

Annual Report

Drinking Water State Revolving Fund

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



SFY 2023

TEXAS WATER DEVELOPMENT BOARD
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Photo by Jean Schlitzkus, TWDB Staff
Integrated Pipeline Project in Ennis. IPL Ribbon Cutting, May 20, 2022

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- A. SFY 2023 Annual Financial Report – DWSRF Financial Statements
- B. TCEQ – Small Systems Technical Assistance 2023 Annual Report
- C. TCEQ – State Management Program 2023 Annual Report
- D. TCEQ – Local Assistance 2023 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) 2023 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 2023, which was from September 1, 2022, through August 31, 2023.

The SFY 2023 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 4, 2022, 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 2023, federal DWSRF regulations, and program rules. The TWDB reviewed, scored, and ranked all submissions based on the requirements set forth in TWDB rules and criteria established for SFY 2023. 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, subsequent rounds of invitations were sent to apply for assistance and funding was awarded based on priority order.

The TWDB continued to pursue program initiatives to protect public health and improve the quality of the state’s drinking water through the Urgent Need funding reserve. These efforts ensured that communities had access to low-cost financial assistance to meet their most dire needs.

The DWSRF capitalization grant funds provided from the Federal Fiscal Year (FFY) 2022 annual appropriations of \$54,911,000 and the General Supplemental FFY 2022 appropriations from the Infrastructure Investment and Jobs Act of 2021 (IIJA) of \$140,993,000 were used for the SFY 2023 IUP. The TWDB set the SFY 2023 DWSRF program capacity at \$342,000,000. Applicants for equivalency project funding, those that required compliance with all federal crosscutter requirements, were able to receive an interest rate reduction of 35 percent below market rates. Non-equivalency projects, those that did not need to comply with federal requirements, with the exception of federal anti-discrimination laws, were able to receive an interest rate reduction of 30 percent 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 annual appropriations state match of 20 percent of the grant/IIJA appropriations state match of 10 percent of the grant, principal repayments from previous DWSRF loans, interest and investment earnings, and, as necessary, revenue bonds issued by the TWDB to fund project demand in excess of available cash on hand. During the SFY, utilizing all the funding sources mentioned, the TWDB made 31 DWSRF commitments totaling \$76,186,741.

The TWDB continues to strive to improve our financial assistance programs to ensure applicants have access to the cost savings associated with utilizing these programs to advance 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 enough 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. *Finance priority projects that enhance emergency preparedness, weatherization, and resiliency of public water systems during severe weather events.*

The TWDB committed \$225,000 toward three projects that address these types of needs during SFY 2023. Through these efforts, the TWDB will assist communities with an emergency preparedness evaluation/audit plan.

2. *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 percent of the capitalization grant to approved green project costs.*

The TWDB continued efforts to promote the use of green infrastructure and technologies by setting a goal of committing an equivalent of 10 percent of the capitalization grant, or \$5,491,100, 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 percent of their total project costs. For more information on projects identified for Green Project Reserve goals and Green Subsidy amounts, please see the Green Project Reserve section of this report and Appendix A, Table 1.

3. *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 2023, 15 projects took advantage of terms greater than 20 years. Details on loan terms for these projects may be found in Appendix B.

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

For SFY 2023, at least \$342 million was available under the DWSRF program. This amount includes \$87 million in principal forgiveness and at least \$255 million with subsidized interest rates or zero percent for special funding categories.

5. *Continue to enhance the DWSRF by cross-collateralizing the program with the Clean Water State Revolving Fund (CWSRF) program in accordance with state and federal law.*

The TWDB utilized cross-collateralization when issuing bonds to support both programs during SFY 2023.

6. *Enhance our current level of outreach on the SRF programs by hosting virtual or in person regional financial assistance workshops in conjunction with the continued use of social media.*

The TWDB hosted eleven Financial Assistance workshops during the SFY. 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, DWSRF federal requirements and program changes, specific project related questions and answers, and general outreach. A map showing workshop locations is included in Appendix A.

The TWDB also held seven webinars focusing on funding available through the IJIA for projects addressing Lead Service Line Replacement/Emerging Contaminants.

The use of social media continues to grow at the TWDB with increasing numbers of followers on Facebook, X (formerly Twitter), LinkedIn, YouTube, and Instagram. TWDB Board members and staff continually share information on various social media sites.

- 7. Assist water systems with urgent needs through financial assistance in the form of principal forgiveness and loans with an additional interest rate subsidy from the Urgent Need reserve.*

The TWDB continued efforts to prioritize urgent need projects through outreach efforts, technical assistance, and utilization of urgent need funding. Eligible projects could receive principal forgiveness or a reduced interest rate on financing. By offering this funding, the objective was to assist 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. During SFY 2023, five projects meeting these criteria applied for DWSRF funding. Four of these projects received a financial commitment totaling \$2,100,000.

- 8. Provide outreach, technical assistance and special allocations of funding to reduce the number of public water systems with unresolved health issues as part of the Securing Safe Water initiative.*

The TWDB allocated a specific portion of the available principal forgiveness in the Very Small Systems and Urgent Need funding options toward projects resolving the significant health violations as identified by the TCEQ. During SFY 2023, the TWDB extended outreach to these identified systems to explain the DWSRF application process and encourage them to apply for funding. As of August 31, 2023, 15 systems have submitted project information forms for funding consideration, nine of those became projects after the submission of a financial application, and three have receiving funding commitments to resolve their issues. Details of the progress made may be found in Section 8, Program Initiatives.

- 9. Continue to implement the TWDB's AMPSS and CFO to GO initiatives.*

The TWDB continued to offer the Asset Management Program for Small Systems (AMPSS) and the CFO to GO program during the SFY. During SFY 2023, the first round of funding through the AMPSS program took place culminating in Board approval of 15 pre-qualified contractors and 20 participant systems (10 drinking water and 10 wastewater) for a total amount not to exceed \$2,000,000 (up to \$100,00 per project). Contractors and participant systems have been working toward the completion of the deliverables for the project. Planning for a second round of AMPSS funding is underway, with a new solicitation for contractors and participant systems set to close on November 2, 2023. The second round of AMPSS will include the same number of projects and funding amount as the first round.

Additionally, through the SRF General Activities IUP, any eligible entity was eligible to receive up to \$100,000 at zero percent interest financing to prepare all applicable AMPSS deliverables as a part of their proposed project. A small system eligible under AMPSS was also eligible to receive up to \$500,000 at zero percent interest financing if they had implemented substantially all of the AMPSS deliverables. As of August 31, 2023, seven systems (three drinking water and four wastewater) have been allocated funding through the SRF programs for asset management plan creation.

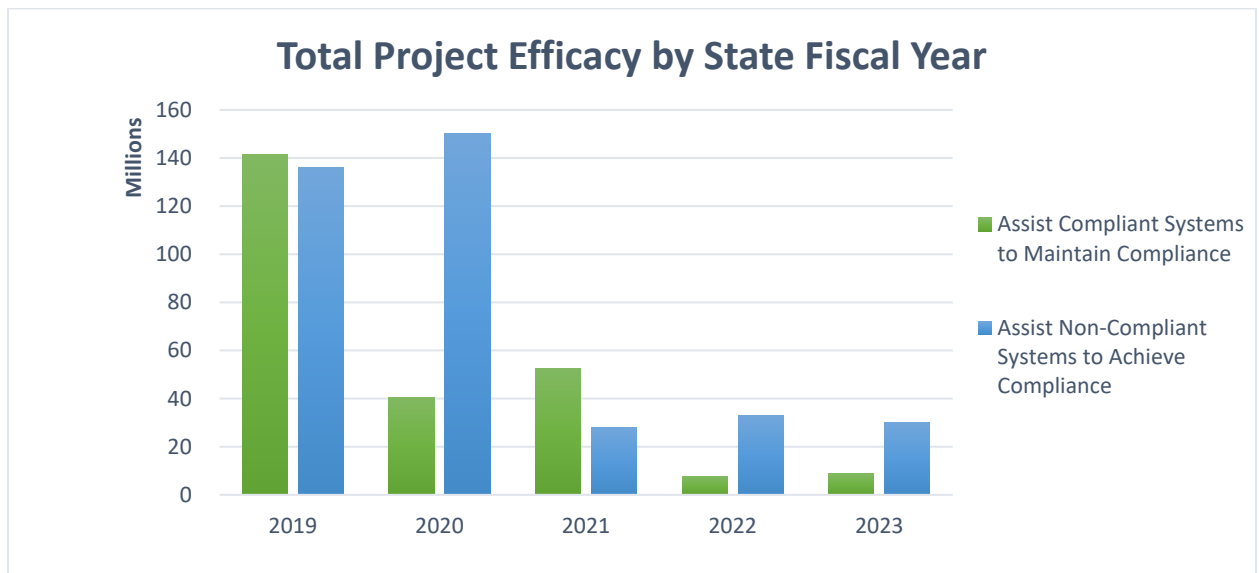
During SFY 2023, TWDB staff began coordinating with 13 SRF borrowers under the CFO to GO initiative. These entities have received subsidized financial consulting expertise used to identify deficiencies in financial operations and related activities and develop plans to remediate them. Details of TWDB’s AMPSS program and the CFO to GO recipients may be found in Section 8, Program Initiatives.

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. 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 2023, the TWDB provided DWSRF funds totaling over \$38 million to 16 projects that will protect public health and assist communities in maintaining or achieving compliance with SDWA requirements. To further achieve this goal, the TWDB has an established priority rating system that directly supports the goals of the SDWA. The TWDB reports on its efforts in achieving this goal using EPA's DWSRF Reporting System 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.*

The TWDB provided funding commitments during the SFY to eligible entities invited to submit applications for assistance, thereby ensuring water systems within the state achieved or maintained compliance with the SDWA. In total, 31 funding commitments were made during SFY 2023.

To encourage entities to use the DWSRF, reductions from market interest rates on financing were provided to recipients in the form of a 35 percent reduction for equivalency projects and a 30 percent reduction for non-equivalency projects. 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 \$87,000,000 of additional subsidy as shown in the SFY 2023 IUP. During the SFY, the TWDB identified 25 projects to receive this additional subsidy with a grand total of \$68,795,156.

- 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.

Additionally, the TWDB continued to support two programs to assist communities with effective financial, managerial, and technical capacity. The first is the Asset Management Program for Small Systems, or AMPSS. The program is intended to assist small, rural wastewater systems with the development and implementation of an asset management plan and other management tools through use of program funds. The second is the CFO to GO initiative. The TWDB contracted with Certified Public Accountants (CPA) to provide established procedures and technical assistance services to designated recipients with the intent to assist struggling communities maintain adequate compliance with the requirements of the DWSRF. Further details are available in Program Initiatives, Asset Management Program for Small Systems and CFO to GO initiative, respectively.

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 upgrades 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 2023, the TWDB prioritized the use of additional subsidization for those entities that met EPA’s guidance criteria. Disadvantaged communities were allocated most of the available subsidy for system upgrades and replacements. The TWDB’s initial allocations to each funding category are explained below.

The TWDB made available \$54,000,000 of additional subsidy for qualifying disadvantaged communities. The maximum amount from this allocation was \$1,000,000 per project pursued by the entity.

An additional \$17,000,000 was made available to small/rural disadvantaged communities. If any disadvantaged small/rural communities required a loan component to cover project costs, the TWDB offered zero percent interest. The maximum amount from this allocation was \$1,000,000. Similar to the maximum amount listed above, this limit was applied to all projects pursued by the entity during the SFY.

The TWDB also made available \$5,000,000 of additional subsidy for very small system projects (serving 1,000 or fewer in population) of which \$2,000,000 was allocated to the Securing Safe Water initiative through the first round of funding. Entities were limited to no more than \$400,000 in principal forgiveness from this allocation category for all projects pursued during the SFY. 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 \$4,000,000 of the amount required in additional subsidy for green projects in the form of principal forgiveness. This funding option offered principal forgiveness for up to 15 percent of the total DWSRF-funded eligible green component costs. Applicants with proposed project components that qualified as green were eligible for this

additional subsidy. For further details, review Section 4, Green Project Reserve. Details of the subsidies provided are shown in Appendix A, Table 1.

Finally, the TWDB made available \$2,000,000 in zero percent interest loan funding to any eligible system pursuing the completion or implementation of an asset management plan consistent with the scope of work and deliverables for the AMPSS program. An eligible system could receive up to \$100,000 for the creation of a plan and up to \$500,000 for a plan's implementation.

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 percent of the annual appropriations 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 to facilitate a uniform approach to providing the information proving eligibility. The TWDB committed to fund \$5,491,100 in green project costs during SFY 2023. Two green projects totaling \$30,104,555 were funded during the SFY. Details of the Green Project Reserve are shown in Appendix A, Table 2.

5. Income from Program Fees

The TWDB assesses fees to recover 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 two percent of the portion of the DWSRF financial assistance that is to be repaid and is assessed in full at closing.

For SFY 2023, the TWDB collected \$2,848,755 in DWSRF administrative fees. Fees are budgeted as a source of revenue for financing DWSRF administration expenses including the AMPSS and CFO to GO initiatives. During SFY 2023, \$417,365.21 was expended from the fee account for operations. The balance of funds within the fee account was \$55,930,706.76 as of August 31, 2023.

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 percent Federal Funds from the capitalization grant.

The TWDB demonstrates that the required state match has been deposited and utilized prior to drawing 100 percent federal funds.

In accordance with statute and the FFY 2022 Capitalization Grant, on May 25, 2023, the TWDB deposited \$20,000,000 into the DWSRF to fully meet its requirement to match an amount at

least equal to 20 percent (10 percent for IJIA funds) of the amount awarded in the capitalization grant. Additionally, on August 31, 2023, the TWDB deposited \$73,918,671 as future state match to cover subsequent IJIA capitalization grants. The balance of the match deposited totals \$100,266,327 in excess of the cumulative required state match that will be applied toward future capitalized grants. Details of the state match are shown in Appendix A, Table 3.

7. Timely and Expeditious Use of Funds

As of August 31, 2023, the outstanding capitalization grant balance was \$123,930,698.50. Federal draws for the SFY totaled \$118,652,309.71. Details of fund balances are shown in Appendix A, Table 4.

The TWDB closed on 24 projects totaling \$164,621,514. Additionally, three projects totaling \$2,558,000 began work while four projects totaling \$51,287,539 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.

During SFY 2021, the TWDB completed an inter-fund loan totaling \$75,000,000 between the CWSRF to the DWSRF. The repayment of this loan to the CWSRF was completed in SFY 2023. No inter-fund loans were made during SFY 2023.

8. Program Initiatives

Additional Subsidization

The additional subsidization associated with the FFY 2022 grants that were allocated to closed projects and commitments totaled \$5,070,853 for Annual Appropriations and \$14,635,000 for the IJIA General Supplemental as of August 31, 2023. Seven projects received a commitment and the remaining applications are still under review. While the TWDB did not meet the FFY 2022 capitalization grant requirements for additional subsidization during the SFY, there are several project applications still under review that will receive financial assistance in subsequent years and be reported on in future annual reports. Details of the additional subsidization are shown in Appendix A, Table 1.

Disadvantaged Communities Funding

The TWDB received 17 applications for projects totaling \$59,443,233 in Disadvantaged principal forgiveness for SFY 2023. Four projects received commitments during SFY 2023 and count toward the FFY 2022 grants. One of those projects has closed on disadvantaged principal forgiveness. The TWDB closed on financial assistance for nine disadvantaged community projects totaling \$15,752,180 during SFY 2023; this amount includes projects that were originally listed in previous years' IUPs. Details of the disadvantaged communities' funding are shown in Appendix A, Table 1.

A disadvantaged community is a community that meets the DWSRF's Affordability Criteria based on income, unemployment rates, and population trends. For details on the DWSRF Affordability

Criteria, please see the SFY 2023 IUP, Appendix D, Affordability Criteria to Determine Disadvantaged Community Eligibility.

Application Process

During SFY 2023, applicants listed on the IUP's Invited Projects List were required to complete and submit an intent to apply form showing their interest in SRF funding. If they failed to submit their intent form by the established deadline, their project was bypassed. This allowed those with projects further down the Project Priority List access to program funds.

