water State Revolving Fund
Annual Report**

Tracking Number	Recipient	1st Agreement Date in Selected Period	Assistance Amount	Grant Amount	Negative Interest Amount	Principal Forgiveness Amount	Recipient Could Afford Project without Subsidy?	Population Served	GPR Amount
		Total for all 31 Agreements	188,707,810	0	0	10,267,810		3,380,756	0

All Dates from 9/1/2016 thru 8/31/2017

**Texas Water Development Board
SFY 2017 Drinking Water State Revolving Fund
Annual Report**

Special Appropriations Act Program

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

The TWDB has assisted the EPA with 37 projects under this program. A few of the SAAP projects have received additional funding from TWDB Financial Assistance Programs. As of August 31, 2017, 32 projects have been completed.

The TWDB's duties include; attendance and participation in pre-construction conferences; comparing completion percentages and milestones with the approved project schedule; conducting interim inspections; reviewing bid documents, change orders and reimbursement requests; and providing recommendations and construction progress reports to EPA Region 6.

Below is a list of the current active Texas projects for SAAP:

Project Name	Project #	Estimated Completion Date
Cotulla SAAP WWTP Rehab	80025	03/11/2018
Fort Bend Co FWSD 1 CWSRF-GR-SAAP	21524	11/26/2019
Joshua Mountain Valley/Village Creek Drainage Improvements	80036	09/30/2023
Lorena CWSRF-SAAP	71830	10/29/2018
Temple SAAP Little Elm Trunk Sewer	80035	06/30/2019

Attachment A: SFY 2017 Annual Financial Report – DWSRF Financial Statements

Texas Water Development Board

DRINKING WATER STATE REVOLVING FUND

Annual Financial Report

For the Year Ended
August 31, 2017

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Schedule 1 – Loans and Contracts

General Purpose Financial Statements

UNAUDITED

Drinking Water State Revolving Fund

Exhibit I - Combined Statement of Net Position - Proprietary Funds

August 31, 2017

	Total Enterprise Funds (Exhibit F-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank (Note 3)	\$ 0.42
Cash Equivalents	67,430,544.03
Short Term Investments	220,189,871.52
Receivables from:	
Federal	9,418,438.68
Interest and Dividends	15,933,164.67
Loans and Contracts	55,591,580.49
Total Current Assets	368,563,599.81
Non-Current Assets:	
Loans and Contracts	948,641,202.79
Total Non-Current Assets	948,641,202.79
Total Assets	1,317,204,802.60
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payable	-
Interfund Payables	9,166,968.88
Due to Other Agencies	1,867,515.07
Total Current Liabilities	11,034,483.95
Non-Current Liabilities:	
Interfund Payables	84,191,737.25
Total Non-Current Liabilities	84,191,737.25
Total Liabilities	95,226,221.20
NET POSITION	
Restricted for:	
Other	1,221,978,581.40
Total Net Position	\$ 1,221,978,581.40

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

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Drinking Water State Revolving Funds
Exhibit II - Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended August 31, 2017

	Total Enterprise Funds (Exhibit F-2)
OPERATING REVENUES:	
Interest and Investment Income	\$ 19,037,054.69
Net Increase (Decrease) Fair Market Value	(62,067.35)
Other Operating Revenue	3,922,151.00
Total Operating Revenues	22,897,138.34
OPERATING EXPENSES:	
Salaries and Wages	7,450,425.36
Payroll Related Costs	1,536,186.75
Professional Fees and Services	57,095.35
Travel	127,912.71
Materials and Supplies	62,153.52
Communication and Utilities	16,146.92
Repairs and Maintenance	189.90
Rentals and Leases	28,590.25
Interest	4,332,940.78
Other Operating Expenses	2,654,550.80
Total Operating Expenses	16,266,192.34
Operating Income (Loss)	6,630,946.00
NONOPERATING REVENUE (EXPENSES):	
Federal Revenue	100,892,986.62
Other Benefit Payments	(2,933,300.00)
Other Intergovernmental Payments	(7,059,183.20)
Other Nonoperating Revenue (Expenses)	2,336,171.00
Total Nonoperating Revenue (Expenses)	93,236,674.42
Income/(Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	99,867,620.42
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:	
Change in Net Position	99,867,620.42
Total Net Position - Beginning	1,122,110,960.98
Total Net Position, August 31, 2017	\$ 1,221,978,581.40

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

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Drinking Water State Revolving Fund

Exhibit III - Combining Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended August 31, 2017

	Total Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to Suppliers for Goods and Services	(102,717.43)
Payments to Employees	(2,214,029.69)
Net Cash Provided by Operating Activities	(2,316,747.12)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	2,336,171.00
Proceeds from Grant Receipts	101,994,440.96
Payments of Interest	(4,332,940.78)
Payments of Other Costs of Debt Issuance	(12,940.32)
Payments for Grant Disbursements	(20,899,139.31)
Payments for Interfund Receivables	(9,867,390.64)
Payments for Other Uses	-
Net Cash Provided by Noncapital Financing Activities	69,218,200.91
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	354,215,445.33
Proceeds from Principal Payments on Non-Program Loans	47,430,983.62
Payments to Acquire Investments	(317,181,473.69)
Payments for Non-program Loans Provided	(180,863,599.00)
Net Cash Provided by Investing Activities	(96,398,643.74)
Net (Decrease) in Cash and Cash Equivalents	(29,497,189.95)
Cash and Cash Equivalents--September 1, 2016	96,927,734.40
Cash and Cash Equivalents--August 31, 2017	\$ 67,430,544.45

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

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Clean Water State Revolving Fund

Exhibit III - Combining Statement of Cash Flows - Proprietary Funds (cont.)

For the Fiscal Year Ended August 31, 2017

	Total Enterprise Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 16,234,510.12
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories:	
Classification Differences	(17,846,434.48)
Changes in Assets and Liabilities:	
Increase (Decrease) in Payables	(704,822.76)
Total Adjustments	(18,551,257.24)
Net Cash Provided by Operating Activities	\$ (2,316,747.12)
Non-Cash Transactions	
Net Increase (Decrease) in Fair Value of Investments	\$ (62,067.35)

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

Notes to the Financial Statements

Notes to the Financial Statements

NOTE 1: <i>Summary of Significant Accounting Policies</i>

Entity

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

The TWDB was created as an agency of the state in 1957, when the voters of the state approved an amendment adding Section 49-c to Article 3 of the Texas Constitution. The TWDB is primarily responsible for administering state and federally funded financing programs for water-related projects, water resource planning, data collection, and studies relative to the surface and ground water resources of Texas.

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

Fund Structure

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

Proprietary Fund Type

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

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

Basis of Accounting

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

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

Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds

Texas Water Development Board (580)

include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Net Position and Fund Balances

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

Assets, Liabilities, and Fund Balances / Net Position**Assets**

Cash and Cash Equivalents

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

Investments

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

Interest and Dividends Receivable

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

Notes / Loans and Contracts Receivable

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

Restricted Assets

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

Liabilities

Accounts Payable

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

Bonds Payable – Revenue Bonds

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

Texas Water Development Board (580)**Fund Balance / Net Position**

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

Fund Balance Components

Fund balances for proprietary funds are classified as restricted in the fund financial statements.

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

Net Position Components

The potential categories for net position include

- Restricted net position – restricted assets reduced by liabilities and deferred inflows or resources related to those assets. Assets are restricted when constraints placed on net resources are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Interfund Activities and Balances

The agency has the following types of transactions among funds:

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

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

Statement of Cash Flows**Cash Flows from Investing Activities**

Non-program Loans

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

Texas Water Development Board (580)

made to individuals, and their cash flows are included as Cash Flows from Investing Activities.

Classification Differences

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

NOTE 2: Deposits, Investments and Repurchase Agreements

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

Investments

As of August 31, 2017, the fair value of investments is as presented below.

Government and Business-Type Activities	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
Commercial Paper (Texas Treasury Safekeeping Trust Co)	\$ 67,430,544.03	\$ -	\$ -	\$ 67,430,544.03
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	70,972,946.86			70,972,946.86
Total Investment at Fair Value	\$ 138,403,490.89	\$ -	\$ -	\$ 138,403,490.89
INVESTMENTS AT AMORTIZED COST				
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)				\$ 149,216,924.66
Total Investment at Amortize Cost				\$ 149,216,924.66
Total Investments-Gov't & Business Type				\$ 287,620,415.55

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The agency will only make payment for and accept delivery of securities on a delivery versus payment basis, and securities are held in the name of the agency. As of August 31, 2017, investments were not exposed to custodial credit risk.

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Texas Water Development Board (580)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by the agency's investment policy, investments purchased must be rated as to investment quality by a nationally recognized investment rating firm with a minimum of an 'A' rating. Furthermore, our investment policy requires that repurchase agreements be collateralized by obligations of the U.S. Government or U.S. Government Agencies. As of August 31, 2017, the agency's credit quality distribution of securities and repurchase agreements with credit risk exposure was as follows.

Standard and Poor's

Fund Type	GAAP Fund	Investment Type	Amount	Rating
05	3050	Commercial Paper (Texas Treasury Safekeeping Trust Co)	\$ 67,430,544.03	Not Rated
05	3050	Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	\$ 149,216,924.66	AA+
05	3050	U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	\$ 70,972,946.86	AAA

NOTE 3: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2017, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 09-01-16	Additions/(Reductions)	Balance 08-31-17	Amounts Due Within One Year	Amounts Due Thereafter
Notes & Loans Payable (Interfund)	\$103,226,096.77	(\$9,867,390.64)	\$93,358,706.13	\$9,166,968.88	\$84,191,737.25
Total Business-Type Activities	\$103,226,096.77	(\$9,867,390.64)	\$93,358,706.13	\$9,166,968.88	\$84,191,737.25

NOTE 4: Interfund Activity and Transactions

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

Interfund Activity

Interfund transfers represent the flow of assets (cash or goods) without equivalent flow of assets in return or a requirement for repayment. In governmental funds, transfers are reported as other financing uses or sources. Transfers are reported in proprietary funds after nonoperating revenues and expenses in the statement of revenues, expenses and changes in fund net position. Amounts not transferred at fiscal year-end are accrued as due to/due from other funds.

Texas Water Development Board (580)

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are interfund loans. Individual interfund receivables and payables balances as of August 31, 2017, were as follows:

	Interfund Receivables	Interfund Payables	Current	Noncurrent	Purpose
Enterprise (05)	DFUND (FT05) Appd Fund 0371, D23 Fund 0371	DWSRF (FT05) Appd Fund 9999 D23 Fund 0951	\$ 9,166,968.88	\$ 84,191,737.25	State Match Loan
Total Interfund Receivable/Payable			\$ 9,166,968.88	\$ 84,191,737.25	

Interfund Transactions

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

NOTE 5: Contingencies and Commitments**Disclosure of Contingent Liabilities****Federal Costs**

As a prime contractor with a federal granting agency, the TWDB is contingently liable to refund any disallowed costs to the granting agency. The amount of disallowed cost, if any, was undeterminable at August 31, 2017.

Disclosure of Significant Commitments**Outstanding Loan and Grant Commitments**

As of August 31, 2017, the TWDB had made commitments to provide political subdivisions and non-profit entities financing from the proceeds remaining from current bond issues, and from the proceeds of future bond issues, from federal draw downs, or from appropriations as follows:

	For Loans	For Grants	Total
Drinking Water State Revolving Fund (DWSRF)*	\$ 451,553,000.00	\$ 5,140,210.00	\$ 456,693,210.00
Total Commitments	\$ 451,553,000.00	\$ 5,140,210.00	\$ 456,693,210.00

* DWSRF and CWSRF Grants refer to Loan Forgiveness

** Loans under this program will be financed with the issuance of new revenue bonds

Texas Water Development Board (580)

NOTE 6: *Loans and Contracts*

The Board purchases bonds from political subdivisions (including private water supply corporations). As of August 31, 2017, the balance of these bonds owned by the Board was \$1,004,232,783.28. In general, most of these bonds pays interest semiannually and principal annually and allow for early redemption ten years after the original date of issuance. All bonds are secured by either pledged revenue or taxes. Interest rates on the bonds range from 0% to 6.86% maturing through the year 2048. It is the opinion of management that all bonds are fully collectible; therefore, no provision for uncollectible amounts is included in these financial statements.

NOTE 7: *Available Federal Funds*

As of August 31, 2017, the amount of Federal Funds available through the Automated Standard Application for Payments that remain undrawn for the Drinking Water State Revolving Fund was \$7,397,448.53.

NOTE 8: *Status of Available Administrative Funding*

The Texas Water Development Board has been awarded grants for this program totaling \$1,324,879,350.00. The remaining administrative funding at August 31, 2017, relative to the 4% cap is \$87,412.88. During Fiscal Year 2017, \$2,316,747.12 was drawn against the administration portion of the grant to reimburse expenses incurred in General Revenue, while another \$1,637.65 was accrued as a receivable as of August 31, 2017.

Loans issued in Fiscal Year 2017 resulted in the collection of administrative cost recovery charges. The Texas Water Development Board has collected service charges totaling \$31,710,992.00 from DWSRF loan recipients. In Fiscal Year 2017, \$3,926,552.00, was collected. There were no expenditures to pay for bank service fees.

NOTE 9: *State Match Requirements*

Deferral of State match deposits was allowed by EPA for FY97 grant payments until September 30, 1999. Deposits of match funds have been made to the fund bringing the total match for federal reporting purposes to \$252,847,925.00. During Fiscal Year 2017, \$9,600.429.00 of state match bond proceeds were transferred.