The first round of invitations included projects whose total costs were within the amount of the capitalization grant, as evidenced by the Initial Invited Projects List within the SFY 2023 IUP. Applications received by the initial deadline were considered in the priority order listed on the Project Priority List. If any funds remain unallocated, then other projects on the Project Priority List were invited to apply in rank order.

The TWDB continued to utilize an open IUP to allow for the addition of new projects at any time throughout the year. The open IUP encouraged entities with projects that were not on the initial lists to submit a Project Information Form at any time during the year. Those projects were added to the bottom of the SFY 2023 IUP Project Priority List in the order in which they were received.

Bypass of Projects on the Project Priority List

The SFY 2023 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 apply for financial assistance were bypassed by lower ranked projects that were ready to apply for financial assistance. Additionally, several projects were invited to apply for financial assistance to ensure that the TWDB met the FFY 2022 Capitalization Grant requirements.

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, 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.

Build America, Buy America (BABA)

During SFY 2023, only a small number of projects received equivalency commitments that are subject to the BABA requirements. Additionally, the TWDB continued to develop and implement the compliance requirements for financial assistance recipients subject to BABA requirements during the SFY. As of August 31, 2023, the TWDB intends to implement the following items to

ensure compliance with BABA requirements: (1) advising all CWSRF equivalency funding applicants of the need to comply with the BABA requirements during pre-application meetings, via guidance documents, and the agency’s website; (2) including a condition in TWDB resolutions requiring recipients of CWSRF equivalency financial assistance to comply with the BABA requirements; (3) ensuring that all financial assistance agreements contain a clause mandating compliance with BABA requirements; and (4) providing recipients with de minimis logs and certification forms.

Asset Management Program for Small Systems (AMPSS)

The TWDB has implemented a program for small systems to undertake asset management planning since SFY 2018. The program allows qualified contractors to work with small water and wastewater system providers to create asset management plans including, but not limited to, an inventory of assets with replacement dates and estimated costs, best practices for operation and maintenance, and associated financial plans for obtaining funding to meet future needs. During SFY 2023, the Board approved the first round of the AMPSS program with 15 pre-qualified contractors and 20 participant systems for a total amount not to exceed \$2,000,000. Funding for the AMPSS was obtained through use of the CWSRF and DWSRF origination fees. The 20 AMPSS projects from the first round are well underway with final deliverables expected in the first quarter of SFY 2024.

<u>Participant System</u>	<u>Contractor Firm</u>	<u>Max. Amount</u>	<u>Source of Funding (Loan Origination Fees)</u>
Barton WSC	Enprotec / Hibbs & Todd, Inc.	\$ 100,000.00	DWSRF
Bell County WCID 5	Texas Rural Water Association	\$ 100,000.00	DWSRF
Bistone Municipal Water Supply District	Texas Rural Water Association	\$ 100,000.00	DWSRF
City of Crawford	GHD Inc.	\$ 100,000.00	DWSRF
City of George West	Hanson Professional Services Inc.	\$ 100,000.00	CWSRF
City of Mart	GHD Inc.	\$ 100,000.00	CWSRF
City of Midway	GHD Inc.	\$ 100,000.00	DWSRF
City of Olton	Freese and Nichols, Inc.	\$ 100,000.00	CWSRF
City of Rosebud	Texas Rural Water Association	\$ 100,000.00	CWSRF
City of Wallis	HR Green, Inc.	\$ 100,000.00	CWSRF
Colorado County WCID 2	HR Green, Inc.	\$ 100,000.00	DWSRF
Colorado County WCID 2	HR Green, Inc.	\$ 100,000.00	CWSRF
East Rio Hondo WSC - Lozano	Texas Rural Water Association	\$ 100,000.00	CWSRF
El Tanque WSC	Enprotec / Hibbs & Todd, Inc.	\$ 100,000.00	DWSRF

<u>Participant System</u>	<u>Contractor Firm</u>	<u>Max. Amount</u>	<u>Source of Funding (Loan Origination Fees)</u>
Falfurrias Utility Board - Encino	Garver, LLC	\$ 100,000.00	DWSRF
Markham MUD	LSPS Solutions, LLC	\$ 100,000.00	CWSRF
Matagorda County WCID 5	LSPS Solutions, LLC	\$ 100,000.00	CWSRF
North Zulch MUD	GHD Inc.	\$ 100,000.00	CWSRF
Tom Green County FWSD 2	Enprotec / Hibbs & Todd, Inc.	\$ 100,000.00	DWSRF
Winkler WSC	Enprotec / Hibbs & Todd, Inc.	\$ 100,000.00	DWSRF

In late SFY 2023, a second round of AMPSS projects was initiated. Like the first round, the second round will consist of 20 AMPSS projects (10 drinking water and 10 wastewater systems) for a total contract amount not to exceed \$2,000,000 (\$100,000 maximum per project). The Board is expected to approve the pre-qualified contractor pool and 20 participant systems in the second quarter of SFY 2024.

CFO to GO

Beginning in SFY 2019, the TWDB implemented a program to assist CWSRF and DWSRF financial assistance recipients. The focus of the program was to help recipients improve or maintain adequate compliance with State Revolving Fund program requirements. The TWDB contracts with Certified Public Accountants and assigns them to assist with the design and implementation of recipients' financial reporting, compliance and internal control processes and procedures. Some examples of contracted activities include: monitoring compliance with financial instrument covenants; monitoring allowable costs and compliance with cost principles; financial reporting; advising recipients on the design and implementation of internal control procedures; and, enhancing procedures for the preparation of financial statements, among others.

For SFY 2023, a total of \$1,000,000 was authorized for use. The TWDB coordinated financial consulting services for 13 entities.

<u>Subrecipient</u>	<u>Consulting Firm</u>	<u>Max. Amount</u>	<u>Source of Fees for Payment</u>
Blanco	CohnReznick	\$87,396.00	CW/DWSRF
Bonham	CohnReznick	\$3,377.50	CW/DWSRF
Cisco	CohnReznick	\$31,100.00	CW/DWSRF
Edcouch	Weaver & Tidwell	\$862.50	CWSRF
Gatesville	CohnReznick	\$80,599.00	CWSRF
Johnson City	Weaver & Tidwell	\$21,912.50	CWSRF
La Feria	Weaver & Tidwell	\$862.50	CW/DWSRF
La Joya	Weaver & Tidwell	\$42,212.50	CWSRF
Llano	CohnReznick	\$37,919.50	CW/DWSRF

<u>Subrecipient</u>	<u>Consulting Firm</u>	<u>Max. Amount</u>	<u>Source of Fees for Payment</u>
Marlin	CohnReznick	\$43,762.50	CW/DWSRF
Mercedes	Weaver & Tidwell	\$10,987.50	CWSRF
Mission	Weaver & Tidwell	\$22,260.00	CW/DWSRF
Port Arthur	CohnReznick	\$66,232.50	CW/DWSRF
Total		\$449,484.50	

Efforts to Address Systems with Urgent Needs

The TWDB continues to join with other state, federal, and local agencies to aid communities impacted by disasters. Through the DWSRF’s Urgent Need funding reserves, the TWDB was able to make available principal forgiveness and zero-interest financing for damaged and imperiled infrastructure. During SFY 2023, three projects submitted applications to address urgent needs. Details on these projects and previous year’s projects are shown in Appendix A, Table 1.

Securing Safe Water

Beginning in SFY 2020, the TWDB began an initiative called Securing Safe Water that involved a comprehensive outreach, technical assistance, and funding strategy to reduce the number of public water systems that have unresolved health issues. By providing these services and funding, the TWDB worked to facilitate EPA’s Strategic Plan goal of significantly reducing the number of public water systems with reported health violations.

At the start of the SFY 2020, the TCEQ shared a list of over 250 public water systems with health violations. The TWDB’s Outreach staff and the TCEQ’s Enforcement Division staff continued outreach efforts to these communities in hopes of resolving their chronic issues. For the SFY 2023 IUP, fifteen entities submitted a PIF for consideration. Nine projects were invited and submitted an application for funding in SFY 2023. As of August 31, 2023, three systems have funding commitments.

Financial Indicators

The TWDB annually reviews key financial health indicators of the DWSRF program to ensure the program is keeping “pace” with national benchmarks. The TWDB’s overall indicators have been comparable to the national averages as of the latest update provided by EPA via the last performance evaluation review.

TX DWSRF Financial Indicators (as of June 30, 2022)					
NIMS Line #	Financial Indicators based on Cumulative Activity	2020	2021	2022	National Average SFY 2022*
401	Cumulative Assistance Disbursed as a % of Funds Available	92.423%	90.613%	84.2%	83.4%

TX DWSRF Financial Indicators (as of June 30, 2022)					
NIMS Line #	Financial Indicators based on Cumulative Activity	2020	2021	2022	National Average SFY 2022*
418	Return on Federal Investment	184.5%	186.8%	196.6%	219.1%
419	Assistance Provided as a % of Funds Available	93.4%	92.1%	85.7%	97.7%
420	Disbursements as a % of Assistance Provided	98.9%	98.4%	98.2%	85.4%
420.1	Ratio of Undisbursed Project Funds to Disbursements/Undisbursed Funds to Average Disbursements (Years to Disburse)	0.7 yrs.	1.0 yr.	1.9 yrs	2.9 yrs
421	Additional Assistance Provided Due to Leveraging	\$174.1M	\$117.7M	\$192.1M	N/A
424	Set-aside spending rate	94.0%	93.9%	93.3%	91.4%
425	Net Return/ (Loss)	\$39.5M	\$27.5M	\$11.6M	\$2.885B
426	Net Return on Contributed Capital Excluding Subsidy	2.8%	1.9%	0.8%	14.5%
N/A	Total Net	\$77.4M	\$97.7M	\$59.0M	N/A
N/A	Net Interest Margin	0.6%	0.1%	-0.2%	0.7%

* As of the writing of this Annual Report, SFY 2023 data was unavailable.

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 2022 PER review was conducted March 2023 – July 2023. The review was based upon the TWDB SFY 2022 annual activity. For the review, there were interactive 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. Overall, the EPA found that the TWDB is meeting compliance with 40 CFR Part 35, and the capitalization grant conditions.

The EPA shared seven recommendations.

1. The EPA recommends that the TWDB continue its efforts to fill the engineering vacancies in the Regional Water Project Development Division.

Currently, the TWDB is taking action to fill vacancies in the Regional Water Project Development (RWPD) Division. The TWDB has recently hired five engineering review staff and, in response to additional funding from IJJA and other state initiatives, added new full-time engineering positions to assist with workload. The TWDB is taking actions to fill the 17 vacant licensed engineering positions and four project manager positions. As part of these efforts, the agency has hired a full-time recruiter, has increased advertising efforts on job posting sites, and is offering a \$5,000 recruitment bonus for licensed professional engineers. In addition, the agency continues to work with the University of Texas at Arlington to provide additional resources for review of plans and specifications and for site visits of projects under construction. The Program Administration & Reporting Division hired an engineer to handle the new special SRF funding programs, along with the regular SRF programs.

2. The EPA recommends that the TWDB review its boilerplate language for loan assistance agreements to assure that equivalency projects understand and incorporate the requirements into contract documents. In addition, the TWDB should update its requirements for project-level certification of Build America, Buy America (BABA) compliance and update any inspection checklists to incorporate BABA.

The TWDB has updated its documents to reflect the current BABA requirements and EPA-approved waivers applicable to equivalency projects. The TWDB will adjust its BABA requirements and procedures related to equivalency projects in accordance with the final version of EPA's amended waiver and an updated guidance document will be published before the end of the calendar year, 2023.

3. The EPA recommends that the TWDB develop a list of recipients that qualify for the BABA SRF Planning and Design Waiver and track the projects that meet the criteria for the BABA waiver.

The TWDB has not committed to a project meeting the criteria of the BABA waiver. However, the TWDB will develop a list and track projects that meet the criteria for this waiver. To ensure the agency can identify and track those that meet this criteria, the TWDB required its written approval for an entity to use this EPA waiver on a funded equivalency project. This requirement is posted on the TWDB's BABA webpage. This will ensure the TWDB can review the proposal in advance and has a complete list of those projects utilizing the waiver.

4. The EPA recommends that the TWDB ensure that they are complying with the Executive Order for DWSRF equivalency projects.

As of August 31, 2023, the TWDB is still awaiting EPA's guidance on implementation. The TWDB continues to inform financial assistance recipients with DWSRF equivalency funding of this Executive Order.

5. Region 6 commends the TWDB for their efforts to provide their additional subsidy to all eligible entities. However, the additional subsidization associated (minimum of \$17,451,000) with the FFY 2021 grant was not fully allocated. It appears that only \$9,553,610 has been committed toward additional subsidization. Region 6 requests an update on additional subsidization associated with the FFY 2021 grant.

Another round of applications are being processed for the 2021 Grant that will bring the additional subsidization total up to \$19,086,188, which exceeds the minimum requirement of \$17,451,780.

6. The annual report indicates that the program made 26 new binding commitments totaling \$65,239,209 in drinking water infrastructure construction for communities to correct problems and achieve compliance with the SDWA. This did not satisfy the statutory requirement of making binding commitments in an amount equal to the amount of each cap grant (\$87,015,000) and accompanying state match (\$17,403,000) and within one year after the receipt of each grant payment. Region 6 requests an update on the binding commitments requirement associated with the FFY 2021 grant.

As of August 31, 2023, TWDB has made 31 binding commitments for a total of \$76,186,741, which is below the requirement of \$87,015,000. There are currently several project applications being processed that will bring the total up to the requirement amount.

7. The Net Interest Margin has declined over the past three years. Please explain what might be causing this trend and any corrective action if applicable.

The Net Interest Margin has been affected by higher market rates on borrowings, the need to increase interest income from new loans, and changes in law that have required a higher percentage on average of any committed/closed SRF funding to be in the form of principal forgiveness. The TWDB will continue to model its program for overall funding capacity levels consistent with current and forecasted conditions and will ensure the program closes on additional loans producing interest income. The significant reduction in the last two years in the annual SRF appropriations level, which have lower additional subsidization requirements than the supplemental Infrastructure Investment and Jobs Act appropriations, has affected the SRF

programs and will continue to affect available loan income as more funding must be provided in the form of principal forgiveness.

10. Compliance Statements

Compliance with FFY 2022 DWSRF Grant Agreement Conditions

The TWDB has complied with all administrative and programmatic conditions in the FFY 2022 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.

State Statutes

The TWDB has complied with all applicable state laws pertaining to the TWDB's DWSRF program.

11. Lead Service Line Replacement and Drinking Water Emerging Contaminants Grants

The TWDB approved the Lead Service Line Replacement (LSLR) and Drinking Water Emerging Contaminants (DW-EC) IUPs in August 2023. The anticipated EPA grant award for these associated grants should be received during SFY 2024, with program activities commencing thereafter. Activities from the SFY 2023 LSLR and DW-EC IUPs will be reported on in the SFY 2024 DWSRF Annual Report and subsequent annual reports until all remaining grant funds have been expended and projects have been completed.