Combining Statements

UNAUDITED

Drinking Water State Revolving Fund

Exhibit F-1 - Combined Statement of Net Position - Proprietary Funds

August 31, 2017

	Drinking Water Loan Program	Administration (Federal)	Administration (Fees)	Set Asides (Exhibit SA-2)	Totals (Exhibit I)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in Bank (Note 3)	\$ 0.42				\$ 0.42
Cash Equivalents	59,566,691.37		7,863,852.66		67,430,544.03
Short Term Investments	194,515,958.12		25,673,913.40		220,189,871.52
Receivables from:					
Federal	7,549,285.96	1,637.65		1,867,515.07	9,418,438.68
Interest and Dividends	15,928,200.18		4,964.49		15,933,164.67
Loans and Contracts	55,591,580.49				55,591,580.49
Total Current Assets	333,151,716.54	1,637.65	33,542,730.55	1,867,515.07	368,563,599.81
Non-Current Assets:					
Loans and Contracts	948,641,202.79				948,641,202.79
Total Non-Current Assets	948,641,202.79	-	-	-	948,641,202.79
Total Assets	1,281,792,919.33	1,637.65	33,542,730.55	1,867,515.07	1,317,204,802.60
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts Payable	-				-
Interfund Payables	9,166,968.88				9,166,968.88
Due to Other Agencies	(1,637.65)	1,637.65		1,867,515.07	1,867,515.07
Total Current Liabilities	9,165,331.23	1,637.65	-	1,867,515.07	11,034,483.95
Non-Current Liabilities:					
Interfund Payables	84,191,737.25				84,191,737.25
Total Non-Current Liabilities	84,191,737.25	-	-	-	84,191,737.25
Total Liabilities	93,357,068.48	1,637.65	-	1,867,515.07	95,226,221.20
NET POSITION					
Restricted for:					
Other	1,188,435,850.85		33,542,730.55		1,221,978,581.40
Total Net Position	\$ 1,188,435,850.85	\$ -	\$ 33,542,730.55	\$ -	\$ 1,221,978,581.40

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

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Drinking Water State Revolving Funds
Exhibit F-2 - Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended August 31, 2017

	Drinking Water Loan Program	Administration (Federal)	Administration (Fees)	Set Asides (Exhibit SA-2)	Totals (Exhibit II)
OPERATING REVENUES:					
Interest and Investment Income	\$ 8,924,820.69		\$ 10,112,234.00		\$ 19,037,054.69
Net Increase (Decrease) Fair Market Value	(54,828.96)		(7,238.39)		(62,067.35)
Other Operating Revenue	3,737,615.90		184,535.10		3,922,151.00
Total Operating Revenues	12,607,607.63	-	10,289,530.71	-	22,897,138.34
OPERATING EXPENSES:					
Salaries and Wages		1,864,391.78		5,586,033.58	7,450,425.36
Payroll Related Costs		329,990.13		1,206,196.62	1,536,186.75
Professional Fees and Services		48,432.85	8,662.50	-	57,095.35
Travel		19,647.78		108,264.93	127,912.71
Materials and Supplies		2,296.45		59,857.07	62,153.52
Communication and Utilities		11,869.10	4,277.82	-	16,146.92
Repairs and Maintenance		189.90		-	189.90
Rentals and Leases		28,590.25		-	28,590.25
Interest	4,332,940.78			-	4,332,940.78
Other Operating Expenses		11,338.88		2,643,211.92	2,654,550.80
Total Operating Expenses	4,332,940.78	2,316,747.12	12,940.32	9,603,564.12	16,266,192.34
Operating Income (Loss)	8,274,666.85	(2,316,747.12)	10,276,590.39	(9,603,564.12)	6,630,946.00
NONOPERATING REVENUE (EXPENSES):					
Federal Revenue	88,972,675.38	2,316,747.12		9,603,564.12	100,892,986.62
Other Benefit Payments	(2,933,300.00)				(2,933,300.00)
Other Intergovernmental Payments	(7,059,183.20)				(7,059,183.20)
Other Nonoperating Revenue (Expenses)	2,336,171.00				2,336,171.00
Total Nonoperating Revenue (Expenses)	81,316,363.18	2,316,747.12	-	9,603,564.12	93,236,674.42
Income/(Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	89,591,030.03	-	10,276,590.39	-	99,867,620.42
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:					
Change in Net Position	89,591,030.03	-	10,276,590.39	-	99,867,620.42
Total Net Position - Beginning	1,098,844,820.82		23,266,140.16		1,122,110,960.98
Total Net Position, August 31, 2017	\$ 1,188,435,850.85	\$ -	\$ 33,542,730.55	\$ -	\$ 1,221,978,581.40

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

UNAUDITED

Drinking Water State Revolving Fund
Exhibit SA-2 - Combining Statement of Expenses - Set Aside Programs
For the Fiscal Year Ended August 31, 2017

	PWSS Program Administration	PWSS Enforcement	PWSS Homeland Security	Source Water Protection	Capacity Development	Inspection and Investigation	Technical Assistance	Laboratory Accreditation	Support Services	Totals (Exhibit F-2)
OPERATING EXPENSES:										
Salaries and Wages	\$ 192,453.00	\$ 108,701.42	\$ 58,845.26	\$ 50,206.69	\$ 2,298,375.52	\$ 1,601,208.63	\$ 37,528.89	\$ 108,698.41		\$ 4,456,017.82
Payroll Related Costs	58,217.50	32,950.24	17,831.36	15,073.50	555,548.94	482,382.53	11,363.19	32,829.36		1,206,196.62
Travel	36,126.53		3,315.96		48,099.97	430.00	4,398.62	15,893.85		108,264.93
Materials and Supplies	49,484.91				740.00	3,633.00	5,999.16			59,857.07
Other Operating Expenses	1,173,708.05		499.00		1,204,164.16	37,108.22	173,300.46	10,748.00	43,684.03	2,643,211.92
Indirect	54,540.62	30,869.17	16,705.17	14,121.51	520,461.58	451,916.26	10,645.50	30,755.95		1,130,015.76
Total Operating Expenses	<u>\$1,564,530.61</u>	<u>\$ 172,520.83</u>	<u>\$ 97,196.75</u>	<u>\$ 79,401.70</u>	<u>\$ 4,627,390.17</u>	<u>\$2,576,678.64</u>	<u>\$ 243,235.82</u>	<u>\$ 198,925.57</u>	<u>\$43,684.03</u>	<u>\$ 9,603,564.12</u>

Schedules

UNAUDITED

Texas Water Development Board

Schedule 1 - Loans and Contracts

For the Fiscal Year Ended August 31, 2017

Recipient	Original Amount	Outstanding Balance	Due From	Due To
Drinking Water State Revolving Fund				
Abilene	\$ 2,500,000.00	\$ 2,020,000.00	02/15/2014	02/15/2033
Agua SUD	3,967,000.00	3,020,000.00	08/01/2011	08/01/2040
Agua SUD	3,565,000.00	3,100,000.00	08/01/2015	08/01/2034
Aledo	5,765,000.00	3,545,000.00	08/15/2009	08/15/2028
Alpine	4,131,000.00	2,613,000.00	03/01/2007	03/01/2036
Altoga WSC	1,059,999.96	899,999.96	06/01/2013	06/01/2032
Alvord	360,000.00	150,000.00	10/01/2004	10/01/2023
Alvord	360,000.00	190,000.00	10/01/2006	10/01/2025
Amarillo	1,310,000.00	795,000.00	04/01/2014	04/01/2023
Amarillo	17,195,000.00	15,490,000.00	04/01/2016	04/01/2035
Amarillo	18,075,000.00	12,670,000.00	05/15/2012	05/15/2031
Anahuac	700,000.00	140,000.00	08/01/2006	08/01/2025
Anahuac	5,175,000.00	5,175,000.00	10/15/2018	10/15/2047
Anthony	980,000.00	980,000.00	02/15/2018	02/15/2046
Anthony	735,000.00	522,000.00	02/15/2015	02/15/2024
Arlington	38,000,000.00	20,900,000.00	06/01/2009	06/01/2028
Ballinger	3,865,000.00	2,695,000.00	06/01/2009	06/01/2038
Ballinger	605,000.00	545,000.00	06/01/2017	06/01/2026
Bandera Co FWSD # 1	585,000.00	545,000.00	08/15/2016	08/15/2035
Bangs	231,000.00	133,000.00	02/15/2015	02/15/2021
Baytown Area WA	9,975,000.00	3,505,000.00	05/01/2007	05/01/2026
Beechwood WSC	1,369,000.00	985,000.00	07/01/2009	07/01/2038
Beeville	3,300,000.00	3,145,000.00	02/15/2017	02/15/2036
Benton City WSC	145,000.00	81,000.00	10/01/2001	10/01/2030
Bistone Municipal WSD	6,130,000.00	5,325,000.00	06/01/2015	06/01/2034
Blossom	600,000.00	565,000.00	01/01/2011	01/01/2039
Bolivar Peninsula SUD	840,000.00	740,000.00	02/15/2010	02/15/2036
Bolivar Peninsula SUD	5,070,000.00	4,645,000.00	02/15/2010	02/15/2038
Bolivar Peninsula SUD	1,200,000.00	995,000.00	02/15/2010	02/15/2027
Bolivar Peninsula SUD	2,360,000.00	2,000,000.00	02/15/2010	02/15/2028
Bonham	7,355,000.00	4,655,000.00	02/15/2007	02/15/2036
Brady	6,115,000.00	2,940,000.00	05/01/2002	05/01/2031
Brady	350,000.00	280,000.00	09/01/2015	09/01/2024
Brazosport WA	15,500,000.00	14,050,000.00	09/01/2015	09/01/2034
Breckenridge	2,380,000.00	2,280,000.00	03/15/2016	03/15/2045
Breckenridge	1,680,000.00	1,545,000.00	03/15/2015	03/15/2044
Bright Star-Salem SUD	5,930,000.00	4,625,000.00	09/01/2011	09/01/2030
Brown Co WID # 1	20,490,000.00	12,510,000.00	02/01/2009	02/01/2028
Brownwood	6,335,000.00	3,035,000.00	03/15/2006	03/15/2025
Burleson Co MUD # 1	1,440,000.00	1,042,000.00	06/01/2005	06/01/2034
Burleson Co MUD # 1	120,000.00	80,000.00	06/01/2006	06/01/2035
Burnet	110,000.00	60,000.00	08/15/2013	08/15/2022
Cameron	9,305,000.00	8,975,000.00	03/01/2017	03/01/2042
Carbon	95,000.00	89,000.00	02/15/2016	02/15/2035
Castroville	350,000.00	210,000.00	02/01/2014	02/01/2023
Castroville	3,500,000.00	3,265,000.00	08/01/2016	08/01/2035
Central Texas WSC	22,340,000.00	14,276,522.00	03/15/2010	02/15/2030
Cisco	3,000,000.00	2,445,000.00	02/15/2010	02/15/2038
Cisco	2,200,000.00	1,575,000.00	02/15/2010	02/15/2038
Cockrell Hill	1,875,000.00	1,415,000.00	04/01/2012	04/01/2031
Coleman	5,025,000.00	3,665,000.00	04/01/2010	04/01/2039
Comanche	705,000.00	645,000.00	09/01/2014	09/01/2043

UNAUDITED

Texas Water Development Board

Schedule 1 - Loans and Contracts

For the Fiscal Year Ended August 31, 2017

Recipient	Original Amount	Outstanding Balance	Due From	Due To
Commerce	2,274,000.00	1,869,000.00	02/15/2013	02/15/2040
Commerce	466,000.00	386,000.00	02/15/2013	02/15/2040
Corpus Christi	51,215,000.00	50,370,000.00	07/15/2017	07/15/2045
Coryell City WSD	2,000,000.00	2,000,000.00	10/01/2018	10/01/2037
Cottonwood Shores	1,395,000.00	1,395,000.00	05/01/2018	05/01/2037
Cotulla	3,920,000.00	3,920,000.00	02/01/2019	02/01/2047
Del Rio	6,220,000.00	1,870,000.00	06/01/2004	06/01/2022
Del Rio	9,645,000.00	6,995,000.00	06/01/2012	06/01/2040
Del Rio	5,845,000.00	622,000.00	06/01/2001	06/01/2020
Del Rio	5,400,000.00	1,080,000.00	06/01/2002	06/01/2021
DeLeon	80,000.00	60,000.00	02/15/2014	02/15/2023
DeLeon	520,000.00	480,000.00	02/15/2015	02/15/2043
Denton Co FWSD #1A	3,260,000.00	2,270,000.00	12/15/2011	12/15/2030
Deport	350,000.00	90,000.00	09/01/2001	09/01/2020
Eagle Pass	7,455,000.00	2,870,000.00	12/01/2003	12/01/2032
Eagle Pass	17,090,000.00	17,090,000.00	12/01/2018	12/01/2046
Eagle Pass	11,545,000.00	6,925,000.00	12/01/2005	12/01/2034
Eagle Pass	5,400,000.00	4,235,000.00	12/01/2004	12/01/2033
Eagle Pass Water Works System	5,795,000.00	5,450,000.00	12/01/2013	12/01/2042
East Cedar Creek FWSD	730,000.00	430,000.00	07/01/2008	07/01/2027
East Rio Hondo WSC	1,379,000.00	1,229,500.00	10/01/2014	09/01/2034
East Tawakoni	1,215,000.00	845,000.00	01/01/2008	01/01/2027
East Tawakoni	1,000,000.00	835,000.00	01/01/2012	01/01/2030
Eastland	2,385,000.00	1,770,000.00	12/01/2009	12/01/2036
Eastland Co WSD	3,495,000.00	3,285,000.00	01/01/2015	01/01/2044
Edgewood	835,000.00	765,000.00	05/01/2011	05/01/2039
Edinburg	5,405,000.00	5,135,000.00	03/01/2017	03/01/2036
Edinburg	10,425,000.00	8,985,000.00	03/01/2015	03/01/2034
El Campo	375,000.00	263,000.00	02/01/2015	02/01/2024
El Jardin WSC	3,545,000.00	2,405,000.00	09/01/2004	09/01/2033
El Paso Co Tornillo WID	130,000.00	95,000.00	08/01/2011	08/01/2038
Eldorado	560,000.00	500,000.00	08/01/2015	08/01/2036
Emory	720,000.00	597,000.00	07/01/2014	07/01/2033
Eules	4,685,000.00	4,245,000.00	07/15/2016	07/15/2035
Fayetteville	200,000.00	180,000.00	08/01/2016	08/01/2035
Flatonia	660,000.00	310,000.00	09/01/2007	09/01/2026
Fort Worth	49,585,000.00	29,315,000.00	03/01/2009	03/01/2027
Fort Worth	40,000,000.00	27,290,000.00	02/15/2011	02/15/2030
Fort Worth	16,145,000.00	10,475,000.00	02/15/2011	02/15/2030
G-M WSC	2,970,000.00	2,521,800.00	03/15/2010	02/15/2040
Golden WSC	1,070,000.00	-	07/01/2008	07/01/2027
Goldthwaite	1,480,000.00	1,410,000.00	11/01/2015	11/01/2044
Gorman	140,000.00	126,000.00	03/01/2016	03/01/2030
Granbury	16,430,000.00	16,215,000.00	08/15/2017	08/15/2045
Granbury	2,720,000.00	2,720,000.00	08/15/2018	08/15/2027
Granbury	15,000,000.00	15,000,000.00	08/15/2018	08/15/2037
Grand Prairie	4,000,000.00	3,280,000.00	01/15/2015	01/15/2030
Greater Texoma UA	325,000.00	65,000.00	10/01/1999	10/01/2018
Greater Texoma UA	1,745,000.00	1,005,000.00	06/01/2008	06/01/2027
Greater Texoma UA	485,000.00	350,000.00	06/01/2015	06/01/2024
Greater Texoma UA	3,695,000.00	3,305,000.00	08/15/2015	08/15/2034
Greater Texoma UA	2,515,000.00	2,235,000.00	10/01/2016	10/01/2024
Greater Texoma UA	2,875,000.00	2,715,000.00	06/01/2016	06/01/2034
Greater Texoma UA	27,310,000.00	26,030,000.00	10/01/2016	10/01/2035
Greater Texoma UA	2,125,000.00	2,115,000.00	08/15/2017	08/15/2037

UNAUDITED

Texas Water Development Board

Schedule 1 - Loans and Contracts

For the Fiscal Year Ended August 31, 2017

Recipient	Original Amount	Outstanding Balance	Due From	Due To
Greater Texoma UA	7,155,000.00	7,155,000.00	10/01/2018	10/01/2037
Greenville	305,000.00	200,000.00	02/15/2011	02/15/2029
Groesbeck	1,025,000.00	640,000.00	08/15/2007	08/15/2036
Groesbeck	2,150,000.00	1,646,000.00	02/15/2011	02/15/2040
Hamlin	5,500,000.00	2,660,000.00	03/01/2002	03/01/2031
Harris Co MUD #50	2,470,000.00	2,360,000.00	03/01/2017	03/01/2035
Harris Co MUD #148	2,710,000.00	2,105,000.00	04/01/2012	04/01/2031
Harris Co WCID #36	3,885,000.00	3,565,000.00	09/01/2015	09/01/2034
Harris Co WCID #36	5,000,000.00	3,180,000.00	09/15/2009	09/15/2027
Hico	1,520,000.00	1,345,000.00	08/15/2014	08/15/2042
Hidalgo Co MUD #1	5,605,000.00	4,165,000.00	02/15/2010	02/15/2039
Hondo	490,000.00	300,000.00	02/01/2014	02/01/2023
Hondo	5,470,000.00	5,285,000.00	08/01/2017	08/01/2036
Honey Grove	2,700,000.00	2,700,000.00	09/01/2017	09/01/2045
Honey Grove	200,000.00	122,000.00	03/01/2014	03/01/2023
Houston	48,040,000.00	43,510,000.00	11/15/2015	11/15/2034
Houston Co WCID #1	5,940,000.00	4,655,000.00	08/01/2009	08/01/2038
Hubbard	1,500,000.00	1,360,000.00	02/15/2014	02/15/2043
Jefferson	2,600,000.00	2,600,000.00	02/15/2018	02/15/2037
Karnes City	3,600,000.00	3,070,000.00	06/01/2011	06/01/2037
Kountze	930,000.00	345,000.00	03/15/2000	03/15/2024
La Feria	880,000.00	740,000.00	09/15/2013	09/15/2032
Ladonia	200,000.00	140,000.00	02/15/2015	02/15/2024
Lake Livingston WSSSC	3,130,000.00	3,030,000.00	12/01/2015	12/01/2034
Lake Livingston WSSSC	17,500,000.00	16,105,000.00	12/01/2010	12/01/2039
Lake Palo Pinto Area WSC	130,000.00	100,000.00	04/01/2015	04/01/2024
Lake Palo Pinto Area WSC	1,480,000.00	1,430,000.00	04/01/2017	04/01/2036
Lamar Co WSD	3,170,000.00	2,505,000.00	07/10/2008	07/10/2027
Lamar Co WSD	1,380,000.00	1,250,000.00	07/10/2012	07/10/2039
Laredo	5,500,000.00	5,175,000.00	03/01/2016	03/01/2045
Laredo	4,600,000.00	4,315,000.00	03/01/2016	03/01/2045
Lee Co FWSD #1	525,000.00	510,000.00	03/01/2017	03/01/2046
Liberty	915,000.00	825,000.00	03/01/2017	03/01/2026
Los Fresnos	1,000,000.00	925,000.00	02/01/2016	02/01/2025
Lower Neches Valley Authority	18,495,000.00	17,170,000.00	08/01/2009	08/01/2035
Lower Valley WD	10,175,000.00	170,000.00	09/15/2010	09/15/2029
Marlin	10,380,000.00	7,900,000.00	07/01/2007	07/01/2036
Marlin	1,680,000.00	1,660,000.00	07/01/2015	07/01/2042
Melvin	180,000.00	180,000.00	09/01/2018	09/01/2047
Menard	550,000.00	330,000.00	03/01/2014	03/01/2023
Mexia	560,000.00	190,000.00	08/15/2003	08/15/2022
Mexia	605,000.00	265,000.00	08/15/2005	08/15/2024
Mexia	2,780,000.00	1,980,000.00	08/15/2010	08/15/2038
Mexia	960,000.00	680,000.00	08/15/2010	08/15/2038
Midlothian	25,010,000.00	16,425,000.00	09/01/2009	09/01/2028
Millersview-Doole WSC	15,816,000.00	12,145,000.00	12/01/2005	12/01/2034
Mission	7,780,000.00	5,485,000.00	02/15/2011	02/15/2030
Montgomery	1,730,000.00	1,730,000.00	03/01/2018	03/01/2037
Moran	180,000.00	165,000.00	02/15/2015	02/15/2044
Mount Calm	331,000.00	143,000.00	03/01/2005	03/01/2024
Mount Pleasant	24,785,000.00	21,625,000.00	03/15/2009	03/15/2033
Mountain Peak SUD	995,000.00	645,000.00	12/01/2010	12/01/2029
Nacogdoches	7,770,000.00	3,880,000.00	03/01/2008	03/01/2027
North Central Texas MWA	5,500,000.00	4,760,000.00	07/10/2014	07/10/2043
North San Saba WSC	310,000.00	150,161.32	02/01/2012	01/01/2022

UNAUDITED

Texas Water Development Board

Schedule 1 - Loans and Contracts

For the Fiscal Year Ended August 31, 2017

Recipient	Original Amount	Outstanding Balance	Due From	Due To
North San Saba WSC	335,000.00	312,500.00	01/01/2014	01/01/2044
Palmer	1,405,000.00	435,000.00	07/01/2003	07/01/2022
Paris	2,900,000.00	2,300,000.00	06/15/2014	06/15/2032
Pearland	10,225,000.00	10,225,000.00	09/01/2018	09/01/2027
Pearland	12,025,000.00	12,025,000.00	09/01/2018	09/01/2047
Pecos City	8,315,000.00	1,750,000.00	06/15/2001	06/15/2020
Pharr	13,310,000.00	10,320,000.00	09/01/2008	09/01/2027
Pharr	8,725,000.00	7,960,000.00	09/01/2014	09/01/2042
Port Arthur	2,080,000.00	1,670,000.00	02/15/2016	02/15/2025
Port Lavaca	1,535,000.00	-	02/15/2005	02/15/2024
Port Mansfield PUD	220,000.00	214,000.00	04/01/2017	04/01/2046
Porter SUD	1,590,000.00	970,000.00	06/01/2009	06/01/2028
Possum Kingdom WSC	1,625,000.00	1,190,000.00	12/15/2010	12/15/2029
Possum Kingdom WSC	4,700,000.00	1,845,000.00	12/15/2004	12/15/2023
Raymondville	2,145,000.00	1,995,000.00	04/01/2014	04/01/2033
Red River Co WSC	1,250,000.00	1,092,000.00	04/01/2014	04/01/2041
Reklaw	300,000.00	300,000.00	03/01/2018	03/01/2047
Reno	1,145,000.00	730,000.00	01/01/2005	01/01/2024
Reno	900,000.00	590,000.00	01/01/2006	01/01/2024
Rio Grande City	8,700,000.00	7,560,000.00	02/15/2011	02/15/2040
Rio Grande City	12,200,000.00	9,785,000.00	02/15/2011	02/15/2040
Rio Hondo	1,278,000.00	1,033,000.00	08/01/2014	08/01/2033
Rio Hondo	300,000.00	285,000.00	08/01/2017	08/01/2036
River Oaks	8,000,000.00	8,000,000.00	06/15/2018	06/15/2047
Robert Lee	758,000.00	678,000.00	12/01/2013	12/01/2042
Robert Lee	67,000.00	59,000.00	12/01/2013	12/01/2042
Rogers	2,205,000.00	2,205,000.00	08/15/2019	08/15/2047
Roma	2,327,000.00	967,000.00	11/01/2000	11/01/2029
Round Rock	12,000,000.00	6,740,000.00	08/01/2008	08/01/2026
San Antonio Water System	26,370,000.00	21,510,000.00	05/15/2014	05/15/2033
San Antonio Water System	22,400,000.00	19,245,000.00	05/15/2015	05/15/2034
San Antonio Water System	75,920,000.00	71,560,000.00	05/15/2016	05/15/2045
San Antonio Water System	12,500,000.00	12,335,000.00	05/15/2017	05/15/2046
San Juan	6,170,000.00	5,675,000.00	01/01/2015	01/01/2033
San Juan	1,400,000.00	1,205,000.00	01/01/2015	01/01/2033
San Saba	165,000.00	120,000.00	03/01/2015	03/01/2024
Santa Rosa	1,475,000.00	440,000.00	02/01/2007	02/01/2026
Seis Lagos UD	1,335,000.00	825,000.00	03/01/2008	03/01/2027
Seymour	2,115,000.00	2,115,000.00	03/01/2019	03/01/2048
Skyline Ranch Estates WSC	340,000.00	301,500.00	10/01/2014	09/01/2034
Smyer	135,000.00	120,000.00	02/15/2015	02/15/2034
Sonora	2,925,000.00	2,070,000.00	12/01/2010	12/01/2029
South Houston	2,010,000.00	1,435,000.00	03/01/2011	03/01/2030
Southmost Regional WA	3,795,000.00	2,790,000.00	09/01/2010	09/01/2029
Southmost Regional WA	9,295,000.00	7,125,000.00	09/01/2010	09/01/2039
Springs Hill WSC	1,100,000.00	935,000.00	11/01/2013	11/01/2032
Springs Hill WSC	3,130,000.00	2,194,000.00	11/01/2011	11/01/2030
Stamford	9,530,000.00	9,260,000.00	02/15/2017	02/15/2046
Stephens Regional SUD	1,740,000.00	1,565,000.00	08/15/2013	08/15/2042
Sunbelt FWSD	2,630,000.00	110,000.00	12/01/2002	12/01/2026
Surfside Beach	1,655,000.00	1,040,000.00	02/15/2009	02/15/2028
Sweetwater	1,935,000.00	1,650,000.00	08/15/2015	08/15/2033
Sweetwater	5,000,000.00	4,755,000.00	08/15/2017	08/15/2036
Tioga	580,000.00	415,000.00	04/01/2002	04/01/2031
Tioga	1,050,000.00	1,050,000.00	03/15/2019	03/15/2042

UNAUDITED

Texas Water Development Board
Schedule 1 - Loans and Contracts

For the Fiscal Year Ended August 31, 2017

Recipient	Original Amount	Outstanding Balance	Due From	Due To
Trinidad	250,000.00	205,000.00	01/01/2009	01/01/2037
Troy	2,100,000.00	2,100,000.00	02/01/2019	02/01/2048
Tyler County SUD	1,250,000.00	870,000.00	09/01/2011	09/01/2040
Tyler County SUD	775,000.00	673,000.00	09/01/2011	09/01/2040
Union WSC	1,665,000.00	1,557,800.00	02/01/2014	02/01/2044
Upper Leon River MWD	775,000.00	560,000.00	05/01/2015	05/01/2024
Upper Leon River MWD	7,452,000.00	7,452,000.00	05/01/2018	05/01/2047
Upper Leon River MWD	1,863,000.00	1,863,000.00	05/01/2018	05/01/2047
Victoria Co WCID # 1	2,515,000.00	2,200,000.00	03/01/2010	03/01/2029
Wellborn SUD	3,500,000.00	2,450,000.00	07/15/2008	07/15/2027
Wellman	140,000.00	135,000.00	02/15/2017	02/15/2036
West Tawakoni	1,125,000.00	1,125,000.00	02/01/2018	02/01/2047
White River MWD	1,055,000.00	960,000.00	06/01/2014	06/01/2043
Willis	3,150,000.00	2,880,000.00	08/01/2014	08/01/2043
Willow Park	685,000.00	625,000.00	02/15/2016	02/15/2035
Willow Park	995,000.00	995,000.00	02/15/2018	02/15/2037
Winters	1,645,000.00	1,175,000.00	10/01/2009	10/01/2038
Winters	425,000.00	345,000.00	10/01/2015	10/01/2024
Wolfe City	1,015,000.00	835,000.00	09/15/2012	09/15/2041
Woodsboro	520,000.00	385,000.00	03/01/2009	03/01/2028
Wortham	280,000.00	229,000.00	08/15/2014	08/15/2033
Zapata County	14,808,000.00	11,345,000.00	02/15/2011	02/15/2040
Zavala Co WCID #1	760,000.00	690,000.00	01/01/2014	01/01/2043
Total - Drinking Water State Revolving Fund	\$ 1,278,376,999.96	\$ 1,004,232,783.28		

Attachment B: TCEQ – Small Systems Technical Assistance Annual Report

**STATE FISCAL YEAR 2017
DRINKING WATER STATE REVOLVING FUND
SMALL SYSTEM TECHNICAL ASSISTANCE
(2%) TWO PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-996795-20
[TCEQ Grant# 990217]**

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

**Source of Funding: Federal Fiscal Year 2016 DWSRF Two Percent Set-aside and Remaining
Unliquidated Obligations from Prior Years**

Submitted November, 2017

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INTRODUCTION

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

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

The 2017 Drinking Water State Revolving Fund 2% Small Systems Technical Assistance Annual Report details the TCEQ's progress in meeting DWSRF grant program goals, objectives, and funding expenditures for September 1, 2016 through August 31, 2017 using the 2% Set-Aside funds for Source Water Protection, Capacity Development and Public Water System Supervision Program (PWSSP) Administration in support of small Public Water Systems (PWS). The Annual Report includes details on federal and state Program Goals and Objectives, Performance Measures, funding mechanisms and Expenditures and Program Elements, Tasks and Deliverables.