Appendix A: DWSRF SFY 2023 Tables

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Table 1						
Green Project Reserve and Additional Subsidization - 2020 IUP / 2019 Grant						
IUP and/or Grant Targets	GPR: \$ 8,622,500		Add Sub Minimum			\$ 22,418,500
			Add Sub Maximum			\$ 47,423,750
Recipient	Amount	Green	Green Subsidy	V.S.S.	Disadvantaged	Urgent Need
Annona	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -	\$ -
Carbon	754,600	285,384	42,808	300,000	411,792	-
Coke County WSC	300,000	-	-	300,000	-	-
Commodore Cove Improvement District	295,000	-	-	295,000	-	-
Eagle Pass	3,997,286	3,997,286	357,286	-	-	-
Evadale WCID #1	300,000	-	-	300,000	-	-
Gordon	901,323	675,486	101,323	300,000	400,000	-
H2O Tech, Inc	53,467	-	-	-	-	53,467
Newton	537,600	-	-	300,000	237,600	-
North Alamo WSC	6,976,373	4,271,261	754,873	-	1,831,500	-
Paducah	3,392,958	-	-	-	1,677,958	-
Pharr	17,880,000	-	-	-	4,000,000	-
Presidio Co. WCID/Redford	300,000	-	-	-	-	300,000
Quitaque	1,495,000	-	-	300,000	650,000	-
Raymondville	2,599,412	-	-	-	1,079,412	-
Riesel	5,860,000	-	-	-	-	500,000
Roby	550,000	-	-	300,000	-	-
Rotan	5,202,068	5,090,553	763,583	-	2,163,485	-
Sweetwater	3,100,000	-	-	-	\$913,725	-
Sandbranch Development & WSC	300,000	-	-	300,000	-	-
Total Closed	\$ 55,095,087	\$ 14,319,970	\$ 2,019,873	\$ 2,995,000	\$ 13,365,472	\$ 853,467
Millersview-Doole WSC	\$ 2,450,980	\$ -	\$ -	\$ -	\$ 1,715,686	\$ 735,294
Mount Calm	1,106,000	-	-	300,000	106,000	700,000
Total Uncommitted (Application)	\$ 3,556,980	\$ -	\$ -	\$ 300,000	\$ 1,821,686	\$ 1,435,294
Grand Totals	\$ 58,652,067	\$ 14,319,970	\$ 2,019,873	\$ 3,295,000	\$ 15,187,158	\$ 2,288,761
Total Additional Subsidy:						\$ 22,790,792

Table 1 (Continued)						
Green Project Reserve and Additional Subsidization - 2021 IUP / 2020 Grant						
IUP and/or Grant Targets	GPR: \$ 8,628,000		Add Sub Minimum			\$ 17,256,000
			Add Sub Maximum			\$ 42,277,200
Recipient - Closing Date	Amount	Green	Green Subsidy	V.S.S.	Disadvantaged	Urgent Need
Alice - 12/14/2022 *	\$ 7,000,000	\$ -	\$ -	\$ -	\$ 2,046,000	\$ -
Arp - 12/14/2021	7,367,173	6,172,164	925,825	300,000	3,739,348	800,000
Barksdale WSC - 12/15/2021	124,300	-	-	124,300	124,300	-
Breckenridge - 07/13/2022	3,637,809	2,221,275	333,191	-	979,618	-
Comanche - 05/17/2022	2,299,908	1,118,451	167,768	-	626,140	-
Crockett - 04/21/2022	3,450,905	-	-	-	1,705,905	-
Daingerfield - 06/09/2022	3,332,157	-	-	-	1,647,157	-
East Texas of Smith Co. - 12/22/2022	2,119,530	-	-	-	623,530	-
Ellinger Sewer & Water SC - 06/29/2022	1,400,000	-	-	-	-	500,000
Gladewater - 11/22/2022 *	2,638,900	-	-	-	777,900	-
Lexington - 05/08/2023 *	2,454,100	-	-	-	689,100	-
Melvin - 02/16/2023 *	300,000	-	-	-	300,000	-
Rising Star - 01/25/2023 *	300,000	-	-	-	300,000	-
Tri-Try WSC - 05/17/2023	300,000	-	-	300,000	-	-
Total Closed	\$ 36,724,782	\$ 9,511,890	\$ 1,426,784	\$ 724,300	\$ 13,558,998	\$ 1,300,000
Concan WSC	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Total Uncommitted	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Grand Totals	\$ 37,224,782	\$ 9,511,890	\$ 1,426,784	\$ 724,300	\$ 13,558,998	\$ 1,800,000
Total Additional Subsidy:						\$ 17,510,082

GPR = Green Project Reserve

Add Sub = Additional Subsidization in the form of principal forgiveness

* Disadvantaged project that closed during SFY 2023

Table 1 (Continued)							
Green Project Reserve and Additional Subsidization - 2022 IUP / 2021 Grant							
IUP and/or Grant Targets	GPR: \$ 8,701,500		Add Sub Minimum				\$ 17,451,780
			Add Sub Maximum				\$ 42,686,130
Recipient - Closing Date	Amount	Green	Green Subsidy	V.S.S.	Disadvantaged	Urgent Need	ER Preparedness
Daisetta - 04/12/2023 *	\$ 2,290,280	\$ -	\$ -	\$ 300,000	\$ 410,280	\$ 600,000	\$ -
M & M WSC - 08/10/2022	1,269,700	-	-	-	305,700	-	75,000
Miles - 01/19/2023	269,608	-	-	269,608	-	-	-
Mullin ISD - 01/17/2023 *	998,000	-	-	300,000	300,000	-	-
Riverside SUD - 11/18/2022	1,650,000	-	-	-	-	-	75,000
Strawn - 09/14/2022 *	2,001,900	-	-	300,000	928,900	-	-
Total Closed	\$ 8,479,488	\$ -	\$ -	\$ 1,169,608	\$ 1,944,880	\$ 600,000	\$ 150,000
Mertzon	\$ 4,289,000	\$ -	\$ -	\$ 300,000	\$ 1,904,000	\$ -	\$ -
Oak Grove	300,000	-	-	300,000	-	-	-
Hidalgo	13,800,000	-	-	-	3,990,000	-	75,000
Leonard	8,480,000	-	-	-	4,155,000	-	-
De Kalb	7,175,000	-	-	-	3,587,500	-	-
Albany	3,034,000	-	-	-	910,200	-	-
Total Uncommitted	\$ 37,078,000	\$ -	\$ -	\$ 600,000	\$ 14,546,700	\$ -	\$ 75,000
Grand Totals	\$ 45,557,488	\$ -	\$ -	\$ 1,769,608	\$ 16,491,580	\$ 600,000	\$ 225,000
						Total Additional Subsidy:	\$ 19,086,188

Table 1 (Continued)							
Annual Appropriations Green Project Reserve and Additional Subsidization - 2023 IUP / 2022 Grant							
IUP and/or Grant Targets	GPR: \$ 5,491,100		Add Sub Minimum				\$ 14,276,860
			Add Sub Maximum				\$ 17,913,430
Recipient - Closing Date	Amount	Green	Green Subsidy	V.S.S.	Disadvantaged	Urgent Need	ER Preparedness
Commodore Cove ID - 08/25/2023	\$ 314,696	\$ -	\$ -	\$ 314,696	\$ -	\$ -	\$ -
Orange Co WCID #1 - 08/16/2023	910,000	-	-	-	-	500,000	-
Total Closed	\$ 1,224,696	\$ -	\$ -	\$ 314,696	\$ -	\$ 500,000	\$ -
Bay City	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -
Westbound WSC	5,366,157	-	-	-	3,681,157	-	75,000
Total Unclosed (Committed)	\$ 20,366,157	\$ -	\$ -	\$ -	\$ 3,681,157	\$ 500,000	\$ 75,000
Arimak WSC	\$ 1,755,000	\$ -	\$ -	\$ 400,000	\$ -	\$ 500,000	\$ -
Liberty Hill	28,650,000	28,256,373	4,000,000	-	6,000,000	-	-
Smyer	4,365,000	1,848,182	277,227	400,000	-	-	-
Total Uncommitted	\$ 34,770,000	\$ 30,104,555	\$ 4,277,227	\$ 800,000	\$ 6,000,000	\$ 500,000	\$ -
Grand Totals	\$ 56,360,853	\$ 30,104,555	\$ 4,277,227	\$ 1,114,696	\$ 9,681,157	\$ 1,500,000	\$ 75,000
						Total Additional Subsidy:	\$ 16,648,080

Table 1 (Continued)					
IJA General Fund Additional Subsidization - 2023 IUP / 2022 Grant					
Grant Requirement	Add Sub Exact Amt Required	\$ 69,086,570			
Recipient - Closing Date	Amount	V.S.S.	Disadvantaged		
			Large / Urban	Small / Rural	
Greenbelt MIWA - 08/23/2023 *	\$ 18,110,000	\$ -	\$ 10,000,000	\$ -	
Total Closed	\$ 18,110,000	\$ -	\$ 10,000,000	\$ -	
Barksdale WSC	\$ 960,000	\$ -	\$ -	\$ 960,000	
Menard	5,595,000	-	3,675,000	-	
Total Unclosed (Committed)	\$ 6,555,000	\$ -	\$ 3,675,000	\$ 960,000	
La Joya	\$ 7,141,460	\$ -	\$ 4,877,600	\$ -	
Gladewater	2,829,646	-	1,000,000	-	
ANRA	7,705,000	-	4,915,850	-	
Eden	3,552,526	-	2,417,526	-	
Grassland WSC	400,000	400,000	-	-	
Town North Estates	385,000	385,000	-	-	
Liberty Hill	27,500,000	-	10,000,000	-	
Corix Utilities	9,883,000	-	6,918,100	-	
Rowena	6,721,000	400,000	-	1,000,000	
Cox Addition	523,000	-	-	523,000	
Silverton	14,880,000	400,000	-	-	
Plott Acres	1,887,000	400,000	-	1,000,000	
Gordon	800,000	400,000	-	1,000,000	
Sharyland WSC	40,000,000	-	-	1,000,000	
Town North Village	475,000	-	-	475,000	
Total Uncommitted	\$ 124,682,632	\$ 2,385,000	\$ 30,129,076	\$ 4,998,000	
Grand Totals	\$ 149,347,632	\$ 2,385,000	\$ 43,804,076	\$ 5,958,000	
				Total Additional Subsidy:	\$ 52,147,076

GPR = Green Project Reserve

Add Sub = Additional Subsidization in the form of principal forgiveness

* Disadvantaged project that closed during SFY 2023

Table 2			
Green Project Reserve - 2020 IUP / 2019 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
Carbon	Green Infrastructure	\$ 285,384	The radio read meters and software installation is Categorically Eligible (CE) in accordance with Part B, Section 2.2-4 for retrofitting/adding AMR capabilities or leak equipment to existing meters. The Supervisory Control and Data Acquisition (SCADA) system is CE in accordance with 2.2-10 for its intended use as distribution system leak detection equipment.
Eagle Pass	Water Efficiency	3,997,286	The project consists of upgrading the metering system from AMR to AMI to quickly detect leaks and increase water conservation. Retrofitting or adding AMI capabilities is categorically eligible under Part B, Section 2.2-4.
Gordon	Water Efficiency	675,486	Water line replacement is business-case eligible under Part B, Section 2.5-2. AMR/AMI replacement is categorically eligible under Part B, Section 2.2-3.
North Alamo WSC	Energy Efficiency	4,271,261	Retrofit of reverse osmosis membranes and installation of a new nano-filtration train at the Corporation's Doolittle plant, are recommended as a result of energy assessment and pilot studies. Energy assessment shows specific energy savings of 50 percent. Preliminary pilot test results show up to 59 percent specific energy savings. The project is business case eligible under Part B, Section 3.5-1.
Rotan	Water Efficiency	5,090,553	The water line installation is business case eligible in accordance with Part B, Section 2.4-1 for water efficiency through water saving elements. A business case is provided in accordance with 2.5-2 for distribution pipe replacement or rehabilitation to reduce water loss and prevent water main breaks.
Total Closed	5	\$ 14,319,970	

Green Project Reserve Requirement: \$ 8,704,000
165%

Table 2 (Continued)			
Green Project Reserve - 2021 IUP / 2020 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
Arp	Water Efficiency	\$ 6,172,164	The City intends to replace approximately 41,000 linear feet of asbestos cement, cast iron, and galvanized iron pipes with high density polyethylene (HDPE) pipe and replace existing meters with an automatic meter reading (AMR) system. The project will also include the replacement of existing fire hydrants, valves, and valve boxes within the system.
Breckenridge	Water Efficiency	2,221,275	The City desires to install improvements/upgrades at the WTP and raw water intake structure. In addition, the City is planning to rehabilitate various portions of the distribution system in order to reduce the number of water line leaks/breaks that have resulted in numerous boil water notices.
Comanche	Water Efficiency	1,118,451	The City is proposing to make improvements to its water system by replacing lines and installing isolation valves on the main supply line. The improvements also include installing a new well and pump station as a secondary source of water supply.
Grand Total	1	\$ 9,511,890	

Green Project Reserve Requirement: \$ 8,628,000
110%

Table 2 (Continued)			
Green Project Reserve - 2022 IUP / 2021 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
<i>No projects have applied or been committed as of August 31, 2023.</i>			
Grand Total			

Green Project Reserve Requirement: \$ 8,620,200
0%

Table 2 (Continued)			
Green Project Reserve - 2023 IUP / 2022 Grant			
Recipient	Green Category(ies)	Green Amount	Green Project Description
Liberty Hill	Water Efficiency	\$ 28,256,373	The project includes land acquisition for a reverse osmosis (RO) treatment system with an associated pilot study; construction of a reuse WTP; and a deep injection well for brine waste stream disposal. The project will utilize advanced treatment techniques to construct and operate one of the first Direct Potable Reuse systems in the U.S. The proposed project will conserve water through the treatment of treated effluent and place that treated effluent back into the water system instead of discharging it directly to the South Fork San Gabriel River.
Smyer	Water Efficiency	1,848,182	The City proposes to install the Reverse Osmosis (RO) treatment system to remove contaminants from their groundwater supply. The City will then blend the treated water with raw groundwater to obtain a stable product that meets drinking water standards. The project will also include a new automated chemical cleaning system, an RO concentrate evaporation pond(s) and appurtenances, raw water piping improvements for isolation, distribution piping improvements, an emergency generator, and construction of a new chlorination building and new high-service pump station.
Grand Total	2	\$ 30,104,555	

Green Project Reserve Requirement: \$ 5,491,100
548%

Table 3 - Grant and Match Funds								
FFY	SFY/ IUP	Grant Award #	SRF Grant	Required State Match	State Match provided from State Appropriations/ Other Sources	State Match provided from 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	-
2017	2018	FS-99679521	59,590,000	11,918,000	2,336,171	9,581,829	11,918,000	-
2018	2019	FS-99679522	87,040,000	17,408,000	2,336,171	15,071,829	17,408,000	-
2019	2020	FS-99679523	86,225,000	17,245,000	2,336,171	14,908,829	17,245,000	20,000
2020	2021	FS-99679524	86,280,000	17,256,000	-	17,256,000	17,256,000	-
2021	2022	FS-99679525	87,015,000	17,403,000	2,952,492	14,450,508	17,403,000	-
2022	2023	FS-99679526	54,911,000	10,982,200	616,322	10,365,878	10,982,200	
2022	2023	4D-02F23901	140,993,000	14,099,300	73,918,671	15,624,056	89,542,727	
Totals			\$ 1,926,933,350	\$ 359,159,425	\$ 158,749,097	\$ 275,853,755	\$ 434,602,852	\$ 152,487

Cumulative Over/(Under) Match:

75,443,427

Notes: 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. The amount listed as the state match for the FFY 2006 grant represents the amount listed on the capitalization grant agreement. The TWDB did not request an amendment from EPA to update the amount to an accurate 20% of the grant and instead overmatched to this amount.

The required state match for the base DWSRF capitalization grants is 20%. The required state match for the IJJA general supplemental grants (Grant beginning with "4D-") for FFY 2022 is 10%.