SUMMARY

The TCEQ, through the 2% Small Systems Technical Assistance Work Plan, identified activities to be performed between September 1, 2016 and August 31, 2017 that supported small PWS through the State's PWSSP. These activities addressed program requirements of the PWSSP outlined by the SDWA. Specifically, Source Water Protection and Capacity Development Strategy requirements of the SDWA were addressed.

The TCEQ expended approximately \$1,343,735 during the grant Work Plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$1,050,556 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the

remainder, or approximately \$293,197, has been or is expected to be requested during the months of September 2017 through November 2017. No match is required; the 2% DWSRF set-aside does not require a match.

The total requested for reimbursement from TWDB between September 2016 and August 2017 was \$1,535,819. Of this amount, approximately \$485,263 was requested for reimbursement from TWDB between September 2016 and November 2016 under the SFY2016/FFY2015 DWSRF 2% Set-Aside Work Plan. Work was performed as described in the Work Plan unless otherwise noted in this report.

EPA AND TCEQ GOALS AND OBJECTIVES

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

Table 1: EPA and TCEQ Goals and Objectives

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
<p>EPA Goal 2: Protecting America's Waters</p> <p>Protect and restore waters to ensure that drinking water is safe and sustainably managed, and that aquatic ecosystems sustain fish, plants, wildlife, and other biota, as well as economic, recreational, and subsistence activities.</p> <p>EPA Objective 2.1: Protect Human Health</p> <p>Achieve and maintain standards and guidelines protective of human health in drinking water supplies, fish, shellfish, and recreational waters, and protect and sustainably manage drinking water resources.</p>	<p>TCEQ Goal 02: Drinking Water</p> <p>To protect public health and the environment by assuring the delivery of safe drinking water to the citizens of Texas consistent with requirements in the Safe Drinking Water Act; by providing regulatory oversight of water conservation and reclamation districts; and by promoting regional water strategies.</p> <p>TCEQ Goal 02: Objective 01</p> <p>To supply 95 percent of Texans served by public drinking water systems with drinking water consistent with requirements in the Safe Drinking Water Act. To provide regulatory oversight of water conservation and reclamation districts and to promote regional water strategies.</p> <p>TCEQ Strategy 02-01-01: Safe Drinking Water</p> <p>Ensure the delivery of safe drinking water to all citizens through monitoring and oversight of drinking water sources consistent with the requirements of the Safe Drinking Water Act.</p>

WORK PROGRAM ORGANIZATIONAL STRUCTURE

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

EXPENDITURE BY PROGRAM ELEMENT

Funding was allocated by Program Element. The Expenditure Summary Table (Table 2 below) provides expenditure information as of November 15, 2017 and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$1,343,735 during the grant work plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$1,050,556 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder, or approximately \$293,179, has been or is expected to be requested during the months of September 2017 through November 2017. No match is required; the 2% DWSRF Set-Aside does not require a match. Work was performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2016 and August 2017 was \$1,535,819. Of this amount, approximately \$485,263 was requested for reimbursement from TWDB between September 2016 and November 2016 under the SFY2016/FFY2015 DWSRF 2% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2016 and August 2017 for the SFY17/FFY16 2% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total
Program Element 1: Source Water Protection Programs	Water Supply	\$26,639	\$26,639	2%
Program Element 2: Capacity Development	Water Supply	\$785,349	\$916,161	68%
Program Element 3: PWSSP Administration	Water Supply	\$238,568	\$400,935	30%
Total		\$1,050,556	\$1,343,735	100%

PROJECT SCHEDULE

The TCEQ conducted the activities in the DWSRF 2% Set-Aside Work Plans over a 12-month period, which began September 1, 2016 and ended August 31, 2017 (SFY 2017).

MEASURES OF SUCCESS

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

Table 3: TCEQ Outcome/Output Measures

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<u>02-01.01 Outcome Measure:</u> Percent of Texas population served by public drinking water systems which meet drinking water standards.	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – Small System FMT Assistance • Program Element 3: Task 3.1 PWSSP Administration – PWSSP Activities 	96% of Texas population served by public drinking water systems that meet drinking water standards.
<u>02-01-01.01 Output Measure:</u> Number of public drinking water systems that meet primary drinking water standards.	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – Small System FMT Assistance • Program Element 3: Task 3.1 PWSSP Administration – PWSSP Activities 	6,635 public drinking water systems that meet primary drinking water standards.

Table 4: EPA Program Activity Measures (PAMS)

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-211:</u></p> <p>Percent of the population served by community water systems that receive drinking water that meets all applicable health-based drinking water standards through approaches including effective treatment and Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – Small System FMT Assistance • Program Element 3: Task 3.1 PWSS Program Administration – PWSS Program Activities 	<p>98% of the population in Texas was served drinking water that meets the Safe Drinking Water Act (SDWA) regulations.</p>
<p><u>SDW-SP1.N11:</u></p> <p>Percent of community water systems that meet all applicable health-based standards through approaches that include effective treatment and Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – Small System FMT Assistance • Program Element 3: Task 3.1 PWSSP Administration – PWSSP Activities 	<p>98% of community water systems in Texas provide drinking water that meets all applicable health-based standards through effective treatment and Source Water Protection.</p>

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-SP2:</u></p> <p>Percent of "person months" (i.e. all persons served by community water systems times 12 months) during which community water systems provide drinking water that meets all applicable health-based drinking water standards.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – Small System FMT Assistance • Program Element 3: Task 3.1 PWSSP Administration – PWSS Program Activities 	<p>97% of “person months” during which community water systems provide drinking water that meets health-based standards.</p>
<p><u>SDW-SP4a:</u></p> <p>Percent of community water systems where risk to public health is minimized through Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities 	<p>37% of community water systems where risk to public health is minimized through Source Water Protection</p>
<p><u>SDW-SP4b:</u></p> <p>Percent of the population served by community water systems where risk to public health is minimized through Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities 	<p>62% of population served by community water systems where risk to public health is minimized through Source Water Protection</p>

PROGRAM ELEMENTS, TASKS, DELIVERABLES AND OUTPUTS

The following describes the Work Plan Deliverables and Outputs provided for the Program Elements and Tasks identified in the 2% DWSRF Work Plan for SFY 2017.

Program Element 1: Source Water Protection Programs

This Program Element and associated Task implemented Source Water Protection (which includes both surface and wellhead protection) programs within the State in order to provide ongoing assistance to small PWS through evaluation of sources with respect to vulnerability to contamination. An estimated total of \$26,639 was expended for activities conducted during the Work Plan period of September 1, 2016 through August 31, 2017. Of the total estimated amount expended \$26,639 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017. All work was performed during the designated Work Plan period of September 1, 2016 through August 31, 2017.

Task 1.1 Source Water Protection Programs – Source Water Protection Activities

This Task provided for Source Water Protection (which includes both surface and wellhead protection) activities within the state in order to provide ongoing assistance to small PWS through evaluation of sources with respect to vulnerability to contamination. TCEQ staff supported this Task.

The key deliverables are completed Source Water Protection reports provided to one (1) small PWS in order to assist in the implementation of programs designed to provide Source Water Protection within the State.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for one (1) small PWS;	TCEQ completed two (2) Source Water Protection Assessments under this grant. A total of 10 PWS were evaluated in three (3) counties under this grant.
2. Implemented Source Water Protection programs in various areas of the State for one (1) small PWS;	TCEQ completed five (5) Source Water Protection Plans, two (2) were conducted under this grant.
3. Best management practices developed to implement Source Water Protection for one (1) small PWS;	TCEQ implemented best management practices for two (2) water systems under this grant.

Work Plan Deliverable	Output Provided
4. Meetings and site visits in order to facilitate the creation of Source Water Protection programs with one (1) small PWS;	Source Water Protection participants attended six (6) meetings and TCEQ conducted site visits in conjunction with development of the Source Water Protection Plans. Each of the two (2) Source Water Protection Plans completed required water systems to attend an introduction meeting, education outreach event, site inventory and close out meeting.
5. Evaluation of potential contamination inventories for one (1) small PWS;	TCEQ inventoried ten (10) Source Water Protection Areas.
6. Identification of populations protected by a Source Water Protection program and served by vulnerable water sources for one (1) small PWS; and	TCEQ identified a population of 4,084 protected by a Source Water Protection Program and served by vulnerable water sources.
7. Other activities in support of the Source Water Protection program within the State of Texas.	TCEQ staff and contractors worked with Texas Rural Water Association to complete Source Water Protection technical assistance, including assisting water systems with best management practices and updating Source Water Protection plans. TCEQ staff gave presentations on Source Water Protection and best management practices at the TCEQ Public Drinking Water Conference in Austin, Texas, Texas Water Utilities Association Annual Short School in Corpus Christi, Texas and Texas Water Utilities Association Regional School in Abilene, Texas.

Program Element 2: Capacity Development

This Program Element provided assistance to small PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Program Element were used to increase the financial, managerial, and technical (FMT) abilities of small PWS through the identification of small PWS that need assistance in developing, enhancing, and maintaining their FMT abilities to meet state and federal requirements. Additionally, the

activities under this Program Element assisted small PWS to maintain or enhance their abilities to meet State requirements and were used to develop, issue and manage assistance to small PWS including contracts with technical assistance providers to improve small PWS FMT capability.

An estimated total of \$916,161 was expended for activities conducted during the Work Plan period of September 1, 2016 through August 31, 2017. Of the total estimated amount expended \$785,349 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder or approximately \$130,812 has been or is expected to be requested during the months of September 2017 through November 2017. All work was performed during the designated Work Plan period of September 1, 2016 through August 31, 2017.

Task 2.1: Capacity Development – Capacity Development Activities

This Task implements the Capacity Development Strategy under the PWSSP in Texas. The activities under this Task provided assistance to reduce the risk of both long-term and short-term health effects through the implementation of: the Texas Optimization Program (TOP); portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, coordination and review of the Drinking Water Infrastructure Needs Survey documents, Intended Use Plan ranking and review and other specialized assistance to small PWS.

The key deliverable is the implementation of programs designed to meet the goal of 95% of the Texas population with drinking water that meets drinking water standards and enhances the sustainability of small PWS.

Work Plan Deliverable	Output Provided
<ol style="list-style-type: none"> Developed presentations, training materials and other technical documents to support the technical capability and compliance of small PWS in Texas; 	<p>TCEQ developed training and guidance materials under the Texas Optimization Program (TOP) Support Contract to support the technical capability and compliance of PWS in Texas. A training module which will benefit small PWS was updated in SFY 17 – Disinfection, Part 1. This training module describes the design, operation, and maintenance of chlorine and chloramine disinfection facilities and distribution systems.</p>

Work Plan Deliverable	Output Provided
<p>2. Provide training and technical assistance, through the Texas Optimization Program and other activities as needed, to support the technical capability of small PWS;</p>	<p>TOP provided training and technical assistance, as needed, to support the technical capability of small PWS in Texas. Examples include technical assistance visits and other technical support to the City of Ranger, City of Bridge City, Candelaria WSC, City of Groesbeck, City of Moulton, Silverton Municipal Water System, and Lake Valley Water. TOP also provided technical assistance to small PWS impacted by Hurricane Harvey in the last week of August 2017.</p> <p>TOP provided training to TCEQ staff during Special Performance Evaluations (SPEs) and Comprehensive Performance Evaluations (CPEs) performed at small PWS. Examples include the Los Fresnos CPE, Maverick County Airport Water Works CPE, Lake Livingston Oakridge North CPE, and City of La Feria SPE.</p>
<p>3. Purchase of supplies, equipment and other items necessary to support the Capacity Development Program in Texas;</p>	<p>Supplies, equipment and other necessary items were purchased to support the Capacity Development Program in Texas;</p>
<p>4. Review, analysis, tracking and response to exception requests, emergency preparedness plans, engineering plans and other items submitted by PWS;</p>	<p>During the grant period three (3) exceptions for small PWS were reviewed by TCEQ staff and contractors under this grant. TCEQ staff also assisted small PWS through engineering plan reviews for small PWS improvements.</p>
<p>5. Coordination of activities within the TCEQ and with the Attorney General of Texas for the restructuring of nonviable water systems;</p>	<p>TCEQ coordinated activities within the TCEQ and with the Attorney General of Texas for the restructuring of nonviable water systems.</p>

Work Plan Deliverable	Output Provided
6. Coordination of and participation in state and/or national organizations including, but not limited to activities with the Texas Water Infrastructure Coordination Committee (TWICC), the Association of Safe Drinking Water Administrators (ASDWA), and other organizations in support of the Capacity Development Strategy;	TCEQ coordinated activities with the TWICC, ASDWA, TRWA, TWDB other agencies. During this fiscal year TCEQ participated in regularly scheduled TWICC meetings every other month and in workshops in Eastland County, Llano and at the TCEQ annual Public Drinking Water Conference. TCEQ also worked with the Environmental Finance Center Network and the Southwest Environmental Finance Center to put on an additional workshop in Eastland County called <i>Making Money, Saving Water: A Workshop on Water Loss & Rates</i> .
7. Travel and train both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the Capacity Development Strategy;	TCEQ staff attended numerous regional and national conferences and training opportunities to maintain and enhance competency regarding TCEQ's Capacity Development Strategy.
8. Provision of other assistance and support services to small PWS in support of the PWSSP and approved Capacity Development Strategy for the State of Texas.	TCEQ and contractors participated in the 2017 Texas Annual Public Drinking Water Conference. This conference had a robust workshop section where water systems received specialized training. The conference also provided a technical assistance room for small PWS staff to receive one-on-one technical assistance.

Task 2.2: Capacity Development– Small System FMT Assistance

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

The key deliverable was the implementation of programs designed to provide approximately 90 assistance visits in order to enhance the FMT abilities of small PWS to meet state and federal requirements.

Work Plan Deliverable	Output Provided
1. Provide FMT training and assistance to small PWS including but not limited to FMT assessments, consolidation assessments, consolidation facilitation assistance, and other special assistance and assessment projects as needed;	<p>The TCEQ, through its FMT assistance contractor, completed 280 FMT Capacity Assessments, Consolidation Assessments, On-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects for small PWS.</p> <p>TCEQ's FMT Contractor completed 90 Directed Assistance Modules (DAM) to small PWS and completed at least six (6) FMT Assistance assignments for the purpose of training and assisting small PWS on specific FMT weaknesses identified during FMT Capacity Assessments.</p>
2. Assess and report on DWSRF applicants;	<p>TCEQ's FMT Contractor conducted 37 FMT capacity assessments for small PWS DWSRF applicants. The FMT Contractor provided DWSRF application assistance to 8 small PWS.</p>
3. Provision of other assistance and services to small PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.	<p>TCEQ's FMT Contractor completed five (5) Consolidation Assessments for small Investor Owned Utilities and two (2) for small Water Supply Corporations for the purpose of ensuring service to the communities.</p>

Program Element 3: PWSSP Administration

This Program Element implements the PWSSP in Texas as described in the SDWA. The activities performed under this Program Element support the compliance, monitoring and enforcement of small PWS. An estimated total of \$400,935 was expended for activities conducted during the Work Plan period of September 1, 2016 through August 31, 2017. Of the total estimated amount expended \$238,568 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder or approximately \$162,367 has been or is expected to be requested during the months of September 2017 through November 2017. All work was performed during the designated Work Plan period of September 1, 2016 through August 31, 2017.

Task 3.1: PWSSP Administration – PWSSP Activities

This task supported the primacy program of the State of Texas and included, but was not limited to: inventory data entry and processing, compliance activities; technical and regulatory assistance; Safe Drinking Water Information System (SDWIS) data support; evaluating and analyzing data (chemical and otherwise); quality assurance and control activities; and other activities in support of the PWSSP in Texas.

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

Work Plan Deliverable	Output Provided
1. Compliance, technical and regulatory assistance for small PWS;	TCEQ provided technical assistance to municipal water systems to facilitate compliance with the Revised Total Coliform Rule (RTCR), Lead and Copper Rule, Stage 2 Disinfection Byproducts Rule and drought-related concerns. Additionally, compliance and technical/regulatory assistance on: disinfectant residual levels, surface water treatment, microbial contaminants, inorganic contaminants, radionuclides, monitoring plans, Groundwater Rule, and the Consumer Confidence Report to public water systems throughout Texas was provided to small PWS in the state. TCEQ provided assistance and training to systems and laboratories in support of the Electronic Environmental (E2) Reporting System software implementation and adoption.
2. Review of chemical data, monitoring information and other compliance program related information;	Monitoring for triggered samples for Groundwater Rule, review of chemical data and monitoring schedules on a daily basis and adjustment to chemical monitoring schedules were conducted as appropriate.
3. SDWIS inventory and data maintenance;	Inventory data in SDWIS was updated from multiple data sources and reported to EPA on the following dates: Quarter 1 on 3/24/2017 Quarter 2 on 6/19/2017 Quarter 3 on 9/25/2017 Quarter 4 is expected to be reported by December 31, 2017.

<p>4. Data and responses to the EPA, PWS, consulting engineers, the TCEQ and other state agencies, as necessary;</p>	<p>Contractors and staff provided information on request to TCEQ, EPA, PWS, consulting engineers through the day-to-day assistance provided to TCEQ. TCEQ staff have sought new and innovative ways to share data across programs and with the public, including small PWS, by continuing to modify Drinking Water Watch (DWW) and implementing SharePoint software for internal project management and coordination.</p>
<p>5. Purchase of supplies, equipment and other items necessary to support the PWSS Program in Texas;</p>	<p>Supplies and equipment deemed necessary to support the PWSS program in Texas were purchased.</p>
<p>6. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of state program administration staff in support of the PWSS Program;</p>	<p>TCEQ staff traveled to participate in events both within Texas and nationally in order to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the PWSS Program.</p> <p>Examples include: Texas A&M TEEX Groundwater Distribution Training; TEEX Surface Water Production Training; TEEX Basic Water Training; 2016 ESRI Water Conference in Austin, TX; the 2017 Public Drinking Water Conference in Austin TX; 2016 EPA Region 6 5-State Conference; Water Laboratory Training for TCEQ Staff in San Antonio, TX; Association of Safe Drinking Water Administrators (ASDWA) 2017 Data Management Users Conference (DMUC), Cincinnati, OH.</p>
<p>7. Coordination of and participation in state and/or national organizations in support of the PWSS Program; and</p>	<p>TCEQ participated in the ASDWA DMUC in support of SDWIS, data concerns, and compliance determinations involved in the oversight of PWS</p>

<p>8. Provision of other assistance and support services to PWS in support of the Small System PWSS Program for the State of Texas.</p>	<p>TCEQ and contractors participated in the 2017 Annual Texas Annual Public Drinking Water Conference. This conference had a robust workshop section where PWS received specialized training. Also the conference provided a technical assistance room for PWS staff to receive one-on-one technical assistance. TCEQ refers PWS, including small PWS, to its Financial, Managerial, and Technical (FMT) and Small Business Assistance functions to provide on-site, in-depth support services and assistance.</p>
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Attachment C: TCEQ – State Management Program Annual Report

**STATE FISCAL YEAR 2017
DRINKING WATER STATE REVOLVING FUND
STATE PROGRAM MANAGEMENT
(10%) TEN PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-996795-20
[TCEQ Grant# 991017]**

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

**Source of Funding: Federal Fiscal Year 2016 DWSRF Ten Percent Set-Aside and Remaining
Unliquidated Obligations from Prior Years**

Submitted November, 2017

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INTRODUCTION

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

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

The 2017 Drinking Water State Revolving Fund 10% State Program Management Annual Report details the TCEQ's progress in meeting DWSRF grant program goals, objectives, and funding expenditures for September 1, 2016 through August 31, 2017 using the 10% Set-Aside funds for Public Water System Supervision Program (PWSSP) Administration and Capacity Development. The Annual Report includes details on federal and state Program Goals and Objectives, Performance Measures, funding mechanisms and Expenditures and Program Elements, Tasks and Deliverables.

SUMMARY

The TCEQ, through the 10% State Program Management Work Plan, identified activities to be performed between September 1, 2016 and August 31, 2017 that supported Public Water Systems (PWS) through the PWSSP. These activities addressed program requirements of the PWSSP outlined by the SDWA. Specifically, the PWSSP Administration, and Capacity Development Strategy requirements of the SDWA were addressed.

The TCEQ expended approximately \$6,400,964 during the grant Work Plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$6,100,982 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the

remainder, or approximately \$299,982, has been or is expected to be requested during the months of September 2017 through November 2017.

The total requested for reimbursement from TWDB between September 2016 and August 2017 was \$6,930,486. Of this amount, approximately \$829,504 was requested for reimbursement from TWDB between September 2016 and November 2016 under the SFY2016/FFY2015 DWSRF 10% Set-Aside Work Plan.

The TCEQ provided from sources other than the DWSRF Capitalization Grant, funds equal to the amount provided for the activities under the DWSRF 10% Work Plan as match to the federal funds received. The source of the match includes \$3,200,482 of credit from 1993 (50% of the current award) and \$3,200,482 of additional matching funds. The match requirement of the grant was met.

EPA AND TCEQ GOALS AND OBJECTIVES

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

Table 1: EPA and TCEQ Goals and Objectives

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
<p>EPA Goal 2: Protecting America's Waters</p> <p>Protect and restore waters to ensure that drinking water is safe and sustainably managed, and that aquatic ecosystems sustain fish, plants, wildlife, and other biota, as well as economic, recreational, and subsistence activities.</p> <p>EPA Objective 2.1: Protect Human Health</p> <p>Achieve and maintain standards and guidelines protective of human health in drinking water supplies, fish, shellfish, and recreational waters, and protect and sustainably manage drinking water resources.</p>	<p>TCEQ Goal 02: Drinking Water</p> <p>To protect public health and the environment by assuring the delivery of safe drinking water to the citizens of Texas consistent with requirements in the Safe Drinking Water Act; by providing regulatory oversight of water conservation and reclamation districts; and by promoting regional water strategies.</p> <p>TCEQ Goal 02: Objective 01</p> <p>To supply 95 percent of Texans served by public drinking water systems with drinking water consistent with requirements in the Safe Drinking Water Act. To provide regulatory oversight of water conservation and reclamation districts and to promote regional water strategies.</p> <p>TCEQ Strategy 02-01-01: Safe Drinking Water</p> <p>Ensure the delivery of safe drinking water to all citizens through monitoring and oversight of drinking water sources consistent with the requirements of the Safe Drinking Water Act.</p>

<p>EPA Goal 5: Protecting Human Health and the Environment by Enforcing Laws and Assuring Compliance</p> <p>Protect human health and the environment through vigorous and targeted civil and criminal enforcement. Use Next Generation Compliance strategies and tools to improve compliance with environmental laws.</p> <p>EPA Objective 5.1: Enforce Environmental Laws to Achieve Compliance</p> <p>Pursue vigorous civil and criminal enforcement that targets the most serious water, air, and chemical hazards in communities to achieve compliance. Assure strong, consistent, and effective enforcement of federal environmental laws nationwide. Use Next Generation Compliance strategies and tools to improve compliance and reduce pollution.</p>	<p>TCEQ Goal 03: Enforcement and Compliance Assistance</p> <p>To protect public health and the environment by administering enforcement and environmental assistance programs that promote compliance with environmental laws and regulations, voluntary efforts to prevent pollution, and offer incentives for demonstrated environmental performance while providing strict, sure, and just enforcement when environmental laws are violated.</p> <p>TCEQ Goal 03: Objective 01:</p> <p>Through fiscal 2017, maintain at least 95 percent of all regulated facilities in compliance with state environmental laws and regulations, to respond appropriately to citizen inquiries and complaints and to achieve pollution prevention, resource conservation, and enhanced compliance.</p> <p>TCEQ Strategy 03-01-01: Field Inspections and Complaint Response</p> <p>Promote compliance with environmental laws and regulations by conducting field inspections and responding to citizen complaints.</p> <p>TCEQ Strategy 03-01-02: Enforcement and Compliance Support</p> <p>Maximize voluntary compliance with environmental laws and regulations by providing educational outreach and assistance to businesses and units of local governments; and assure compliance with environmental laws and regulations by taking swift, sure and just enforcement actions to address violation situations.</p>
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WORK PROGRAM ORGANIZATIONAL STRUCTURE

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

Division (WAD) participate in the implementation of the Capacity Development Strategy requirement of the SDWA (Program Element 2 and associated Tasks).

EXPENDITURE BY PROGRAM ELEMENT

Funding was allocated by Program Element. The Expenditure Summary Table (Table 2 below) provides expenditure information as of November 15, 2017 and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$6,400,964 during the grant Work Plan period for work performed during this period and reserves the right to use any remaining funds in future years. It should be noted that \$6,100,982 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder, or approximately \$299,982, has been or is expected to be requested during the months of September 2017 through November 2017. Work was performed as described in the Work Plan unless otherwise noted in this report.

The TCEQ provided from sources other than the DWSRF Capitalization Grant, funds equal to the amount provided for the activities under the DWSRF 10% Work Plan as match to the federal funds received. The source of the match included a \$3,200,482 credit from 1993 (50% of the current award) and \$3,200,482 of additional matching funds. The match requirement of the grant was met.