Table 4 – Capitalization Grant Draws			
	Beginning Balance	Expended	Balance - 08/31/2023
FS-99679524 FY 2020			
Construction	\$ -	\$ -	\$ -
Administration	-	-	-
TCEQ 2% Set-Aside	345,071.21	345,071.21	-
TCEQ 10% Set-Aside	-	-	-
TCEQ 15% Set-Aside	-	-	-
Totals	\$ 345,071.21	\$ 345,071.21	\$ -
FS-99679525 FY 2021			
Construction	\$ -	\$ -	\$ -
Administration	232,447.32	232,447.32	-
TCEQ 2% Set-Aside	1,724,040.00	1,216,789.32	507,250.68
TCEQ 10% Set-Aside	7,028,747.36	6,647,984.53	380,762.83
TCEQ 15% Set-Aside	1,662,645.87	1,662,645.87	-
Totals	\$ 10,647,880.55	\$ 9,759,867.04	\$ 888,013.51
FS-99679526 FY 2022			
Construction	\$ 36,385,520.00	\$ 3,736,491.10	\$ 38,288,748.90
Administration	7,836,160.00	7,836,160.00	-
TCEQ 2% Set-Aside	1,098,220.00	-	1,098,220.00
TCEQ 10% Set-Aside	5,491,100.00	-	5,491,100.00
TCEQ 15% Set-Aside	4,100,000.00	3,166,529.07	933,470.93
Totals	\$ 54,911,000.00	\$ 14,739,180.17	\$ 45,811,539.83
4D-02F23901 FY 2022			
Construction	97,764,960.00	\$ 97,608,184.07	\$ 156,775.93
Administration	5,639,720.00	1,823,467.22	3,816,252.78
TCEQ 15% Set-Aside	5,000,000.00	-	5,000,000.00
Totals	\$ 108,404,680.00	\$ 99,431,651.29	\$ 8,973,028.71
Grand Totals	\$ 173,963,560.55	\$ 123,930,698.50	\$ 55,672,582.05

Table 5 – Binding Commitments Summary

IUP	Recipient	Project ID	Commitment #	Type	Commitment Date	Status	Closing Date	Amount	Required Binding Commitments	Total Commitments / Quarter	% of Required
(1997) - (2022)	Previous SFYs							\$ 3,645,879,929	\$ 1,776,025,408	\$ 3,645,879,929	205.28%
2021	Alice	62835	L1001421	EQ	9/1/2022	Active	12/14/2022	3,934,000	1,806,439,407	3,657,386,437	202.46%
2021	Alice	62835	L1001555	EQ	9/1/2022	Active	12/14/2022	1,020,000			
2021	Alice	62835	LF1001556	EQ	9/1/2022	Active	12/14/2022	2,046,000			
2021	Gladewater	62908	L1001489	EQ	10/5/2022	Active	11/22/2022	1,020,000			
2021	Gladewater	62908	L1001490	EQ	10/5/2022	Active	11/22/2022	841,000			
2021	Gladewater	62908	LF1001488	EQ	10/5/2022	Active	11/22/2022	777,900			
2022	Mullin ISD	62920	L1001559	EQ	10/5/2022	Active	1/17/2023	398,000			
2022	Mullin ISD	62920	LF1001560	EQ	10/5/2022	Active	1/17/2023	600,000			
2021	Melvin	62929	LF1001582	EQ	11/17/2022	Active	2/16/2023	300,000			
2021	Rising Star	62928	LF1001568	EQ	11/17/2022	Active	1/25/2023	300,000			
2022	Miles	62927	LF1001569	EQ	11/17/2022	Active	1/19/2023	269,608			
2021	Lexington	62914	L1001459	EQ	12/15/2022	Active	5/8/2023	1,020,000			
2021	Lexington	62914	L1001595	EQ	12/15/2022	Active	5/8/2023	745,000			
2021	Lexington	62914	LF1001585	EQ	12/15/2022	Active	5/8/2023	689,100			
2022	Daisetta	62931	L1001594	EQ	12/15/2022	Active	4/12/2023	980,000			
2022	Daisetta	62931	LF1001593	EQ	12/15/2022	Active	4/12/2023	1,310,280			
2021	Tri-Try WSC	62930	LF1001590	EQ	2/9/2023	Active	5/17/2023	300,000			
2022	San Angelo	62856	L1001621	EQ	4/6/2023	Active	6/6/2023	13,415,000	1,806,439,407	3,705,806,670	205.14%
2023	Greenbelt MIWA	62935	L1001617	EQ	4/6/2023	Active	8/23/2023	8,110,000			
2023	Greenbelt MIWA	62935	LF1001618	EQ	4/6/2023	Active	8/23/2023	10,000,000			
2023	Commodore Cove ID	62950	LF1001620	Non-EQ	5/4/2023	Active	8/25/2023	314,696			
2023	Orange Co WCID # 1	62948	L1001625	Non-EQ	5/4/2023	Active	9/20/2023	5,260,000			
2023	Orange Co WCID # 1	62949	L1001627	Non-EQ	5/4/2023	Active	8/16/2023	410,000			
2023	Orange Co WCID # 1	62949	LF1001626	Non-EQ	5/4/2023	Active	8/16/2023	500,000			
2023	Westbound WSC	62942	L1001622	EQ	5/4/2023	Commitment		1,610,000			
2023	Westbound WSC	62942	LF1001623	EQ	5/4/2023	Commitment		3,756,157			
2023	Barksdale WSC	62937	LF1001635	EQ	6/6/2023	Commitment		960,000			
2022	Oak Grove WSC	62959	LF1001665	EQ	7/25/2023	Commitment		300,000	1,806,439,407	3,722,066,670	206.04%
2023	Bay City	62957	L1001654	Non-EQ	8/10/2023	Commitment		11,910,000			
2023	Bay City	62957	L1001655	Non-EQ	8/10/2023	Commitment		2,590,000			
2023	Bay City	62957	LF1001656	Non-EQ	8/10/2023	Commitment		500,000			
SFY Totals		31						\$ 76,186,741			

Table 6 - Federal Funds Drawn	
SFY	Amount
1997 - 2009 (incl. ARRA)	\$ 555,881,085
2010	111,652,167
2011	140,761,437
2012	105,178,704
2013	52,114,038
2014	84,209,872
2015	77,716,526
2016	148,192,086
2017	41,890,440
2018	63,039,936
2019	81,759,468
2020	87,741,408
2021	85,086,805
2022	84,776,165
2023	118,652,310
Grand Total	\$ 1,838,652,447

Table 7 – Grant Payments by Quarter

		SFY 1997 - SFY 2022		SFY 2023			
		Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
GRANT PAYMENTS							
All Previous Grants (including ARRA)	\$	1,808,518,973	\$ -	\$ -	\$ -	\$ -	
FS-99679526			54,911,000	-	-	-	
4D-02F23901 (IIJA)			5,639,720	37,588,320	32,588,320	32,588,320	
QUARTERLY TOTAL	\$	1,808,518,973	\$ 60,550,720	\$ 37,588,320	\$ 32,588,320	\$ 32,588,320	
REQUIRED BINDING COMMITMENTS							
		SFY 1997 - SFY 2023		SFY 2024			
		Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
REQUIRED BINDING COMMITMENTS							
Cumulative EPA Payments	\$	1,808,518,973	\$ 1,869,069,693	\$ 1,869,069,693	\$ 1,869,069,693	\$ 1,869,069,693	
+ Regular/Base State Match		345,060,125	356,042,325	356,042,325	356,042,325	356,042,325	
- Regular/Base Set-Asides		290,761,650	377,651,411	377,651,411	377,651,411	377,651,411	
+ IIJA State Match		-	563,972	3,758,832	3,258,832	3,258,832	
- IIJA Set Asides		-	200,000	1,332,985	1,155,672	1,155,672	
REQUIRED BINDING COMMITMENTS (Within One Year From the Date of the EPA Payment)	\$	1,862,817,448	\$ 1,847,824,579	\$ 1,849,886,454	\$ 1,849,563,767	\$ 1,849,563,767	

Table 8 - Administrative Costs

SFY	Funds Received					Total Administration Expended
	Federal Funds (including ARRA Funds)				State Funds	
	4% Administration	Banked Administration	Other	Total Federal Funds		
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	2,806,152	-	-	2,806,152	-	951,001
1999	-	-	-	-	-	1,222,382
2000	2,160,576	-	-	2,160,576	-	830,921
2001	-	-	-	-	-	1,525,991
2002	2,264,488	-	-	2,264,488	-	432,220
2002	2,353,460	-	-	2,353,460	-	-
2003	-	-	-	-	-	1,853,449
2004	2,363,192	-	-	2,363,192	-	1,259,843
2005	2,480,948	-	-	2,480,948	-	2,487,202
2006	2,466,040	-	-	2,466,040	-	3,295,962
2007	2,711,982	-	-	2,711,982	-	3,851,198
2008	2,712,040	1,123,737	-	3,835,777	-	3,909,161
2009	2,684,480	1,722,671	-	4,407,151	-	4,084,522
2009	6,426,240	-	-	6,426,240	-	-
2010	2,684,480	-	-	2,684,480	-	6,439,595
2011	3,450,160	-	-	3,450,160	-	5,162,897
2012	2,394,160	-	-	2,394,160	-	3,268,839
2013	2,149,153	-	-	2,149,153	-	3,443,891
2014	2,140,680	-	-	2,140,680	-	3,075,565
2015	2,558,120	-	-	2,558,120	-	2,558,120
2016	2,541,280	-	-	2,541,280	-	2,541,280
2017	2,404,160	-	-	2,404,160	-	2,316,747
2018	2,383,600	-	-	2,383,600	-	2,471,013
2019	3,481,600	-	-	3,481,600	-	3,147,212
2020	3,449,000	-	-	3,449,000	-	3,642,372
2021	3,451,200	-	-	3,451,200	-	3,206,346
2022	3,480,600	-	-	3,480,600	-	3,634,022
2023	2,196,440	-	-	2,196,440	-	2,428,887
Grand Totals	\$ 70,194,231	\$ 2,846,408	\$ -	\$ 73,040,639	\$ -	\$ 70,611,752

IJA General Supplemental Funds						
2023	\$ 5,639,720	\$ -	\$ -	5,639,720	\$ -	\$ 1,823,467
Totals	\$ 5,639,720	\$ -	\$ -	\$ 5,639,720	\$ -	\$ 1,823,467

Table 9 - DBE Utilization			
	Construction	Non-Construction	Total Dollar Value
M/WBE Participation	12,709,411	1,713,898	14,423,309
Total Procurements	44,908,390	37,530,427	82,438,816

Total M/WBE Participation	17.50%
---------------------------	--------

M/WBE Participation = Combined minority- and women-owned business activity

Table 10 - Multi-Year Funding					
Recipient	Project ID	Commitment #	Commitment Date	Anticipated Closing Date	Commitment Amount
Bay City	62902	LM241193	2/25/2021	2/23/2024	3,620,000
Bay City	62902	LM251193	2/25/2021	5/31/2025	3,735,000
Riverbend Water Resources District	62883	LM231181	8/5/2020	4/30/2024	44,580,000
Riverbend Water Resources District	62883	LM231182	8/5/2020	4/30/2024	29,720,000
Grand Totals	2	Unique projects			81,655,000

**Texas Water Development Board
SFY 2023 Drinking Water State Revolving Fund
Annual Report**

Table 11 – Sources and Uses of Funds (Cash Basis)

Cash Available:	\$ 496,335,342
 SOURCES:	
Federal Grants Drawn	\$ 118,652,310
State Match Deposited	\$ 74,534,992
Principal Repayments	\$ 82,411,316
Interest Repayments	\$ 21,972,147
Investment Earnings on Funds	\$ 16,860,820
DWSRF Revenue Bond Proceeds	\$ 19,863,591
TOTAL SOURCES:	\$ 334,295,175
 USES:	
<u>Set-Asides Used</u>	
Administration Expenses - 4% Set-Aside	\$ 4,252,355
TCEQ Small Systems Technical Assistance Program - 2% Set-Aside	\$ 1,578,121
TCEQ Texas State Management Program - 10% Set-Aside	\$ 6,647,985
TCEQ Capacity Development - 15% Set-Aside	\$ 4,829,175
Total Set-Asides:	\$ 17,307,635
 <u>Projects Funded</u>	
Funds Disbursed	\$ 164,514,832
Total Projects Funded:	\$ 164,514,832
 <u>Debt Service</u>	
Revenue Bonds - Principal Paid	\$ 25,380,000
Match General Obligation Bonds - Principal Paid	\$ 8,861,140
Total Interest Paid	\$ 32,325,817
Total Debt Service:	\$ 66,566,956
 <u>Additional Transfers</u>	
Transfer from DWSRF to CWSRF (Return of Funds)	\$ 75,000,000
Total Additional Transfers:	\$ 75,000,000
 TOTAL USES:	 \$ 323,389,422
 NET SOURCES (USES):	 \$ 10,905,753
 Cash - Ending Balance (8/31/2023):	 \$ 507,241,095

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

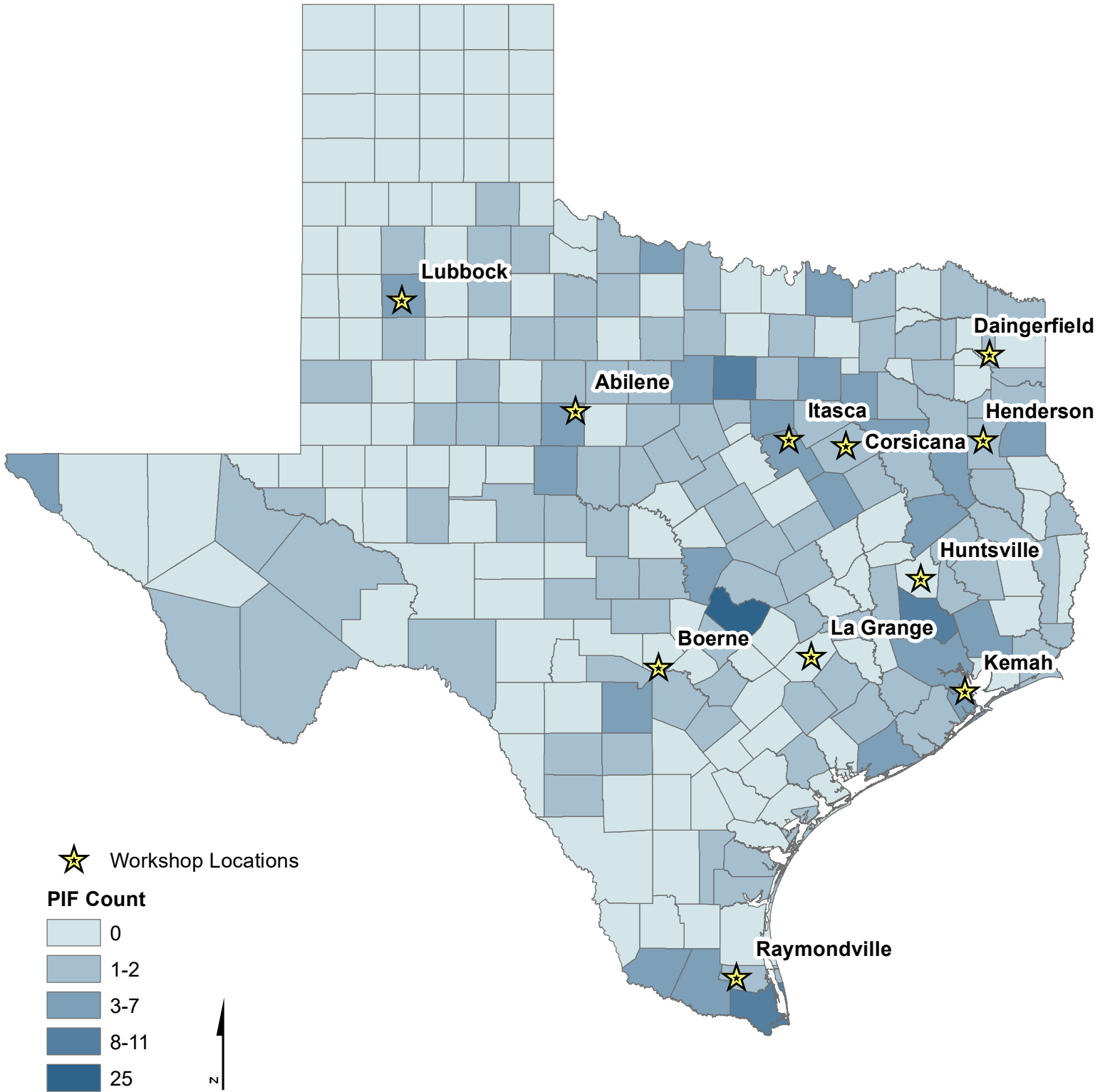
**TEXAS WATER DEVELOPMENT BOARD
DRINKING WATER STATE REVOLVING FUND
PROJECTED ANNUAL CASH FLOW COVERAGE¹
AS OF AUGUST 31, 2023**