The total requested for reimbursement from TWDB between September 2016 and August 2017 was \$6,930,486. Of this amount, approximately \$829,504 was requested for reimbursement from TWDB between September 2016 and November 2016 under the SFY2016/FFY2015 DWSRF 10% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2016 and August 2017 for the SFY17/FFY16 10% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total
Program Element 1: PWSSP Administration	Water Supply Division and Office of Compliance and Enforcement – Regional Areas	\$4,091,715	\$4,254,598	66%
Program Element 2: Capacity Development	Water Supply Division and Water Availability Division	\$2,009,267	\$2,146,366	34%
Total		\$6,100,982	\$6,400,964	100%

PROJECT SCHEDULE

The TCEQ conducted the activities in the DWSRF 10% Set-Aside Work Plans over a 12-month period, which began September 1, 2016 and ended August 31, 2017 (SFY 2017).

MEASURES OF SUCCESS

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

Table 3: TCEQ Outcome/Output Measures

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<p><u>02-01.01 Outcome Measure</u></p> <p>Percent of Texas population served by public drinking water systems that meet drinking water standards.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 PWSSP Administration – PWSSP Administration Activities • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation • Program Element 1: Task 1.3 PWSSP Administration – Drinking Water Laboratory Certification and Accreditation • Program Element 2: Task 2.1 Capacity Development – District Support • Program Element 2: Task 2.2 Capacity Development – Drought Plan Review • Program Element 2: Task 2.3 Capacity Development – Capacity Development Activities 	<p>96% of Texas population served by public drinking water systems that meet drinking water standards.</p>

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<p><u>02-01-01.01 Output Measure:</u></p> <p>Number of public drinking water systems that meet primary drinking water standards.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 PWSSP Administration – PWSSP Administration Activities • Program Element 1: Task 1.2 PWSS Administration – Drinking Water Inspection and Investigation • Program Element 1: Task 1.3 PWSSP Administration – Drinking Water Laboratory Certification and Accreditation • Program Element 2: Task 2.1 Capacity Development – District Support • Program Element 2: Task 2.2 Capacity Development – Drought Plan Review • Program Element 2: Task 2.3 Capacity Development – Capacity Development Activities 	<p>6,635 public drinking water systems that meet primary drinking water standards.</p>
<p><u>02-01-01.03 Output Measure:</u></p> <p>Number of district applications processed.</p>	<ul style="list-style-type: none"> • Program Element 2: Task 2.1 Capacity Development – District Support 	<p>576 district applications processed</p>
<p><u>03.01.02 Outcome Measure:</u></p> <p>Percent of inspected or investigated water sites and facilities in compliance.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation 	<p>99.00% of inspected or investigated water sites and facilities were in compliance.</p> <p><i>Please note that this measure is reported to the Texas Legislative Budget Board as inclusive of all water sites and facilities and is not specific to drinking water.</i></p>

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<p><u>03-01-02.01 Output Measure:</u></p> <p>Number of environmental laboratories accredited.</p>	<ul style="list-style-type: none"> Program Element 1: Task 1.3 PWSSP Administration – Drinking Water Laboratory Certification and Accreditation 	<p>270 environmental laboratories were accredited.</p> <p><i>Please note that this measure is reported to the Texas Legislative Budget Board as inclusive of laboratories accredited is not specific to drinking water. There were 148 drinking water laboratories accredited at the end of State Fiscal Year 2017.</i></p>
<p><u>03-01-01.03 Output Measure:</u></p> <p>Number of inspections and investigations of water sites and facilities.</p>	<ul style="list-style-type: none"> Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation 	<p>13,575 inspections and investigations of water site and facilities that were conducted.</p> <p><i>Please note that this measure is reported to the Texas Legislative Budget Board as inclusive of all water sites and facilities and is not specific to drinking water.</i></p>

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
<p><u>03-01.04 Outcome Measure:</u></p> <p>Percent of identified noncompliant sites and facilities for which appropriate enforcement action is taken.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.4 PWSSP Administration – Drinking Water Enforcement 	<p>93% of identified noncompliant sites and facilities had appropriate enforcement action taken.</p> <p><i>Please note that this measure is reported to the Texas Legislative Budget Board as inclusive of all water sites and facilities and is not specific to drinking water.</i></p>

Table 4: EPA Program Activity Measures (PAMS)

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-211:</u></p> <p>Percent of the population served by community water systems that receive drinking water that meets all applicable health-based drinking water standards through approaches including effective treatment and Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 PWSSP Administration – PWSSP Activities • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation • Program Element 1: Task 1.3 PWSSP Administration – Drinking Water Laboratory Certification and Accreditation • Program Element 1: Task 1.4 PWSSP Administration – Drinking Water Enforcement • Program Element 2: Task 2.1 Capacity Development – District Support • Program Element 2: Task 2.2 Capacity Development – Drought Plan Review • Program Element 2: Task 2.3 Capacity Development – Capacity Development Activities 	<p>98% of the population in Texas was served drinking water that meets the Safe Drinking Water Act (SDWA) regulations.</p>

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-SP1.N11:</u></p> <p>Percent of community water systems that meet all applicable health-based standards through approaches that include effective treatment and Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 PWSSP Administration – PWSSP Activities • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation • Program Element 1: Task 1.3 PWSSP Administration – Drinking Water Laboratory Certification and Accreditation • Program Element 1: Task 1.4 PWSSP Administration – Drinking Water Enforcement • Program Element 2: Task 2.1 Capacity Development – District Support • Program Element 2: Task 2.2 Capacity Development – Drought Plan Review • Program Element 2: Task 2.3 Capacity Development – Capacity Development Activities 	<p>98% of community water systems in Texas provide drinking water that meets all applicable health-based standards through effective treatment and Source Water Protection.</p>

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-SP2:</u></p> <p>Percent of "person months" (i.e. all persons served by community water systems times 12 months) during which community water systems provide drinking water that meets all applicable health-based drinking water standards.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 PWSSP Administration – PWSSP Activities • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation • Program Element 1: Task 1.3 PWSSP Administration – Drinking Water Laboratory Certification and Accreditation • Program Element 1: Task 1.4 PWSSP Administration – Drinking Water Enforcement • Program Element 2: Task 2.1 Capacity Development – District Support • Program Element 2: Task 2.2 Capacity Development – Drought Plan Review • Program Element 2: Task 2.3 Capacity Development – Capacity Development Activities 	<p>97% of "person months" during which community water systems provide drinking water that meets health-based standards.</p>

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-01a:</u></p> <p>Percent of community water systems (CWSs) that have undergone a sanitary survey within the past three years (five years for outstanding performers or those ground water systems approved by the primacy agency to provide 4-log treatment of viruses).</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation 	<p>95% of all community water systems in State fiscal year 2017, had a TCEQ conducted sanitary survey in the last three years (State fiscal years 2015, 2016, and 2017).</p> <p><i>Note: In prior years, the percentage was less than expected because the sanitary surveys where the primary source of water was groundwater were not included due to pending Ground Water Rule implementation. The new number reflects the inclusion of community water systems that have groundwater as the primary source.</i></p>

PROGRAM ELEMENTS, TASKS, DELIVERABLES and OUTPUTS

The following describes the Work Plan deliverables and outputs provided for the Program Elements and Tasks identified in the 10% DWSRF Work Plan for SFY 2017.

Program Element 1: PWSSP Administration

This Program Element implemented the PWSSP in Texas as described in the SDWA. The activities performed under this Program Element supported the compliance, monitoring and enforcement of PWS. An estimated total of \$4,254,598 was expended for activities conducted during the Work Plan period of September 1, 2016 through August 31, 2017. Of the total estimated amount expended \$4,091,715 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder or approximately \$162,883 has been or is expected to be requested

during the months of September 2017 through November 2017. All work was performed during the designated Work Plan period of September 1, 2016 through August 31, 2017.

Task 1.1 PWSSP Administration Activities

The activities under this Task supported the primacy program of the State of Texas and included, but were not limited to: inventory data entry and processing, compliance activities; technical and regulatory assistance; Safe Drinking Water Information System (SDWIS) data support; evaluating and analyzing data (chemical and otherwise); quality assurance and control (QA/QC) activities; and other activities in support of the PWSS program in Texas.

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

Work Plan Deliverable	Output Provided
1. Compliance, technical and regulatory assistance for PWS;	TCEQ provided technical assistance to municipal water systems to facilitate compliance with the Revised Total Coliform Rule (RTCR), Lead and Copper Rule, Stage 2 Disinfection Byproducts Rule and drought-related concerns. Additionally, compliance and technical/regulatory assistance on: disinfectant residual levels, surface water treatment, microbial contaminants, inorganic contaminants, radionuclides, monitoring plans, Groundwater Rule, and the Consumer Confidence Report to public water systems throughout Texas was provided to PWS in the state.
2. Review of chemical data, monitoring information and other compliance program-related information;	Monitoring for triggered samples for Groundwater Rule, review of chemical data and monitoring schedules daily and adjustment to chemical monitoring schedules were conducted as appropriate.
3. SDWIS inventory and data maintenance;	Inventory data in SDWIS was updated from multiple data sources and reported to EPA on the following dates: Quarter 1 on 3/24/2017 Quarter 2 on 6/19/2017 Quarter 3 on 9/25/2017 Quarter 4 is expected to be reported by December 31, 2017.

Work Plan Deliverable	Output Provided
4. Data and responses to the EPA, PWS, consulting engineers, the TCEQ and other state agencies, as necessary;	Contractors and staff provided information on request to TCEQ, EPA, PWS, consulting engineers through the day-to-day assistance provided to TCEQ.
5. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;	Supplies and equipment deemed necessary to support the PWSS program in Texas were purchased.
6. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of state program administration staff in support of the PWSSP;	TCEQ staff traveled to participate in events both within Texas and nationally in order to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the PWSSP. Examples include: the ASDWA 2017 Annual Conference in Washington, D.C.; Texas A&M TEEX Groundwater Distribution Training; 2017 ESRI Water Conference in Austin, TX; the 2017 Annual Public Drinking Water Conference in Austin TX; Water Laboratory Training for TCEQ Staff in San Antonio, TX; EPA Region 6 Five - State Conference in Dallas, TX.
7. Coordination of and participation in state and/or national organizations including, but not limited to the Association of Safe Drinking Water Administrators, and other organizations in support of the PWSSP; and	TCEQ participated in state and/or national organizations including but not limited to Texas Water Infrastructure Coordination Committee, the Association of Safe Drinking Water Administrators, and other organizations in support of the PWSSP. TCEQ participated in the ASDWA Data Management Users Conference (DMUC) in support of SDWIS, data concerns, and compliance determinations involved in the oversight of PWS.

Work Plan Deliverable	Output Provided
8. Provision of other assistance and support services to PWS in support of the PWSSP for the State of Texas.	TCEQ and contractors participated in the 2017 Annual Texas Annual Public Drinking Water Conference. This conference had a robust workshop section where PWS received specialized training. Also, the conference provided a technical assistance room for PWS staff to receive one-on-one technical assistance.

Task 1.2 Inspections and Investigations

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

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

Work Plan Deliverable	Output Provided
1. Completed comprehensive compliance investigations (EPA termed sanitary surveys) at PWS;	1,096 comprehensive compliance investigations (sanitary surveys) were funded by DWSRF.
2. Completed complaint investigations on PWS;	673 PWS Investigation Complaints were funded by DWSRF
3. Purchase of supplies, equipment and other necessary items to support the PWSSP in Texas;	Supplies, equipment and other necessary items were purchased to support the PWSS Program in Texas
4. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the PWSSP; and	TCEQ staff attended the Texas Water Utilities Association School Basic Water classes and several classes offered by TEEX and Texas Rural Water Association. Additionally, staff attended the 2017 Annual Texas Public Drinking Water Conference in Austin and PWS Biennial Investigator Training in Georgetown, TX.

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

Task 1.3 Drinking Water Laboratory Certification and Accreditation

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

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

Work Plan Deliverable	Output Provided
1. Conduct and complete laboratory inspections of PWS laboratories;	TCEQ completed 57 PWS (drinking water) laboratory inspections.
2. Conduct and complete laboratory audits of PWS laboratories;	TCEQ conducted 57 PWS (drinking water) laboratory audits and completed 47 PWS (drinking water) laboratory audits.
3. Provide assistance and support to other areas at the TCEQ related to the accreditation, inspection and auditing of PWS laboratories;	Assistance and support was provided on topics related to the accreditation, inspection and auditing of PWS laboratories upon request. For example: answered questions regarding accreditation status and location of PWS laboratories, answered questions regarding details of analytical methods used at PWS laboratories, and provided technical interpretation of results from PWS laboratories.