Operational Minimum DSC: 1.10
Lowest Total DSC: 1.56

Fiscal Year (2)	Pledged Loan		Match Excess	Pledged Principal & Non-Pledged Loan Receipts		Revenue Bond Debt Service		Total Debt Service	Total Debt Service Coverage (8)	Annual Excess Revenue
	Receipt 7/1 - 6/30 (3)	Interest Debt Service for Match (4)		7/1 - 6/30 (5)	Revenue Bond Debt Service (6)	Debt Service Coverage (7)				
2024	\$22,183,072	\$21,892,602	\$290,470	\$84,205,366	\$46,116,225	1.83	\$68,008,827	1.56	\$38,379,610	
2025	\$21,762,540	20,756,436	\$1,006,104	86,149,326	46,115,725	1.89	66,872,161	1.61	41,039,705	
2026	21,114,958	19,576,963	1,537,995	88,199,462	46,123,475	1.95	65,700,438	1.66	43,613,982	
2027	20,402,365	18,487,459	1,914,906	89,159,750	46,121,475	1.97	64,608,934	1.70	44,953,180	
2028	19,629,754	16,407,929	3,221,825	89,977,618	46,117,475	2.02	62,525,404	1.75	47,081,968	
2029	18,832,154	14,004,792	4,827,362	88,151,625	46,118,725	2.02	60,123,517	1.78	46,860,262	
2030	18,051,684	10,549,816	7,501,868	87,835,769	46,111,975	2.07	56,661,791	1.87	49,225,663	
2031	17,219,206	6,815,421	10,403,785	86,518,863	46,114,475	2.10	52,929,896	1.96	50,808,173	
2032	16,347,674	5,751,525	10,596,149	85,991,001	46,122,475	2.09	51,874,000	1.97	50,464,676	
2033	15,420,029	5,149,955	10,270,074	87,071,366	46,117,225	2.11	51,267,180	2.00	51,224,215	
2034	14,431,637	2,726,939	11,704,698	83,851,383	46,115,725	2.07	48,842,664	2.01	49,440,356	
2035	13,472,376	2,044,200	11,428,176	81,675,935	46,121,425	2.02	48,165,625	1.98	46,982,686	
2036	12,570,805	2,043,600	10,527,205	75,101,023	46,123,825	1.86	48,167,425	1.82	39,504,403	
2037	11,696,931	-	11,696,931	71,108,586	46,117,225	1.80	46,117,225	1.80	36,688,292	
2038	10,818,053	-	10,818,053	69,629,984	46,115,288	1.74	46,115,288	1.74	34,332,750	
2039	9,954,664	-	9,954,664	66,679,925	42,699,500	1.79	42,699,500	1.79	33,935,088	
2040	9,119,697	-	9,119,697	60,859,706	28,419,938	2.46	28,419,938	2.46	41,559,465	
2041	8,287,926	-	8,287,926	59,048,822	22,288,856	3.02	22,288,856	3.02	45,047,891	
2042	7,434,157	-	7,434,157	58,895,881	12,190,313	5.44	12,190,313	5.44	54,139,726	
2043	6,561,817	-	6,561,817	58,607,675	12,190,625	5.35	12,190,625	5.35	52,978,868	
2044	5,688,665	-	5,688,665	57,812,500	-	-	-	-	63,501,165	
2045	4,816,675	-	4,816,675	57,210,804	-	-	-	-	62,027,479	
2046	3,944,636	-	3,944,636	51,463,834	-	-	-	-	55,408,469	
2047	3,183,586	-	3,183,586	46,755,083	-	-	-	-	49,938,669	
2048	2,490,884	-	2,490,884	45,309,064	-	-	-	-	47,799,947	
2049	1,858,686	-	1,858,686	39,427,640	-	-	-	-	41,286,327	
2050	1,335,657	-	1,335,657	32,209,579	-	-	-	-	33,545,236	
2051	896,880	-	896,880	25,101,343	-	-	-	-	25,998,223	
2052	506,276	-	506,276	17,569,249	-	-	-	-	18,075,524	
2053	193,181	-	193,181	8,715,372	-	-	-	-	8,908,553	
2054	34,731	-	34,731	1,963,000	-	-	-	-	1,997,731	
2055	-	-	-	-	-	-	-	-	-	
2056	-	-	-	-	-	-	-	-	-	
2057	-	-	-	-	-	-	-	-	-	
2058	-	-	-	-	-	-	-	-	-	
	\$320,261,356	\$146,207,637	\$174,053,719	\$1,942,256,534	\$809,561,969		\$955,769,606		\$1,306,748,284	

- (1) This cash flow coverage provides a presentation of only the DWSRF, and identifies the portion of outstanding debt designated for state match that is to be repaid only from interest earnings, as required by the EPA. This is distinct from and not reflective of the pledge portrayed in the cash flow coverage provided under SRF Revenue Bond offering documents.
- (2) The Texas Water Development Board's fiscal year runs from 9/1 to 8/31.
- (3) Represents pledged loan interest repayments received from July 1st through June 30th.
- (4) Represents debt service requirements on GO State Match Bonds, and the portion of SRF Revenue Bonds designated for state match.
- (5) Represents pledged loan principal repayments and non-pledged principal and interest repayments received from July 1st through June 30th, excluding prepayments of principal.
- (6) Represents debt service requirements on SRF Revenue Bonds not designated for state match.
- (7) Represents debt service coverage ratio for SRF Revenue Bonds not designated for state match.
- (8) Total revenue to debt ratio. Total revenue includes loan repayments from July 1st through June 30th.

Map of Workshops Conducted in SFY 2023



*Project Information Form

Appendix B: DWSRF SFY 2023 Projects

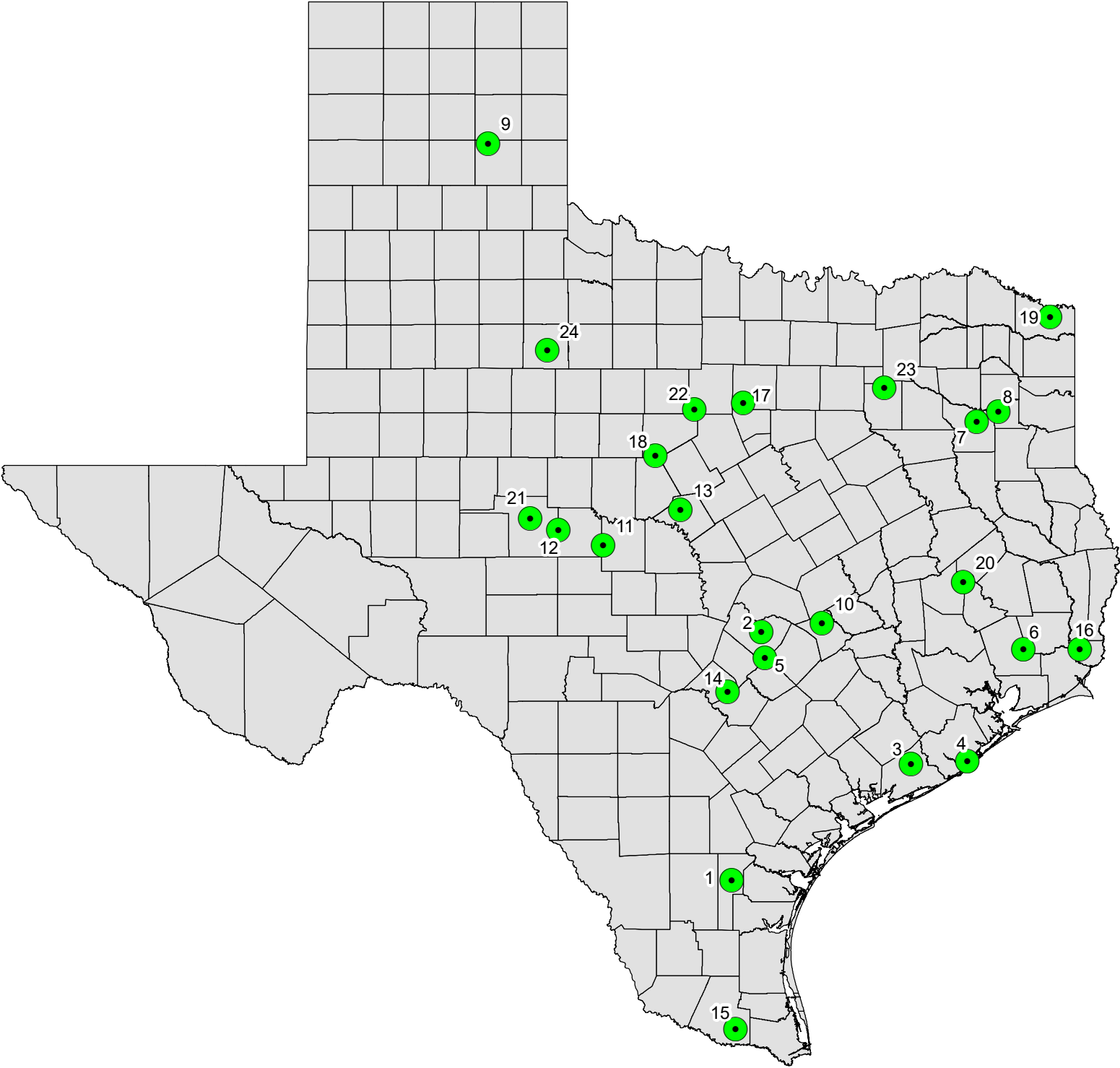
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Project Benefits Reporting Statement	B.17

Commitments Closed											
Map ID	Entity	Commitment #	Loan Amount	Principal Forgiven	Total Closed	Equivalency	First Principal Payment	Last Principal Payment	Interest Rate	IUP Year	Small Community
1	Alice	L1001421	\$ 3,934,000	\$ -	\$ 3,934,000	EQ	02/01/2023	02/01/2052	2.88%	2021	
1	Alice	L1001555	1,020,000		1,020,000	EQ	02/01/2023	02/01/2052	0.00%	2021	
1	Alice	LF1001556		2,046,000	2,046,000	EQ				2021	
2	Austin	LM231040	24,630,000		24,630,000	EQ	11/15/2023	11/15/2052	2.21%	2019	
3	Bay City	LM231193	6,175,000		6,175,000	Non-EQ	09/01/2024	09/01/2052	2.37%	2020	
4	Commodore Cove ID	LF1001620		314,696	314,696	Non-EQ				2023	Yes
5	Creedmoor Maha WSC	LM20876	4,667,500		4,667,500	EQ	12/01/2022	11/01/2052	4.28%	2018	Yes
6	Daisetta	L1001594	980,000		980,000	EQ	02/01/2024	02/01/2053	0.00%	2022	Yes
6	Daisetta	LF1001593		1,310,280	1,310,280	EQ				2022	Yes
7	East Texas MUD of Smith County	L1001538	476,000		476,000	EQ	08/15/2024	08/15/2052	3.15%	2021	Yes
7	East Texas MUD of Smith County	L1001539	1,020,000		1,020,000	EQ	08/15/2024	08/15/2052	0.00%	2021	Yes
7	East Texas MUD of Smith County	LF1001540		623,530	623,530	EQ				2021	Yes
8	Gladewater	L1001489	1,020,000		1,020,000	EQ	08/15/2023	08/15/2052	0.00%	2021	Yes
8	Gladewater	L1001490	841,000		841,000	EQ	08/15/2023	08/15/2052	2.47%	2021	Yes
8	Gladewater	LF1001488		777,900	777,900	EQ				2021	Yes
9	Greenbelt MIWA	L1001617	8,110,000		8,110,000	EQ	07/10/2024	07/10/2053	2.79%	2023	
9	Greenbelt MIWA	LF1001618		10,000,000	10,000,000	EQ				2023	
10	Lexington	L1001459	1,020,000		1,020,000	EQ	08/15/2024	08/15/2053	0.00%	2021	Yes
10	Lexington	L1001595	745,000		745,000	EQ	08/15/2024	08/15/2053	0.00%	2021	Yes
10	Lexington	LF1001585		689,100	689,100	EQ				2021	Yes
11	Melvin	LF1001582		300,000	300,000	EQ				2021	Yes
12	Miles	LF1001569		269,608	269,608	EQ				2022	Yes
13	Mullin ISD	L1001559	398,000		398,000	EQ	08/01/2023	08/01/2032	0.00%	2022	Yes
13	Mullin ISD	LF1001560		600,000	600,000	EQ				2022	Yes
14	New Braunfels	L1001376	40,000,000		40,000,000	Non-EQ	07/01/2023	07/01/2052	2.26%	2020	
15	North Alamo WSC	LM221121	2,527,000		2,527,000	EQ	11/01/2023	11/01/2043	4.16%	2020	
16	Orange Co WCID # 1	L1001627	410,000		410,000	Non-EQ	08/15/2024	08/15/2043	0.00%	2023	
16	Orange Co WCID # 1	LF1001626		500,000	500,000	Non-EQ				2023	
17	Parker County SUD	L1001201	13,000,000		13,000,000	EQ	12/01/2024	12/01/2053	2.94%	2020	Yes
18	Rising Star	LF1001568		300,000	300,000	EQ				2021	Yes
19	Riverbend Water Resources District	LM221181	8,640,000		8,640,000	EQ	10/15/2024	10/15/2053	4.06%	2020	
19	Riverbend Water Resources District	LM221182	5,760,000		5,760,000	EQ	10/15/2024	10/15/2053	4.06%	2020	
20	Riverside SUD	L1001511	1,575,000		1,575,000	EQ	04/01/2023	04/01/2042	2.70%	2022	Yes
20	Riverside SUD	LF1001512		75,000	75,000	EQ				2022	Yes
21	San Angelo	L1001621	13,415,000		13,415,000	EQ	02/15/2024	02/15/2046	2.17%	2022	
22	Strawn	L1001523	773,000		773,000	EQ	09/01/2024	09/01/2053	0.00%	2022	Yes
22	Strawn	LF1001524		1,228,900	1,228,900	EQ				2022	Yes
23	Terrell	LM22881	4,150,000		4,150,000	EQ	08/15/2025	08/15/2052	0.00%	2018	
24	Tri-Try WSC	LF1001590		300,000	300,000	EQ				2021	Yes
Totals		39	\$ 145,286,500	\$ 19,335,014	\$ 164,621,514						

"EQ" = equivalency' "Non-EQ" = non-equivalency

Map of Project Locations



Descriptions of Closed Projects

Alice Supplemental Water Resource Project # 62835			
Commitment Amount	\$7,000,000	Closing Date	12/14/2022
Commitment Code(s)	L1001421, L1001555, LF1001556	Map Location	1
<p>The proposed project will construct two brackish groundwater wells and a reverse osmosis treatment plant (ROTP) to create a new potable water source. The City entered into a public-private partnership (P3) agreement with Seven Seas Water Solutions USA, L.L.C. (7Seas), for financing, design, construction, ownership, and operation of an ROTP on City property. The project components to be funded by the DWSRF include: 1) planning, design, and construction of two groundwater wells with a combined capacity of 4.0 million gallons per day (MGD), and a raw water line and pumping system from the wells to the ROTP, all located within City-owned property; 2) all work necessary to obtain an environmental clearance that meets the National Environmental Policy Act (NEPA) requirements for the entire project, including the two wells, raw water line, ROTP, and brine discharge line and outfall; 3) acquisition of easements for the brine discharge line; and 4) engineering services that include acting as owner's representative and assisting in reviewing the P3 contracting with 7Seas for the ROTP, and reviewing and overseeing the 7Seas design and construction of the ROTP. The City will use local funds and crews to design and construct the discharge line and outfall from the ROTP to the discharge point at the City's wastewater treatment plant site, where the two discharges will be blended.</p>			
Austin North Austin Reservoir & Pump Station Replacement Project # 62854			
Commitment Amount	\$24,630,000	Closing Date	11/17/2022
Commitment Code(s)	LM231040	Map Location	2
<p>The City of Austin (City) needs to rehabilitate and upgrade water system facilities at the North Austin Reservoir and Ullrich Pump Station that are at the end of their useful lives. The upgrades will improve reliability, safety, and allow for repairs with parts that meet current industry standards.</p> <p>At the City's North Austin Reservoir, the City proposes to decommission existing infrastructure and construct a new facility that will include a new 8-million-gallon ground storage tank and a pump station. At the Ullrich Pump Station, the City proposes to construct a new electrical building, including site work, and replace electrical equipment and a generator.</p>			
Bay City Design and Construction of Bay City Water System Improvements Project # 62902			
Commitment Amount	\$6,175,000	Closing Date	02/23/2023
Commitment Code(s)	LM231193	Map Location	3
<p>The City does not have adequate water plant capacity and system pressure due to centrally located water plant facilities with increasing demand in the periphery. The City needs to expand the water system's capacity outside of the City core to meet current and projected need and provide adequate pressure to development in the north and northeast regions of the system in the City's extraterritorial jurisdiction. The current capacity of the City's six water treatment plants (WTP) is 9 MGD.</p>			

The City proposes to expand and rehabilitate its water production, treatment, and distribution system by constructing two new WTPs with total average capacity of 0.855 MGD and a 1,000-gallons-per-minute well at each WTP. The project includes advanced metering infrastructure with new meters city-wide and 12-inch transmission lines to loop the system and reduce outages. The City proposes to improve three of its water treatment plants (6th Street & Avenue I WTP, Mockingbird WTP, and 4th Street and Avenue B WTP) including electrical, rework, and recoating, improvements at Whitson and Liberty Elevated Storage Tanks, installation of fire hydrants, and replacement of valves.

Commodore Cove ID
 Drinking Water Storage Tank with circulation pump
 Project # 62950

Commitment Amount	\$314,696	Closing Date	08/25/2023
Commitment Code(s)	LF1001620	Map Location	4

The project will remove and replace the 40-year-old ground storage tank. The new tank will be provided with a recirculation system, pump, piping, and spray nozzle. The pump will take suction from the bottom of the tank and pump to the top of tank, above the high-water level. The water spray allows the volatile THMs to go from the water to the air. Result of project will be a new ground storage and compliance with the disinfection by-product rule.

Creedmoor Maha WSC
 Water Loss Reduction Project
 Project # 62805

Commitment Amount	\$4,667,500	Closing Date	10/28/2022
Commitment Code(s)	LM20876	Map Location	5

The Creedmoor-Maha Water Supply Corporation (Corporation) proposes to construct a 12-inch water main from its connection point with Aqua Texas to an elevated storage tank site, a new booster pump station, replace approximately 12 miles of water main with new 8 and 12-inch water lines, and develop an asset management plan.

The Corporation is located approximately 5 miles south of Austin serving an estimated population of 7,500. The Corporation’s service area population is expected to grow by 30 percent over the next 20 years. The Corporation needs to upgrade aging, undersized water lines and mains, to reduce water loss and provide for the anticipated increase in demand. The Corporation will also transition away from the City of Austin as a source of water supply. The Corporation does not anticipate a renewal of its existing contract, which is set to expire in 2026. The Corporation currently relies on water supply from the City of Austin, Aqua Water Supply Corporation, and groundwater wells.

Daisetta
 Water Well 2021
 Project # 62931

Commitment Amount	\$2,290,280	Closing Date	04/12/2023
Commitment Code(s)	L1001594, LF1001593	Map Location	6

The proposed project work will drill, construct, and install a new 400-gallon-per-minute raw water well and transmission line from a new site to the City of Daisetta’s existing water treatment and storage facility. The raw water will be pumped from the new well site to the existing facility via a proposed 8-inch transmission line. The existing facility will provide treatment for raw groundwater. The treated water will be stored in existing tanks and pumped into the distribution system. Additional supporting work includes installation of well header piping, SCADA system, and fencing, construction of facility driveway and parking lot, and piping tie-ins to the existing system.

In 2017, the City of Daisetta plugged and abandoned their sole water supply water well due to issues in meeting water quality compliance standards for sodium, chloride, and total dissolved solids. The City currently purchases water from a neighboring public water supply system, Liberty County FWSD 1 Hull (Hull). Hull's water well capacity is not intended to provide water supply to two combined systems for extended periods and is not a sustainable solution for the City. Additionally, on October 6, 2022, the pumps for Hull's well failed, leaving both communities without water for five days.

East Texas MUD of Smith County
Water System Improvements
Project # 62917

Commitment Amount	\$2,119,530	Closing Date	12/22/2022
Commitment Code(s)	L1001538, L1001539, LF1001540	Map Location	7

The District proposes to replace deteriorated waterlines and obsolete service equipment in the District's water distribution system. The project includes development of a water master plan and installation of new water lines to improve service and increase water quality.

The District's water distribution system constructed in 1950 needs rehabilitation to meet current water supply demands. The aging main water line has ruptured numerous times resulting in TCEQ compliance issues and service downtime. In addition, the outdated pipe and equipment pose a possible health risk.

Gladewater
Phase 2 Drinking Water Upgrades
Project # 62908

Commitment Amount	\$2,638,900	Closing Date	11/22/2022
Commitment Code(s)	L1001489, LF1001488, L1001490	Map Location	8

The City intends to rehabilitate the Allison Avenue EST, including new interior and exterior coating and installation of upgraded safety features. The City will also rehabilitate the intake pumps at the water treatment plant and replace water lines throughout the system. In addition, the City plans to develop an Asset Management Plan.

The City of Gladewater's Allison Avenue elevated storage tank (EST) coating system has reached the end of its functional life and needs to be replaced to protect the integrity of the tank. The EST also needs upgrades to access safety features to comply with TCEQ requirements. The intake pumps, located at Lake Gladewater, are not functioning properly. One of the pumps is silted in and not functioning, and both pumps require electrical upgrades. In addition, the City's distribution system experiences significant water loss and main breaks and needs improvements to maintain pressure and disinfection residual within the system.

Greenbelt MIWA
Develop Additional Water Supplies from the Ogallala Aquifer
Project # 62935

Commitment Amount	\$18,110,000	Closing Date	08/23/2023
Commitment Code(s)	L1001617, LF1001618	Map Location	9

The Greenbelt Municipal and Industrial Water Authority (Authority) proposes to construct three water wells, well field piping, electrical distribution equipment, a 12-mile transmission line to transport the water to its existing water treatment plant, and treatment plant upgrades to accommodate the new water source.

Due to declining supply in its Greenbelt Reservoir, the Authority needs additional water supply to meet its wholesale customers' current and future needs. As of February 2023, the Greenbelt Reservoir was operating at approximately 11.7 percent capacity.

Lexington
New Water Well & Water System Improvements
Project # 62914

Commitment Amount	\$34,608	Closing Date	05/08/2023
Commitment Code(s)	L1001459, L1001595, LF1001585	Map Location	10

The City of Lexington's (City) proposed water system improvements include drilling a new water well to replace existing Well No. 4, and installing a new ground storage tank, two new booster pumps, new treatment and disinfection equipment, new yard piping, new electrical, new SCADA system, and a new building to house this equipment. Proposed improvements also include a new generator and an access road onto this City-owned tract of land where the existing Giddings Street Elevated Storage Tank is located. These improvements will be sized to meet maximum daily and peak hourly demands, minimum water system pressures, and projected water system growth. A water conservation plan was developed during the application phase to meet programmatic requirements and is a part of this project.

In 2018, one of the City's two operating municipal water supply wells suffered a structural breach and a patch liner was installed to repair the breach. In 2021, the well ceased pumping again and a new pump and motor were installed. During the repairs, additional well casing damage occurred such that water production decreased from 600 GPM to 350 GPM. If it is lost, the City's only other operating public water supply well (Well No. 4) would not be able to meet system demand. To ensure public health and safety, the City was forced to issue multiple boil water notices since these failures occurred. In addition to resolving its groundwater supply well issues, the City also needs to increase its pumping and storage capacity to meet requirements of the TCEQ.

Melvin
Water Distribution Improvements
Project # 62929

Commitment Amount	\$300,000	Closing Date	02/16/2023
Commitment Code(s)	LF1001582	Map Location	11

The City of Melvin (City) proposes to rehabilitate its existing 40,000-gallon ground storage tank, replace approximately 2,100 feet of existing 1.25-inch water line with new 6-inch pipe, install new shutoff valves, and replace additional water line as funding allows.

The City of Melvin (City) operates a small water system that serves approximately 148 connections. One of the City's ground storage tanks is in poor condition and requires rehabilitation to extend its useful life. In addition, both of its ground storage tanks lack isolation capability, which hinders maintenance. Lastly, a portion of its distribution water lines are greater than 40 years old, undersized, deteriorated, prone to leaks, and provide inadequate pressures at the ends of the water system.

Miles
Water Supply Planning
Project # 62927

Commitment Amount	\$269,608	Closing Date	01/19/2023
Commitment Code(s)	LF1001569	Map Location	12

The City of Miles (City) proposes to develop a long-term water supply strategy that will identify and evaluate alternative water supply options, including development of additional surface water or

groundwater, as well as potential treatment of its existing groundwater to reduce nitrate and dissolved solids levels to meet compliance limits. The completion of this study will also include the development of an asset management plan.

The City does not have a long-term water supply strategy to ensure a sustained water supply even during drought conditions. The City cannot rely solely on its groundwater source due to noncompliant nitrate levels. Blending its water with a wholesale surface water source has not always ensured a compliant, sustainable water supply to the City.

Mullin ISD
Greenfield WTP and Distribution
Project # 62920

Commitment Amount	\$998,000	Closing Date	01/17/2023
Commitment Code(s)	L1001559, LF1001560	Map Location	13

Mullin Independent School District (ISD) plans to assess the viability of constructing reverse osmosis treatment for its existing water well, increasing the well capacity, and upgrading the existing water distribution system to connect into a larger system for the community. This phase also includes evaluating the costs and benefits of a new well. Subsequent construction activities would be undertaken by a non-profit water supply corporation or similar organization to be formed.

The ISD water has an elevated nitrate level making the water unsafe and non-potable. The surrounding community utilizes private wells and bottled water from a nearby town as their water sources. The ISD and surrounding community need a reliable, centralized water system.

New Braunfels
Surface Water Treatment Plant Expansion
Project # 62903

Commitment Amount	\$40,000,000	Closing Date	09/23/2022
Commitment Code(s)	L1001376	Map Location	14

The City of New Braunfels will construct four new Trinity Aquifer groundwater wells located on the adjacent property owned by the City to increase production of the Trinity Well Field by approximately 3.75 MGD. The City will also expand treatment and distribution capacity from 3.75 to 7.5 MGD by adding a 30-foot diameter concrete feed tank, new membrane filtration and a 1.5-MG ground storage tank. The City will construct approximately 9,000 linear feet of 12-inch and 24-inch water mains.

The City's current treatment capacity is inadequate for projected water demands, and existing infrastructure at the Surface Water Treatment Plant (SWTP) is located in the floodplain. Significant flooding from the Guadalupe River occurred at the plant in 1998 and 2002. The City has also identified additional areas of the existing SWTP that need improvement, such as the filter backwash system and the safety of the chlorine system. This project will work in tandem with the Trinity Aquifer Wellfield Expansion to deliver approximately 4,200 acre-feet per year (3.75 MGD) of water to meet growing demand in the area by 2024.

North Alamo WSC
Energy-Efficient Brackish Groundwater Desalination Project
Project # 62858

Commitment Amount	\$2,527,000	Closing Date	12/16/2022
Commitment Code(s)	LM221121	Map Location	15

The feasibility study recommended energy efficient desalination technologies that will substantially reduce the energy requirements to produce fresh water. The request by the North Alamo Water Supply Corporation (Corporation) includes funding for a pilot study to verify the projected performance of the

proposed treatment technology and to collect data to inform the design and permitting of production facilities, as well as for the design and construction of three new groundwater wells and associated transmission facilities, installation of one new nanofiltration (NF) treatment train and retrofitting seven existing Reverse Osmosis trains to NF membranes.

The Corporation needs to develop new water supply sources to keep up with the population growth and water demand in the area. To this end, the Corporation conducted a feasibility study to evaluate cost-effective means to improving groundwater use by reducing energy requirements and the cost of groundwater desalination facilities, as well as to facilitate expansion of existing brackish groundwater treatment plants.

Orange Co WCID # 1
Water Well Disinfection System Improvements Project
Project # 62949

Commitment Amount	\$910,000	Closing Date	08/16/2023
Commitment Code(s)	L1001627, LF1001626	Map Location	16

The Orange County Water Control Improvement District No. 1 (District) is proposing to plan, design, and construct a liquid ammonium sulfate (LAS) system and related infrastructure at each of the District's existing three water well sites. The proposed project is anticipated to reduce the total trihalomethanes (TTHM) in the finished drinking water to be below the maximum contaminant level.

The District needs to reduce the high levels of TTHM in their finished drinking water. The levels of TTHM have exceeded the TCEQ's maximum contaminant levels and the District is near facing enforcement to correct this issue.

Parker County SUD
Phase I Distribution System Improvements
Project # 62895

Commitment Amount	\$13,000,000	Closing Date	11/22/2022
Commitment Code(s)	L1001201	Map Location	17

The proposed project will construct water distribution system improvements, including a new elevated storage tank, transmission lines, and distribution lines.

The District's water storage volumes are approaching TCEQ maximum operating and capacity limits. The District's projections indicate that its service connections will exceed 2,500 total connections by 2030, resulting in the need to transition from pressure storage to elevated storage. In addition, pressure drop in the system's undersized pipes are expected to yield water pressures below minimum TCEQ regulatory limits.

Rising Star
Water System Improvements
Project # 62928

Commitment Amount	\$300,000	Closing Date	01/25/2023
Commitment Code(s)	LF1001568	Map Location	18

The City of Rising Star is proposing to replace a portion of its existing water distribution system, particularly targeting the sections of asbestos cement (AC) pipelines most prone to leaks.

The City has reported high rates of water loss, estimated at 34 percent. Some of this water loss has been mitigated with a recently installed automated metering reading system. However, the City's aged water distribution lines, especially the sections made of AC pipe, have deteriorated and are prone to leaks. The City is proposing to replace a portion of its existing water distribution system, particularly targeting the sections of AC pipelines most prone to leaks.

Riverbend Water Resources District
Riverbend Regional Water System
Project # 62883

Commitment Amount	\$14,400,000	Closing Date	08/24/2023
Commitment Code(s)	LM221181, LM221182	Map Location	19

Riverbend Water Resources District serves as the lead funding sponsor for the project and regional wholesale water provider. The project consists of constructing a new raw water intake on Wright Patman Lake, raw water pump station and transmission pipeline, a new 25 MGD water treatment plant, environmental mitigation efforts, and decommissioning of Texarkana Water Utility's (TWU) New Boston Road Water Treatment Plant and raw water conveyance system.

Riverbend Water Resources District and its member entities purchase treated water on a wholesale basis from TWU. TWU's production limitation has resulted in the member entities being in non-compliance with minimum water supply capacity requirements. This has impacted the member entities' ability to serve their growing water demands and expand their water service area. As noted in the 2016 Region D Water Plan, each of the Riverbend Water Resources District's member entities are projected to have a water supply shortage due to the production limits of the aging TWU water treatment plant.

Riverside SUD
Waterwell Replacement
Project # 62923

Commitment Amount	\$16,500,000	Closing Date	11/18/2022
Commitment Code(s)	L1001511, LF1001512	Map Location	20

The Riverside SUD's (District) current water supply is from eleven water wells. Two of the wells are deteriorating, aged, and are under-supplying. Water supply volume is currently at the minimum threshold for TCEQ requirements. The proposed water well will alleviate the water supply problem. The District also proposes to make improvements to the water distribution system. The project includes Principal Forgiveness for emergency preparedness evaluation, auditing, and plan development for the system.

The District needs to drill a new water well to supply 500 GPM of additional groundwater to fulfill demand and meet TCEQ requirements. The District also needs to reduce leakage in the water distribution system to minimize water loss.

San Angelo

Hickory Aquifer Wellfield Phase II

Project # 62856

Commitment Amount	\$13,415,000	Closing Date	06/06/2023
Commitment Code(s)	L1001621	Map Location	21

To achieve the Phase II design production rate of 12,000 acre-feet per year (10.7 MGD), the wellfield, raw water collection system, transmission line, and groundwater treatment plant (GWTP) will be upgraded to ensure the production rate can reliably be achieved. To accomplish this, five new wells are proposed at the wellfield, bringing the total production capacity to 10,000 gallons per minute (14.4 MGD). This will allow for approximately 25 percent equipment downtime without affecting the intended Phase II production rate. New interconnecting piping will tie the new wells into the existing collection system infrastructure, with several improvements recommended to improve the reliability of the collection system. Similarly, an additional pump will be installed at the booster pump station and the existing 200 horsepower pumps will be upgraded to provide sufficient flow while allowing for equipment downtime.