Work Plan Deliverable	Output Provided
<p>4. Provide data and other information upon request associated with the PWSSP and the accreditation, certification, inspection and auditing of PWS laboratories;</p>	<p>Data and other information associated with the PWSSP and the accreditation, inspection and auditing of PWS laboratories was provided upon request. For example: provided location of accredited PWS laboratories, provided information on collecting drinking water samples and selection of potential test methods, and referred callers to proper TCEQ Region for specific answers and assistance.</p>
<p>5. Purchase of supplies, equipment and other necessary items to support the PWSSP in Texas;</p>	<p>Supplies, equipment and other necessary items were purchased to support the PWSSP in Texas;</p>
<p>6. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the PWSSP; and</p>	<p>Staff attended the following training: TNI Forums on Laboratory Accreditation in Houston, TX and Washington, D.C., EPA Drinking Water Certification Officer training in Richmond, CA. Staff development training at The University of Texas Professional Development Center.</p>
<p>7. Provision of other assistance and support services to PWS in support of the PWSSP for the state of Texas.</p>	<p>Stakeholders were assisted with technical and/or administrative questions, which included but were not limited to, the following topics: laboratory accreditation, reference method interpretations, standards for accreditation (i.e., 2009 The NELAC Institute (TNI) Standard) concerns, laboratory assessments and subsequent corrective action responses, initial and amended applications for laboratory accreditation, proficiency testing issues, and technical manager designations.</p>

Task 1.4 Drinking Water Enforcement

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

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

Work Plan Deliverable	Output Provided
1. Enforcement cases developed that address significant noncompliance and significant deficiencies at PWS in accordance with Texas statutes, rules and TCEQ's policies and procedures;	To address the Task of calculating penalties and determining technical corrective requirements, the Enforcement Division under the DWSRF developed and mailed out or directly referred to the Litigation Division 73 PWS enforcement cases. To address the Task of negotiating agreed enforcement order cases to settlement or pursue other appropriate legal remedies, such as referral to the Litigation Division or the Office of Attorney General, the Enforcement Division under the DWSRF has negotiated or prepared referral packages for 67 PWS enforcement cases.
2. Coordination, assistance and support to EPA, PWS, the TCEQ and other State agencies as it relates to Enforcement Cases for PWS;	The TCEQ Enforcement Division conducted and/or prepared for the following in conjunction with the EPA: the annual PWSSP review, the state end-of-year questionnaire, enforcement order update presentations at the TWICC meetings, the RTCR implementation, and the Lead and Copper Rule enforcement.
3. Purchase of supplies, equipment and other necessary items to support the PWSSP in Texas;	Supplies, equipment and other necessary items were purchased to support the PWSSP in Texas;

Work Plan Deliverable	Output Provided
4. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the PWSSP.	TCEQ Enforcement Division staff traveled to various conference and training events in order to share and enhance their skills and abilities. Examples include the 2017 Annual Texas Public Drinking Water Conference, Texas A&M Engineering Extension Service Water System courses, and participation in the TWICC meetings.
5. Provision of other assistance and support services to PWS in support of the PWSSP for the state of Texas	Participated in PWS meetings with WSD. Assisted the Texas Drinking Water Advisory Work Group (DWAAG) with answering PWS questions. Answered PWS questions on an individual basis as needed. Coordinators reached out to PWS to assist with Compliance Issues.

Program Element 2: Capacity Development

This Program Element provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA through the enhancement of the financial, managerial, and technical (FMT) abilities of PWS. This was accomplished through the implementation of: National Primary Drinking Water Regulations; the Texas Optimization Program (TOP); portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, review and approval of water district applications, review and approval of drought contingency plans and other specialized assistance to PWS.

An estimated total of \$2,146,366 was expended for activities conducted during the Work Plan period of September 1, 2016 through August 31, 2017 for this Program Element. Of the total estimated amount expended \$2,009,267 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder, or approximately \$137,100 has been or is expected to be requested during the months of September 2017 through November 2017. All work was performed during the designated Work Plan period of September 1, 2016 through August 31, 2017.

Task 2.1 Capacity Development - District Support

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

The key deliverable was the review of water district applications, including administrative and data entry-support, and the implementation of programs that support water districts financial and managerial capability.

Work Plan Deliverable	Output Provided
1. Provide data entry and administrative support in support of the review of water district applications;	TCEQ contractors provided data entry and administrative support for the review of 92 water district applications under this grant.
2. Review applications, and engineering reports and plans in conjunction with the processing of water district applications; and	A total of 46 minor applications were reviewed by TCEQ contractors. Out of these, 45 minor water district applications were completed.
3. Coordination, assistance and support to EPA, PWS, the TCEQ and other State agencies as it relates to groundwater district reviews for PWS.	Coordination, assistance and support was provided on request and through the normal day to day activities conducted under this Task.
4. Purchase of supplies, equipment and other necessary items to support the Capacity Development Strategy;	Supplies, equipment and other necessary items were purchased to support the PWSSP in Texas;
5. Travel and training both within Texas and nationally to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the Capacity Development Strategy; and	TCEQ staff participated in training opportunities to maintain professional engineering certifications as well as the 14 th Annual Central Texas Infrastructure, Design and Construction Symposium, and the 2017 Austin Water Board of Directors Conference. Staff also participated in various professional development training opportunities.
6. Provision of other assistance and support services to PWS in support of the Capacity Development Strategy for the state of Texas	Other assistance was provided by taking phone inquiries and helping customers with the application process and adhering to requirements.

Task 2.2 Capacity Development - Drought Plan Review

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

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

Work Plan Deliverable	Output Provided
<p>1. Participating in water conservation and/or drought contingency programs to maintain or increase abilities of PWS to meet state requirements;</p>	<p>As a member of the Water Conservation Advisory Council (WCAC), Staff participated in five (5) Council meetings during the Fiscal Year, as well as five (5) meetings for WCAC workgroups.</p> <p>As a member of the Drought Preparedness Council, Staff attended three (3) meetings during FY17. As the representative for the Drought Impact Assessment Committee, Staff present the results of the Drought Activities Update Report at each meeting.</p>
<p>2. Review and evaluation of water conservation and/or drought contingency plans of retail PWS to meet state requirements; and</p>	<p>Staff completed 127 conservation reviews for water rights applications, including the review of 41 water conservation plans, drought contingency plans, and water conservation implementation reports as required to be submitted. These reviews ensured the plans met the Texas Water Code and Texas Administrative Code requirements.</p>
<p>3. Provision of other assistance and services to PWS in support of the approved Capacity Development Strategy for the State of Texas.</p>	<p>TCEQ provided other assistance and services to PWS in support of the approved Capacity Development Strategy for the State of Texas. Staff traveled to PWS to help evaluate managerial issues and provide assistance on regional projects. A variety of staff made presentations at the TCEQ Environmental Trade Fair and the 2017 Annual Texas Public Drinking Water Conference.</p> <p>Staff also worked with EPA technical assistance grant recipients to provide additional Capacity Development strategy support in Texas through training and on-site assistance.</p>

Task 2.3: Capacity Development – Capacity Development Activities

This Task implements the Capacity Development Strategy under the PWSSP in Texas. The activities under this Task reduced the risk of both long-term and short-term health effects. This was accomplished through the implementation of: the Texas Optimization Program (TOP), portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, coordination and review of Drinking Water Infrastructure Needs Survey documents, Intended Use Plan ranking and review and other specialized assistance to PWS.

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

Work Plan Deliverable	Output Provided
1. Development of presentations, training materials and other technical documents to support the technical capability and compliance of PWS in Texas;	TCEQ provided presentations and workshop and training materials at the 2017 Annual Texas Public Drinking Water Conference.
2. Provide training and technical assistance, as needed, to support the technical capability of PWS in Texas;	TCEQ staff maintained an assistance activity website checklist as well as continued to answer incoming questions and requests for assistance from PWS on engineering related topics.
3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by PWS;	During the grant period 477 exceptions for systems were reviewed by TCEQ staff and contractors under this grant. TCEQ staff also assisted systems through engineering plan reviews for PWS improvements.
4. Purchase of supplies and equipment necessary to support the Capacity Development Program in Texas;	Supplies and equipment deemed necessary to support the Capacity Development Program were purchased.

Work Plan Deliverable	Output Provided
<p>5. Coordination of and participation in state and/or national organizations including, but not limited to Texas Water Infrastructure Coordination Committee (TWICC), the Association of Safe Drinking Water Administrators, and other organizations in support of the Capacity Development Strategy;</p>	<p>TCEQ coordinated activities with TWICC, the Association of Safe Drinking Water Administrators, Texas Department of Agriculture, Texas Rural Water Association, U.S. Department of Agriculture, and Community Resource Group, Environmental Finance Centers, Secretary of State Border Program, EPA, TWDB and other agencies.</p> <p>TCEQ participated in regularly scheduled TWICC meetings every other month and coordinated TWICC workshops in Eastland County, Llano and at the 2017 Public Drinking Water Conference. TCEQ also worked with the Environmental Finance Center Network and the Southwest Environmental Finance Center to put on an additional workshop in Eastland County called <i>Making Money, Saving Water: A Workshop on Water Loss & Rates</i>.</p>
<p>6. Travel, training, attendance at conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of state program administration staff in support of the Capacity Development Strategy; and</p>	<p>TCEQ Staff traveled to participate in events both within Texas and nationally in order to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities in support of the Capacity Development Strategy.</p>
<p>7. Provision of other assistance and support services to PWS in support of the approved Capacity Development Strategy for the State of Texas.</p>	<p>TCEQ and Contractors participated in the 2017 Annual Texas Drinking Water Conference. This conference had a robust workshop section where water systems received specialized training. Also, the conference provided a technical assistance room for water system staff to receive one-on-one technical assistance.</p>

Attachment D: TCEQ – Local Assistance Annual Report

**STATE FISCAL YEAR 2017
DRINKING WATER STATE REVOLVING FUND
LOCAL ASSISTANCE
(15%) FIFTEEN PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-996795-20
[TCEQ Grant# 991517]**

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

Source of Funding: Federal Fiscal Year 2016 DWSRF Fifteen Percent Set-Aside

Submitted November, 2017

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INTRODUCTION

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

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

The 2017 Drinking Water State Revolving Fund 15% Local Assistance Annual Report details the TCEQ's progress in meeting DWSRF grant program goals, objectives, and funding expenditures for September 1, 2016 and August 31, 2017 using the 15% Set-Aside funds for Source Water Protection and Capacity Development. The Annual Report includes details on federal and state Program Goals and Objectives, Performance Measures, funding mechanisms and Expenditures and Program Elements, Tasks and Deliverables.

SUMMARY

The TCEQ, through the 15% Local Assistance Work Plan identified activities to be performed between September 1, 2016 and August 31, 2017 that supported Public Water Systems (PWS) through the State's Public Water System Supervision Program (PWSSP). These activities addressed program requirements of the PWSSP outlined by the SDWA. Specifically, local technical assistance through Source Water Protection programs and assistance to water systems on a local basis in developing and implementing the Capacity Development Strategy requirement of the SDWA were addressed.

The TCEQ expended approximately \$1,800,000 during the grant Work Plan period for work performed during this period. It should be noted that \$1,721,558 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder, or approximately \$78,442 has been or is

expected to be requested during the months of September 2017 through November 2017. No match is required; the 15% DWSRF Set-Aside does not require a match.

The total requested for reimbursement from TWDB between September 2016 and August 2017 was \$1,750,209. Of this amount, approximately \$28,651 was requested for reimbursement from TWDB between September 2016 and November 2016 under the SFY2016/FFY2015 DWSRF 15% Set-Aside Work Plan. Work was performed as described in the Work Plan unless otherwise noted in this report.

EPA AND TCEQ GOALS AND OBJECTIVES

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

Table 1: EPA and TCEQ Goals and Objectives

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
<p>EPA Goal 2: Protecting America's Waters</p> <p>Protect and restore waters to ensure that drinking water is safe and sustainably managed, and that aquatic ecosystems sustain fish, plants, wildlife, and other biota, as well as economic, recreational, and subsistence activities.</p> <p>EPA Objective 2.1: Protect Human Health</p> <p>Achieve and maintain standards and guidelines protective of human health in drinking water supplies, fish, shellfish, and recreational waters, and protect and sustainably manage drinking water resources.</p>	<p>TCEQ Goal 02: Drinking Water</p> <p>To protect public health and the environment by assuring the delivery of safe drinking water to the citizens of Texas consistent with requirements in the Safe Drinking Water Act; by providing regulatory oversight of water conservation and reclamation districts; and by promoting regional water strategies.</p> <p>TCEQ Goal 02: Objective 01</p> <p>To supply 95 percent of Texans served by public drinking water systems with drinking water consistent with requirements in the Safe Drinking Water Act. To provide regulatory oversight of water conservation and reclamation districts and to promote regional water strategies.</p> <p>TCEQ Strategy 02-01-01: Safe Drinking Water</p> <p>Ensure the delivery of safe drinking water to all citizens through monitoring and oversight of drinking water sources consistent with the requirements of the Safe Drinking Water Act.</p>

WORK PROGRAM ORGANIZATIONAL STRUCTURE

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

EXPENDITURE BY PROGRAM ELEMENT

Funding was allocated by Program Element. The Expenditure Summary Table (Table 2 below) provides expenditure information as of November 15, 2017 and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$1,800,000 during the grant Work Plan period for work performed during this period. It should be noted that \$1,721,558 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder, or approximately \$78,442 has been or is expected to be requested during the months of September 2017 through November 2017. No match is required; the 15% DWSRF Set-Aside does not require a match. Work was performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2016 and August 2017 was \$1,750,209. Of this amount, approximately \$28,651 was requested for reimbursement from TWDB between September 2016 and November 2016 under the SFY2016/FFY2015 DWSRF 15% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2016 and August 2017 for the SFY17/FFY16 15% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total
Program Element 1: Source Water Protection Programs	Water Supply Division	\$52,762	\$52,762	3%
Program Element 2: Capacity Development	Water Supply Division	\$1,668,796	\$1,747,238	97%
Total		\$1,721,558	\$1,800,000	100%

PROJECT SCHEDULE

The TCEQ conducted the activities in the DWSRF 15% Set-Aside Work Plans over a 12-month period, which began September 1, 2016 and ended August 31, 2017 (SFY 2017).

MEASURES OF SUCCESS

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

Table 3: TCEQ Outcome/Output Measures

TCEQ Outcome/Output Measure	Program Element/Task	Outcome/Output
<u>02-01.01 Outcome Measure</u> Percent of Texas population served by public drinking water systems that meet drinking water standards.	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – FMT Assistance • Program Element 2: Task 2.3 Capacity Development – Water Security 	96% of Texas population served by public drinking water systems that meet drinking water standards.
<u>02-01-01.01 Output Measure:</u> Number of public drinking water systems that meet primary drinking water standards.	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – FMT Assistance • Program Element 2: Task 2.3 Capacity Development – Water Security 	6,635 public drinking water systems that meet primary drinking water standards.