Analysis of the transmission line showed that the existing infrastructure can accommodate the Phase II design flow. Minor improvements are proposed to protect the transmission line during potential surge events. At the GWTP, additional equipment including an extra oxidation contactor unit, an additional pressure filtration unit, and two additional ion exchange treatment trains will be installed to build out the facility as intended during the initial Phase I project; however, the existing equipment capacities will be evaluated in more detail during the design phase to ensure the GWTP can accommodate the higher Phase II flows. Additional optimization efforts will also be evaluated to improve the service life of the existing filter media and minimize influent groundwater iron concentrations. Completion of the proposed improvements will also include the development of an asset management plan.

In an effort to offset surface water production, the City of San Angelo (City) began developing a groundwater supply and treatment system to add the Hickory Aquifer to its water supply portfolio. Phase I development of the Hickory Aquifer Wellfield was completed in February of 2018. Phase II development is to achieve a production rate of 12,000 acre-feet per year (10.7 MGD) which requires improvements to the City's wellfield, raw water collection system, transmission line, and GWTP.

Strawn
Water Treatment Improvements
Project # 62926

Commitment Amount	\$2,001,900	Closing Date	09/14/2022
Commitment Code(s)	L1001523, LF1001524	Map Location	22

The project consists of replacing the three existing multimedia filters at the water treatment plant with new microfilters, construction of a new a building, electrical, controls, piping and associated appurtenances. The project also consists of replacing all retail meters with new radio read meters in order to reduce water loss below the apparent and real loss threshold. With any additional funds, the City plans to update their SCADA System and provide alternate power supply at their water system facilities to implement their Emergency Preparedness Plan (EPP).

The project is being requested as URGENT NEED to address TCEQ Enforcement Actions at the water treatment plant. The existing filters are severely deteriorating to the point they are not or will not be useable; therefore, the filters are needing immediate replacement in order to provide safe drinking water. The City also experiences significant water loss that is above their apparent and real loss threshold.

Terrell
City of Terrell Drinking Water Improvements
Project # 62808

Commitment Amount	\$4,150,000	Closing Date	12/08/2022
Commitment Code(s)	LM22881	Map Location	23

The City of Terrell's proposed project will consist of the construction of a new 1.5-million-gallon storage tank and associated piping, water line replacement and utility relocations. Terrell is requesting funds to make improvements to its aging storage tank and to replace water pipelines that will need to be relocated due to new road construction.

The City is requesting funds to make improvements to its aging storage tank and to replace water pipelines that will need to be relocated due to new road construction.

Tri-Try WSC			
Water System Improvements			
Project # 62930			
Commitment Amount	\$300,000	Closing Date	05/17/2023
Commitment Code(s)	LF1001590	Map Location	24
<p>Tri-Try Water Supply Corporation is requesting planning, design, and construction funds for a new pump station that will include two 100-gallon-per-minute booster pumps, one 1,500-gallon pressure tank, and one 15,000-gallon ground storage tank.</p> <p>Try-Try WSC is a rural water system located in Stonewall County. Its existing pump station is aged, dilapidated, and in need of replacement. In addition, the TCEQ has issued an enforcement order for lack of adequate storage at the existing pump station.</p>			

Project Funding Considered "Equivalency" - SFY 2021					
Recipient	Project ID	Commitment #	Amount	Commitment Date	Closing Date
Alice	62835	L1001421	\$ 3,934,000	09/01/2022	12/14/2022
Alice	62835	L1001555	1,020,000	09/01/2022	12/14/2022
Alice	62835	LF1001556	2,046,000	09/01/2022	12/14/2022
Arp	62905	L1001436	1,602,000	08/19/2021	12/14/2021
Arp	62905	LF1001437	5,765,173	08/19/2021	12/14/2021
Breckenridge	62913	L1001493	1,305,000	03/03/2022	07/13/2022
Breckenridge	62913	L1001494	1,020,000	03/03/2022	07/13/2022
Breckenridge	62913	LF1001495	1,312,809	03/03/2022	07/13/2022
Comanche	62906	L1001415	1,020,000	01/06/2022	05/17/2022
Comanche	62906	L1001470	486,000	01/06/2022	05/17/2022
Comanche	62906	LF1001471	793,908	01/06/2022	05/17/2022
Crockett	62912	L1001458	1,745,000	12/16/2021	04/21/2022
Crockett	62912	LF1001465	1,705,905	12/16/2021	04/21/2022
Daingerfield	62916	L100505	1,685,000	03/03/2022	06/09/2022
Daingerfield	62916	LF1001506	1,647,157	03/03/2022	06/09/2022
East Texas MUD of Smith County	62917	L1001538	476,000	07/07/2022	12/22/2022
East Texas MUD of Smith County	62917	L1001539	1,020,000	07/07/2022	12/22/2022
East Texas MUD of Smith County	62917	LF1001540	623,530	07/07/2022	12/22/2022
Ellinger Sewer & Water SC	62839	L1001420	628,000	12/16/2021	06/29/2022
Ellinger Sewer & Water SC	62839	LF1001449	500,000	12/16/2021	06/29/2022
Gladewater	62908	L1001489	1,020,000	10/05/2022	11/22/2022
Gladewater	62908	L1001490	841,000	10/05/2022	11/22/2022
Gladewater	62908	LF1001488	777,900	10/05/2022	11/22/2022
Lexington	62914	L1001459	1,020,000	12/15/2022	05/08/2023
Lexington	62914	L1001595	745,000	12/15/2022	05/08/2023
Lexington	62914	LF1001585	689,100	12/15/2022	05/08/2023
Meeker MWD	62911	L1001457	6,925,000	12/16/2021	04/26/2022
Melvin	62929	LF1001582	300,000	11/17/2022	02/16/2023
Rising Star	62928	LF1001568	300,000	11/17/2022	01/25/2023
Tom Green Co. FWSD 32	62915	LF1001454	300,000	04/11/2022	08/26/2022
Tri-Try WSC	62930	LF1001590	300,000	02/09/2023	05/17/2023
Totals	15		\$ 43,553,482		

"Equivalency" funding as defined in the SFY 2021 Intended Use Plan.

Amount of Grant (2020 Appropriations): \$ 86,280,000
Percentage: 50%

Project Funding Considered "Equivalency" - SFY 2022					
Recipient	Project ID	Commitment #	Amount	Commitment Date	Closing Date
Daisetta	62931	L1001594	\$ 980,000	12/15/2022	04/12/2023
Daisetta	62931	LF1001593	1,310,280	12/15/2022	04/12/2023
M & M Water Supply	62921	L1001507	889,000	05/11/2022	08/10/2022
M & M Water Supply	62921	LF1001508	380,700	05/11/2022	08/10/2022
Miles	62927	LF1001569	269,608	11/17/2022	01/19/2023
Mullin ISD	62920	L1001559	398,000	10/05/2022	01/17/2023
Mullin ISD	62920	LF1001560	600,000	10/05/2022	01/17/2023
Oak Grove WSC	62959	LF1001665	300,000	07/25/2023	Not yet closed
Pflugerville	62919	L1001499	24,000,000	04/11/2022	08/25/2022
Riverside SUD	62923	L1001511	1,575,000	07/07/2022	11/18/2022
San Angelo	62856	L1001621	13,415,000	04/06/2023	06/06/2023
Strawn	62926	L1001523	773,000	05/11/2022	09/14/2022
Strawn	62926	LF1001524	1,228,900	05/11/2022	09/14/2022
Totals	9		\$ 46,119,488		

"Equivalency" funding as defined in the SFY 2022 Intended Use Plan.

Amount of Grant (2021 Appropriations): \$ 87,015,000
Percentage: 53%

Project Funding Considered "Equivalency" - SFY 2023 - Annual Appropriation					
Recipient	Project ID	Commitment #	Amount	Commitment Date	Closing Date
Westbound WSC	62942	L1001622	1,610,000	05/04/2023	Not yet closed
Westbound WSC	62942	LF1001623	3,681,157	05/04/2023	Not yet closed
Totals	1		\$ 5,291,157		

"Equivalency" funding as defined in the SFY 2023 Intended Use Plan.

Amount of Grant (2022 Appropriations): \$ 54,911,000
Percentage: 10%

Project Funding Considered "Equivalency" - SFY 2023 - IJA Fund					
Recipient	Project ID	Commitment #	Amount	Commitment Date	Closing Date
Barksdale WSC	62937	LF1001635	\$ 960,000	06/06/2023	Not yet closed
Greenbelt MIWA	62935	L1001617	8,110,000	04/06/2023	08/23/2023
Greenbelt MIWA	62935	LF1001618	10,000,000	04/06/2023	08/23/2023
Totals	2		\$ 19,070,000		

"Equivalency" funding as defined in the SFY 2023 Intended Use Plan.

Amount of Grant (2022 Appropriations): \$ 140,993,000
Percentage: 14%

DWSRF Project Starts				
Entity	Tracking Numbers (Project # - Commitments)	Closing Date	Start Date	Net Amount
Coke County WSC	62861 - LF1001071	03/26/2020	09/22/2022	\$ 300,000
Ellinger Sewer & Water SC	62839 - L1001420, LF1001449	06/29/2022	11/20/2022	1,128,000
Ellinger Sewer & Water SC	62839 - LF1000908	12/19/2019	11/20/2022	300,000
Greater Texoma UA	62899 - L1001205	03/02/2021	04/24/2023	830,000
Totals	3	unique projects		\$ 2,558,000

DWSRF Project Completions				
Entity	Tracking Numbers	Closing Date	Completion Date	Net Amount
Eagle Pass	62556 - LM16100561	12/16/2016	02/28/2023	\$ 17,090,000
Eagle Pass	62556 - LM17100561	07/12/2018	02/28/2023	11,900,000
Eagle Pass	62556 - LM18100561	10/24/2019	02/28/2023	15,075,000
Lawn	62568 - L1000582, LF1000643	09/07/2018	01/17/2023	3,563,239
Lawn	62568 - LF1000123	05/30/2014	01/17/2023	200,000
Montgomery	62715 - L1000605	05/11/2017	05/15/2023	1,730,000
Ranger	62746 - L1000677, L1000626, LF1000646	06/13/2018	04/06/2023	1,729,300
Totals	4	unique projects		\$51,287,539

SRF Data System and Public Health Benefits Reporting Statement

The Texas Water Development Board (TWDB) complied with the FFY 2022 Capitalization Grant requirement to report all use of funds into the SRF Data System. This reporting was completed either before the last day of the month following the month of closing on TWDB financial assistance or on a quarterly basis. All projects listed as “commitments closed” (see table on page B.3) were reported to the SRF Data System.

Texas Water Development Board

DRINKING WATER STATE REVOLVING FUND

Annual Financial Report

For the Year Ended
August 31, 2023

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- Exhibit F-1 – Combining Statement of Net Position
- Exhibit F-2 – Combining Statement of Revenues, Expenses, and Changes in Net Position

Schedule 1 – Loans and Contracts

General Purpose Financial Statements

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Drinking Water State Revolving Fund
Exhibit I - Combined Statement of Net Position - Enterprise Funds
 August 31, 2023

	Total Enterprise Funds (Exhibit F-1)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash in Bank (Note 3)	\$ 0.21
Cash Equivalents	245,299,639.33
Short Term Investments	320,445,278.20
Receivables from:	
Federal	3,524,022.40
Interest and Dividends	6,110,404.67
Loans and Contracts	83,882,996.00
Total Current Assets	659,262,340.81
Non-Current Assets:	
Loans and Contracts	1,827,353,629.96
Investments	-
Total Non-Current Assets	1,827,353,629.96
Total Assets	2,486,615,970.77
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payable	43,291.70
Interest Payable	2,448,413.20
Interfund Payables	8,353,406.31
Due to Other Funds	672,177.30
Due to Other Agencies	3,096,664.66
Revenue Bonds Payable	35,123,431.24
Total Current Liabilities	49,737,384.41
Non-Current Liabilities:	
Interfund Payables	36,967,373.96
Revenue Bonds Payable	693,015,026.14
Total Non-Current Liabilities	729,982,400.10
Total Liabilities	779,719,784.51
NET POSITION	
Restricted for:	
Other	1,706,896,186.26
Total Net Position	\$ 1,706,896,186.26

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 - Enterprise Funds
For the Fiscal Year Ended August 31, 2023

	Total Enterprise Funds (Exhibit F-2)
OPERATING REVENUES:	
Interest and Investment Income	\$ 41,866,591.63
Net Increase (Decrease) Fair Market Value	144,013.48
Other Operating Revenue	2,848,755.00
Total Operating Revenues	44,859,360.11
OPERATING EXPENSES:	
Salaries and Wages	6,305,459.60
Payroll Related Costs	1,725,272.48
Professional Fees and Services	1,192,198.56
Travel	129,074.54
Materials and Supplies	51,358.11
Communication and Utilities	23,006.02
Repairs and Maintenance	-
Rentals and Leases	27,501.20
Printing and Reproduction	1,603.24
Interest	25,689,984.95
Other Operating Expenses	5,968,987.81
Total Operating Expenses	41,114,446.51
Operating Income (Loss)	3,744,913.60
NONOPERATING REVENUE (EXPENSES):	
Federal Revenue	118,899,213.89
Federal Grant Pass-Through Revenue (Expense)	(2,792,708.03)
Other Benefit Payments	(1,794,470.78)
Other Intergovernmental Payments	(17,433,860.91)
Other Nonoperating Revenue (Expenses)	73,918,671.00
Total Nonoperating Revenue (Expenses)	170,796,845.17
Income/(Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	174,541,758.77
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:	
Transfers In	616,322.00
Total Other Revenue, Expenses, Gain/Losses and Transfers	616,322.00
Change in Net Position	175,158,080.77
Total Net Position - Beginning	1,531,738,105.49
Total Net Position, August 31, 2023	\$ 1,706,896,186.26

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 - Enterprise Funds
For the Fiscal Year Ended August 31, 2023

	<u>Total Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to Suppliers for Goods and Services	(583,787.91)
Payments to Employees	(3,668,566.63)
Net Cash Provided by Operating Activities	<u>(4,252,354.54)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	20,054,369.15
Proceeds from State Appropriations	-
Proceeds from Transfers from Other Funds	511,251,953.70
Proceeds from Grant Receipts	118,652,309.71
Payments of Principal on Debt Issuance	(25,380,000.00)
Payments of Interest	(32,325,816.75)
Payments of Other Costs of Debt Issuance	(564,851.72)
Payments for Transfers to Other Funds	(419,911,910.48)
Payments for Grant Disbursements	(32,283,611.69)
Payments for Interfund Receivables	(8,861,139.51)
Net Cash Provided by Noncapital Financing Activities	<u>130,631,302.41</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	44,110,304.87
Proceeds from Principal Payments on Non-Program Loans	82,411,316.00
Payments to Acquire Investments	(53,807,034.36)
Payments for Non-program Loans Provided	(145,286,500.00)
Net Cash Provided by Investing Activities	<u>(72,571,913.49)</u>
Net (Decrease) in Cash and Cash Equivalents	53,807,034.38
Cash and Cash Equivalents--September 1, 2022	191,492,605.16
Cash and Cash Equivalents--August 31, 2023	<u><u>\$ 245,299,639.54</u></u>

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 - Enterprise Funds (cont.)
For the Fiscal Year Ended August 31, 2023

	<u>Total Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 14,059,479.33
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Operating Income and Cash Flow Categories:	
Classification Differences	-
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(844,355.83)
(Increase) Decrease in Due From Other Funds	616,322.00
(Increase) Decrease in Loans & Contracts	(62,875,183.68)
Increase (Decrease) in Payables	(119,159,475.93)
Increase (Decrease) in Deposits	176,857,262.46
Increase (Decrease) in Due to Other Funds	(12,906,402.89)
Total Adjustments	<u>(18,311,833.87)</u>
Net Cash Provided by Operating Activities	<u>\$ (4,252,354.54)</u>
Non-Cash Transactions	
Net Increase (Decrease) in Fair Value of Investments	\$ 144,013.48

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: Summary of Significant Accounting Policies

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 the state agency responsible for water supply and flood planning, financing, water science and research.