Table 4: EPA Program Activity Measures (PAMS)

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-211:</u></p> <p>Percent of the population served by community water systems that receive drinking water that meets all applicable health-based drinking water standards through approaches including effective treatment and Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – FMT Assistance • Program Element 2: Task 2.3 Capacity Development – Water Security 	<p>98% of the population in Texas was served drinking water that meets the Safe Drinking Water Act (SDWA) regulations.</p>
<p><u>SDW-SP1.N11:</u></p> <p>Percent of community water systems that meet all applicable health-based standards through approaches that include effective treatment and Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – FMT Assistance • Program Element 2: Task 2.3 Capacity Development – Water Security 	<p>98% of community water systems in Texas provide drinking water that meets all applicable health-based standards through effective treatment and Source Water Protection.</p>

EPA Program Activity Measures (PAMS)	Program Element/Task	Outcome/Output
<p><u>SDW-SP2:</u></p> <p>Percent of "person months" (i.e. all persons served by community water systems times 12 months) during which community water systems provide drinking water that meets all applicable health-based drinking water standards.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities • Program Element 2: Task 2.1 Capacity Development – Capacity Development Activities • Program Element 2: Task 2.2 Capacity Development – FMT Assistance • Program Element 2: Task 2.3 Capacity Development – Water Security 	<p>97% of “person months” during which community water systems provide drinking water that meets health-based standards.</p>
<p><u>SDW-SP4a:</u></p> <p>Percent of community water systems where risk to public health is minimized through Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities 	<p>37% of community water systems where risk to public health is minimized through Source Water Protection</p>
<p><u>SDW-SP4b:</u></p> <p>Percent of the population served by community water systems where risk to public health is minimized through Source Water Protection.</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.1 Source Water Protection Programs – Source Water Protection Activities 	<p>62% of population served by community water systems where risk to public health is minimized through Source Water Protection</p>

PROGRAM ELEMENTS, TASKS, DELIVERABLES AND OUTPUTS

The following describes the Work Plan deliverables and outputs provided for the Program Elements and Tasks identified in the 15% DWSRF Work Plan for SFY 2017.

Program Element 1: Source Water Protection Programs

This Program Element and associated Task implemented Source Water Protection (which includes both surface and wellhead protection) programs within the State in order to provide ongoing direct local assistance through assessment of sources with respect to vulnerability to contamination. An estimated total of \$52,762 was expended for activities conducted during the Work Plan period of September 1, 2016 through August 31, 2017. Of the total estimated

amount expended \$52,762 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017. All work was performed during the designated Work Plan period of September 1, 2016 through August 31, 2017.

Task 1.1 Source Water Protection Activities

This Task provides for Source Water Protection (which includes both surface and wellhead protection) activities within the state in order to provide ongoing direct local assistance through evaluation of sources with respect to vulnerability to contamination. TCEQ staff supported this Task.

The key deliverables are completed Source Water Protection reports provided to three (3) PWS to assist in the implementation of programs designed to provide Source Water Protection within the State.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for three (3) PWS;	TCEQ completed three (3) Source Water Protection assessments under this grant. A total of 11 PWS were evaluated in three (3) counties under this grant.
2. Implemented Source Water Protection programs in various areas of the State for three (3) PWS;	TCEQ completed five (5) Source Water Protection Plans, three (3) were conducted under this grant.
3. Best management practices developed to implement Source Water Protection for three (3) PWS;	TCEQ implemented best management practices for three (3) PWS under this grant.
4. Meetings and site visits in order to facilitate the creation of Source Water Protection programs for three (3) PWS;	Source Water Protection participants attended nine (9) meetings and TCEQ staff conducted site visits in conjunction with development of the Source Water Protection plans. Each of the three (3) Source Water Protection plans completed required water systems to attend an introduction meeting, education outreach event, site inventory and close out meeting.

Work Plan Deliverable	Output Provided
5. Evaluation of potential contamination inventories for three (3) PWS;	TCEQ inventoried sixty (60) Source Water Protection Areas.
6. Identification of populations protected by a Source Water Protection program and served by vulnerable water sources for three (3) PWS; and	TCEQ identified a population of 25,623 protected by a Source Water Protection program and served by vulnerable water sources.
7. Other activities in support of the Source Water Protection program within the State of Texas.	TCEQ staff and contractors worked with Texas Rural Water Association to complete Source Water Protection technical assistance, including assisting water systems with best management practices and updating Source Water Protection plans. TCEQ staff gave presentations on Source Water Protection and best management practices at the TCEQ Public Drinking Water Conference in Austin, Texas, Texas Water Utilities Association Annual Short School in Corpus Christi, Texas and Texas Water Utilities Association Regional School in Abilene, Texas.

Program Element 2: Capacity Development

This Program Element provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Program Element enhanced the financial, managerial, and technical (FMT) abilities of PWS through the identification of PWS that needed assistance in developing, enhancing, and maintaining their FMT abilities to meet state and federal requirements. Additionally, the activities under this Program Element assisted PWS to maintain or enhance their abilities to meet State requirements and were used to develop, issue and manage assistance to PWS including contracts with technical assistance providers to improve PWS FMT capability.

An estimated total of \$1,747,238 was expended for activities conducted during the Work Plan period of September 1, 2016 through August 31, 2017. Of the total estimated amount expended \$1,668,796 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2016 through August 31, 2017 and the remainder, or approximately \$78,442 has been or is expected to be requested during the months of September 2017 through November 2017. All work was performed during the designated Work Plan period of September 1, 2016 through August 31, 2017.

Task 2.1: Capacity Development – Capacity Development Activities

This Task implements the Capacity Development Strategy under the PWSSP in Texas. The activities under this Task provided local assistance to reduce the risk of both long-term and short-term health effects through the implementation of: the Texas Optimization Program (TOP); portions of the engineering exceptions program, engineering plan review, capital funding source identification, receivership assistance, coordination and review of Drinking Water Infrastructure Needs Survey documents, Intended Use Plan ranking and review and other specialized assistance to PWS.

The key deliverable is the implementation of programs designed to meet the goal of 95% of the Texas population with drinking water that meets drinking water standards by providing local assistance.

Work Plan Deliverable	Output Provided
1. Development of presentations, training materials and other technical documents to support the technical capability and compliance of PWS in Texas;	TCEQ developed training and guidance materials under the Texas Optimization Program (TOP) Support Contract to support the technical capability and compliance of PWS in Texas. Development started on a new course for operators who run PWS with groundwater sources that are under the influence of surface water. The course will describe the operating and reporting requirements for this type of water source. A training module which will benefit PWS was updated in FY 17 – Disinfection, Part 1. This training module describes the design, operation, and maintenance of chlorine and chloramine disinfection facilities and distribution systems.

Work Plan Deliverable	Output Provided
<p>2. Provide training and technical assistance, through the Texas Optimization Program and other activities as needed, to support the technical capability of PWS;</p>	<p>TOP provided training and technical assistance, as needed, to support the technical capability of PWS in Texas. Examples include technical assistance visits and other technical support to the City of Corpus Christi, Mackenzie Municipal Water Authority, Eastland County Water Supply District 1, San Antonio Water System, and the City of Temple. TOP also provided technical assistance to PWS impacted by Hurricane Harvey in the last week of August 2017.</p> <p>TOP provided training to TCEQ staff during the Biennial PWS Investigator Training Conference and delivery of training modules and customized presentations to TCEQ Water Supply Division staff and Regional Office staff. Topics included a PWS Virtual Tour, process control and monitoring, water treatment plant tours, water system control instrumentation, water chemistry, distribution maps, monitoring plan maps, and Part 1 of the Disinfection Training Module.</p> <p>TOP provided training to PWS operators during the annual Public Drinking Water Conference. Presentation and workshop topics included process control and monitoring, troubleshooting at surface water treatment plants, filter assessments, jar testing, chloramine management, and nitrification action plans.</p>
<p>3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by PWS;</p>	<p>TCEQ reviewed exception and engineering plans for public water system improvements during the grant period in order to support systems.</p>
<p>4. Purchase of supplies and equipment necessary to support the Capacity Development Program in Texas;</p>	<p>Supplies and equipment deemed necessary to support the Capacity Development Program were purchased.</p>

Work Plan Deliverable	Output Provided
<p>5. Coordination of and participation in state and/or national organizations including but not limited to Texas Water Infrastructure Coordination Committee, the Association of Safe Drinking Water Administrators, and other organizations in support of the Capacity Development Strategy;</p>	<p>TCEQ coordinated activities with TWICC, the Association of Safe Drinking Water Administrators, Texas Department of Agriculture, Texas Rural Water Association, U.S. Department of Agriculture, and Communities Unlimited (RCAP), Environmental Finance Centers, Secretary of State Border Program, EPA, Texas Water Development Board and other agencies.</p> <p>During this fiscal year TCEQ participated in regularly scheduled TWICC meetings every other month and in workshops in Eastland County, Llano and at the 2017 Public Drinking Water Conference. TCEQ also worked with the Environmental Finance Center Network and the Southwest Environmental Finance Center to put on an additional workshop in Eastland County called <i>Making Money, Saving Water: A Workshop on Water Loss & Rates</i>.</p>
<p>6. Travel, training, attendance at conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the Capacity Development Strategy; and</p>	<p>TCEQ staff traveled to participate in events both within Texas and nationally in order to attend training, conferences and other events designed to share and enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of TCEQ's efforts to provide local assistance to water systems.</p>
<p>7. Provision of other assistance and support services to PWS in support of the approved Capacity Development Strategy for the State of Texas.</p>	<p>TCEQ staff participated in a wide variety of capacity development activities including:</p> <ul style="list-style-type: none"> • Staff assessment and assistance to PWSs experiencing operational problems. • Providing training to technical assistance providers and water systems directly. • Tracking and assisting nonviable "at-risk" PWS in restructuring. • Providing free on-site assistance through the FMT contract.

Task 2.2: Capacity Development - FMT Assistance

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

The key deliverable was the implementation of programs designed to provide approximately 150 assistance visits in order to enhance the FMT abilities of PWS to meet state and federal requirements.

Work Plan Deliverable	Output Provided
1. Provide FMT assistance to PWS including but not limited to FMT assessments, consolidation facilitation assistance and other special assistance and assessment projects as needed;	The TCEQ, through its FMT Assistance contractor, completed 337 FMT Capacity Assessments, Consolidation Assessments, on-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects.
2. Provide FMT training and assistance on specific FMT weaknesses to PWS;	TCEQ's FMT Contractor completed 102 Directed Assistance Modules (DAMs) to PWS and completed over 10 FMT Assistance assignments for the purpose of training and assisting PWS on specific FMT weaknesses identified during FMT Capacity Assessments.
3. Assess and report on DWSRF applicants; and	TCEQ's FMT Contractor conducted 47 FMT Capacity Assessments for DWSRF applicants. The FMT Contractor provided DWSRF application assistance to 8 PWS.

Work Plan Deliverable	Output Provided
4. Provision of other assistance and services to PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.	<p>TCEQ's FMT Contractor completed 5 Consolidation Assessments for Investor Owned Utilities and 2 for Water Supply Corporations for the purpose of ensuring service to those communities.</p> <p>TCEQ's FMT Assistance contractor completed 17 TCEQ-administered special assignments that ranged from presenting at the 2017 Annual Texas Public Drinking Water Conference, setting up community meetings for at-risk systems, and facilitating regional water utility staff training on cross-connection control program topics.</p>

Task 2.3 Capacity Development – Water Security

This Task provided assistance to PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task provided local assistance to PWS during significant weather events, natural disasters, and other emergency events. Activities to be conducted increase abilities of PWS to respond to emergencies.

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

Work Plan Deliverable	Output Provided
1. Support for natural disaster initiatives including drought;	<p>On August 25, 2017, Hurricane Harvey made landfall near Rockport in the Corpus Christi Region and thru September 1, 2017 proceeded to drop 20-64 inches of rain affecting water systems located in 58 counties located in the Houston, Beaumont, Austin and Waco Regions.</p> <p>Response Manager (RM) and TXWARN were activated to assist with PWS support efforts.</p>

Work Plan Deliverable	Output Provided
<p>2. Travel and training both within Texas and nationally to attend training, conferences and other events designed to enhance knowledge, skills and abilities and maintain competency of State program administration staff in support of the Water Security Program;</p>	<p>Training attended in FY2017 to increase knowledge base and maintain competency of the Water Security Program included:</p> <ul style="list-style-type: none"> • 2017 TDEM Conference, May 2017 • OSHA 8 Hour HAZWOPER, Refresher July 2017 • TDEM Infrastructure Liaison Officer, May 2017 • EPA Water Laboratory Alliance Security Summit 2017, March 2017 • Attending the NDOW Hurricane Field Exercise at Lake Texoma, October 2016 <p>Attending the following 1 hour webinars:</p> <ul style="list-style-type: none"> • NOAA Storm Surge Warnings and Graphics, May 2017 • WaterISAC Water Sector Cyber Threat Briefing, April 2017 • EPA Water Security and Resiliency, April 2017 • EPA Free Preparedness Tools, Resources for Water and WW Utilities, November 2016 • Association of State Drinking Water Administrator's (ASDWA) Hazard Mitigation for Natural Disaster, September 2016 <p>The TCEQ's Drinking Water Coordinator continues to participate in ASDWA's Security notes, NDOW's quarterly meetings, and to maintain a membership with WaterISAC to stay abreast of security issues affecting water utilities in the country. TCEQ's TXWARN contractor produced a Hurricane Preparedness Workshop which was delivered to participants on August 18, 2017 in Corpus Christi, Texas.</p>

Work Plan Deliverable	Output Provided
<p>3. Provision of other assistance and support services to PWS in support of the Water Security Program and the approved Capacity Development Strategy for the State of Texas.</p>	<p>Following the aftermath of Harvey, the TCEQ's Capacity Development Team responded to requests for technical assistance from City of Victoria, the City of Beaumont, and the City of Rose City by sending staff to help with the start-up of the water plants in each of these cities.</p> <p>TCEQ and TXWARN continue to be available for assistance and support services to PWSs on an as needed basis through phone calls and the TXWARN website.</p>