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.

Impact of COVID-19 on TWDB Programs

To date, the Board's operations and financial condition have not been materially impacted by COVID-19. Like many other state agencies, COVID-19 required TWDB to transition to a virtual work environment for most of its staff. However, due to pre-COVID management decisions to promote telecommuting, staff were able to transition quickly to continue ongoing functions and operate remotely.

Fund Structure

TWDB uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. TWDB is granted appropriations based on appropriated funds. For operational and statutory reasons,

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Texas Water Development Board (580)

TWDB reports several lower level funds that are presented as part of the indicated appropriated fund.

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 like 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.

- Local Funds (Appropriated Fund 9999) – local funds held outside the treasury for purposes of the following 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 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.

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Texas Water Development Board (580)

Interest and Dividends Receivable

Accrued interest receivable on loans and contracts as of the balance sheet date is included in the proprietary funds. For 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 represent 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 proprietary funds. The bonds payable is reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on an 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.

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 governmental funds are classified as restricted, committed, or unassigned 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.

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Texas Water Development Board (580)

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: 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 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).

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Texas Water Development Board (580)

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.

Deposits of Cash in Bank

As of August 31, 2023, the carrying amount of deposits was \$0.28 as presented below.

Governmental and Business-Type Activities	Amount
Cash in Bank – Carrying Value	\$0.21
Cash in Bank per AFR	\$0.21
Governmental and Proprietary Funds Current Assets Cash in Bank	\$0.21
Cash in Bank per AFR	\$0.21

This amount consists of cash in local banks. This amount is included on the Combined Statement of Net Assets as part of the “Cash and Cash Equivalents” account.

As of August 31, 2023, the total bank balance was as follows:

Governmental and Business Type Activities	\$0.21	Fiduciary Funds	\$ - 0 -	Discrete Component Units	\$ - 0 -
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency has a policy requiring collateralization limited to obligations of the U.S. or U.S. government agencies held in the name of the agency. As of August 31, 2023, bank balances were not exposed to custodial credit risk.

Investments

As of August 31, 2023, the fair value of investments is as presented below.

Government and Business-Type Activities				Total
	Level 1	Level 2	Level 3	
INVESTMENTS AT FAIR VALUE				
Commercial Paper (Texas Treasury Safekeeping Trust Co)	\$147,041,359.72	\$ -	\$ -	\$147,041,359.72
U.S. Government Agency Obligations (Texas Treas. Safekeeping Trust Co)	\$104,535,908.55			\$104,535,908.55
Total Investment at Fair Value	\$251,577,268.27	\$ -	\$ -	\$251,577,268.27

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INVESTMENTS AT AMORTIZED COST	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	\$314,167,649.26
Total Investment at Amortized Cost	\$314,167,649.26
Total Investments-Gov't & Business Type	\$565,744,917.53

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, 2023, investments were not exposed to custodial credit risk.

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, obligations of states, agencies, counties, cities and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm with a minimum of an 'A' rating, commercial paper must be rated not less than A-1 or P-1, and no-load money market mutual funds must be AAA-rated. The investment policy requires that repurchase agreements be collateralized by obligations of the U.S. Government or U.S. Government Agencies, but does not limit credit risk, nor does it limit credit risk for obligations of the United States or its agencies or instrumentalities, direct obligations of the State of Texas, or pooled funds of state agencies in the Texas State Treasury or the Texas Treasury Safekeeping Trust Company. Furthermore, the State Water Implementation Fund for Texas (SWIFT) funds are governed by a separate investment policy, managed by the Texas Treasury Safekeeping Trust Company in accordance with Texas Water Code, Chapter 15, Subchapter G. The following schedule lists S & P and/or Moody's credit rating by investment type as of August 31, 2023 for those investments subject to credit risk.

Fund Type	GAAP Fund	Investment Type	Amount	S&P
05	3050	Commercial Paper (Texas Treasury Safekeeping Trust Co)	\$147,041,359.72	A1, A1+
05	3050	Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	\$314,167,649.26	Not Rated
05	3050	U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	\$104,535,908.55	AA+

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NOTE 3: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2023, the following changes occurred in long-term liabilities:

Governmental-Type Activities	Balance 9/1/2022	Additions	Reductions	Balance 8/31/2023	Amounts Due Within One Year	Amounts Due Thereafter
Notes & Loans Payable (Interfund)	129,181,919.78	\$0.00	\$83,861,139.51	\$45,320,780.27	\$8,353,406.31	\$36,967,373.96
Revenue Bonds Payable	\$739,888,589.17	\$3,377,572.68	\$15,127,704.47	\$728,138,457.38	\$35,123,431.24	\$693,015,026.14
Total Business-Type Activities	\$869,070,508.95	\$3,377,572.68	\$98,988,843.98	\$773,459,237.65	\$43,476,837.55	\$729,982,400.10

Pledged Future Revenues

Pledged revenues are those specific revenues that are formally committed to directly secure the payment of bond debt service. The table below provides information on pledged revenue and pledged future revenue of the TWDB's revenue bonds.

	SRF Revenue Bonds
Pledged Revenue Required for Future Principal and Interest on Existing Bonds	\$2,184,573,616.85
Term of Commitment Year Ending Aug. 31	2044
Percentage of Revenue Pledged	100%
Current Year Pledged Revenue	\$306,349,280.16
Current Year Principal and Interest Paid	\$119,583,879.00

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

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Texas Water Development Board (580)

changes in fund net position. Amounts not transferred at fiscal year-end are accrued as due to/due from other funds.

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, 2023, were as follows:

FUND	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	\$8,353,406.31	\$36,967,373.96	State Match Loan
Total Interfund Receivable/Payable			\$8,353,406.31	\$36,967,373.96	

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
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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. As of August 31, 2023, there were nine federal contracts that closed during fiscal year 2023 and no disallowable costs.

Outstanding Loan and Grant Commitments

As of August 31, 2023, the TWDB had made commitments to provide political subdivisions and non-profit entities financing from the proceeds remaining from current or future bond issues, accumulated loan repayments, federal draw downs, appropriations or other lawful sources as follows:

Program	For Loans	For Grants	Total
Drinking Water State Revolving Fund (DWSRF)*	\$97,607,917.85	\$800,000.00	\$98,407,917.85
Total Commitments	\$97,607,917.85	\$800,000.00	\$98,407,917.85

* DWSRF Grants shown here represent Principal Forgiveness

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Texas Water Development Board (580)

NOTE 6: Bonded Indebtedness

As discussed more fully in the sections that follow, the TWDB is authorized through various statutory and constitutional provisions to issue general obligation and revenue bonds and private activity bonds.

Miscellaneous Bond Information (Amounts in Thousands)						
Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates	Maturities		First Call Date
				First Year	Last Year	

STATE REVOLVING FUND							
State Revolving Fund Rev Bds New Ser '18	288,395,000	04/26/2018	4.000%	5.000%	2019	2038	08/01/2027
State Revolving Fund Rev Bds New Ser '19	221,005,000	04/24/2019	4.000%	5.000%	2020	2039	08/01/2029
State Revolving Fund Rev Bds New Ser '20	352,590,000	06/02/2020	3.000%	5.000%	2021	2040	08/01/2030
State Revolving Fund Rev Bds New Ser '21	386,155,000	11/04/2021	2.250%	5.000%	2022	2041	08/01/2031
State Revolving Fund Rev Bds New Ser '22	234,550,000	06/30/2022	3.750%	5.000%	2023	2043	08/01/2032
State Revolving Fund Rev Bds New Ser '23	192,325,000	05/25/2023	5.000%	5.000%	2024	2044	08/01/2033

NOTE 7: Loans and Contracts

The Board purchases bonds from political subdivisions (including private water supply corporations). As of August 31, 2023, the balance of these bonds owned by the Board was \$1,911,236,625.96. In general, the majority 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 0.00% to 5.79% maturing through the year 2054. 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 8: Available Federal Funds

As of August 31, 2023, there was \$55,672,582.05 balance of Federal Funds available through the Automated Standard Application for Payments that remained undrawn for the State Revolving Fund.

NOTE 9: Status of Available Administrative Funding

Cost-recovery loan origination and servicing charges are imposed to cover administrative costs of operating the State Revolving Fund, but an interest rate subsidy

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Texas Water Development Board (580)

is offered to offset the charges. There was \$2,848,755.00 earned during the fiscal year ending August 31, 2023. The administrative account had expenses totaling \$417,365.21 in Fiscal Year 2023.

NOTE 10: State Match Requirement

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 \$459,425,752.00.

Combining Statements

UNAUDITED

Drinking Water State Revolving Fund
Exhibit F-1 - Combining Statement of Net Position - Enterprise Funds
 August 31, 2023

	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)	\$ 0.21	\$ -	\$ -	\$ -	\$ 0.21
Cash Equivalents	247,836,943.04	-	(2,537,303.71)	-	245,299,639.33
Short Term Investments	261,985,627.28	-	58,459,650.92	-	320,445,278.20
Receivables from:					
Federal	-	427,357.74	-	3,096,664.66	3,524,022.40
Interest and Dividends	6,102,045.12	-	8,359.55	-	6,110,404.67
Loans and Contracts	83,882,996.00	-	-	-	83,882,996.00
Total Current Assets	599,807,611.65	427,357.74	55,930,706.76	3,096,664.66	659,262,340.81
Non-Current Assets:					
Loans and Contracts	1,827,353,629.96	-	-	-	1,827,353,629.96
Investments	-	-	-	-	-
Total Non-Current Assets	1,827,353,629.96	-	-	-	1,827,353,629.96
Total Assets	2,427,161,241.61	427,357.74	55,930,706.76	3,096,664.66	2,486,615,970.77
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts Payable	43,291.70	-	-	-	43,291.70
Interest Payable	2,448,413.20	-	-	-	2,448,413.20
Interfund Payables	8,353,406.31	-	-	-	8,353,406.31
Due to Other Funds	672,177.30	-	-	-	672,177.30
Due to Other Agencies	(427,357.74)	427,357.74	-	3,096,664.66	3,096,664.66
Revenue Bonds Payable	35,123,431.24	-	-	-	35,123,431.24
Total Current Liabilities	46,213,362.01	427,357.74	-	3,096,664.66	49,737,384.41
Non-Current Liabilities:					
Interfund Payables	36,967,373.96	-	-	-	36,967,373.96
Revenue Bonds Payable	693,015,026.14	-	-	-	693,015,026.14
Total Non-Current Liabilities	729,982,400.10	-	-	-	729,982,400.10
Total Liabilities	776,195,762.11	427,357.74	-	3,096,664.66	779,719,784.51
NET POSITION					
Restricted for:					
Other	1,650,965,479.50	-	55,930,706.76	-	1,706,896,186.26
Total Net Position	\$ 1,650,965,479.50	\$ -	\$ 55,930,706.76	\$ -	\$ 1,706,896,186.26

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 - Enterprise Funds
For the Fiscal Year Ended August 31, 2023

	Drinking Water Loan Program	Administration (Federal)	Administration (Fees)	Set Asides (Exhibit SA-2)	Totals (Exhibit II)
OPERATING REVENUES:					
Interest and Investment Income	\$ 39,438,008.52	\$ -	\$ 2,428,583.11	\$ -	\$ 41,866,591.63
Net Increase (Decrease) Fair Market Value	144,013.48	-	-	-	144,013.48
Other Operating Revenue	-	-	2,848,755.00	-	2,848,755.00
Total Operating Revenues	39,582,022.00	-	5,277,338.11	-	44,859,360.11
OPERATING EXPENSES:					
Salaries and Wages	-	3,135,896.90	-	3,169,562.70	6,305,459.60
Payroll Related Costs	-	557,922.56	-	1,167,349.92	1,725,272.48
Professional Fees and Services	224,475.12	550,358.23	417,365.21	-	1,192,198.56
Travel	-	24,226.69	-	104,847.85	129,074.54
Materials and Supplies	-	87.91	-	51,270.20	51,358.11
Communication and Utilities	17,834.15	5,171.87	-	-	23,006.02
Repairs and Maintenance	-	-	-	-	-
Rentals and Leases	-	27,501.20	-	-	27,501.20
Printing and Reproduction	1,603.24	-	-	-	1,603.24
Interest	25,689,984.95	-	-	-	25,689,984.95
Other Operating Expenses	1,353.15	146,099.60	-	5,821,535.06	5,968,987.81
Total Operating Expenses	25,935,250.61	4,447,264.96	417,365.21	10,314,565.73	41,114,446.51
Operating Income (Loss)	13,646,771.39	(4,447,264.96)	4,859,972.90	(10,314,565.73)	3,744,913.60
NONOPERATING REVENUE (EXPENSES):					
Federal Revenue	104,137,383.20	4,447,264.96	-	10,314,565.73	118,899,213.89
Federal Grant Pass-Through Revenue (Expense)	(2,792,708.03)	-	-	-	(2,792,708.03)
Other Benefit Payments	(1,794,470.78)	-	-	-	(1,794,470.78)
Other Intergovernmental Payments	(17,433,860.91)	-	-	-	(17,433,860.91)
Other Nonoperating Revenue (Expenses)	73,918,671.00	-	-	-	73,918,671.00
Total Nonoperating Revenue (Expenses)	156,035,014.48	4,447,264.96	-	10,314,565.73	170,796,845.17
Income/(Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	169,681,785.87	-	4,859,972.90	-	174,541,758.77
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:					
Transfers In	616,322.00	-	-	-	616,322.00
Total Other Revenue, Expenses, Gain/Losses and Transfers	616,322.00	-	-	-	616,322.00
Change in Net Position	170,298,107.87	-	4,859,972.90	-	175,158,080.77
Total Net Position - Beginning	1,480,667,371.63	-	51,070,733.86	-	1,531,738,105.49
Total Net Position, August 31, 2023	\$ 1,650,965,479.50	\$ -	\$ 55,930,706.76	\$ -	\$ 1,706,896,186.26

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, 2023

	PWSS Program Administration	PWSS Enforcement	PWSS Homeland Security	Source Water Protection	Capacity Development	Inspection and Investigation	Technical Assistance	Laboratory Accrediation	Support Services	Totals (Exhibit F-2)
OPERATING EXPENSES:										
Salaries and Wages	\$ 617,404.49	\$ 74,650.10	\$ 93,736.60	\$ 52,381.76	\$ 824,658.54	\$ 1,409,733.78	\$ -	\$ 96,997.43	\$ -	\$ 3,169,562.70
Payroll Related Costs	\$ 227,390.09	27,493.64	34,523.19	19,292.21	303,721.69	519,204.95	-	35,724.15	-	1,167,349.92
Travel	\$ 22,307.82	-	5,626.63	-	20,842.94	52,087.46	-	3,983.00	-	104,847.85
Materials and Supplies	\$ 2,044.10	-	-	-	1,345.06	47,881.04	-	-	-	51,270.20
Contracts	\$ -	-	62,500.00	239,962.75	900,479.40	106,588.00	91,818.82	-	-	1,401,348.97
Other Operating Expenses	\$ 420,585.45	-	131,684.50	50,002.81	2,463,342.16	276,529.55	-	-	22,577.24	3,364,721.71
Indirect	\$ 205,595.69	24,858.49	31,214.29	17,443.15	274,611.26	469,441.36	-	32,300.14	-	1,055,464.38
Total Operating Expenses	\$ 1,495,327.64	\$ 127,002.23	\$ 359,285.21	\$ 379,082.68	\$ 4,789,001.05	\$ 2,881,466.14	\$ 91,818.82	\$ 169,004.72	\$22,577.24	\$ 10,314,565.73

Schedules

Texas Water Development Board
Schedule 6 - Loans and Contracts
For the Fiscal Year Ended August 31, 2023

For purpose of transparency and ease understanding, the term "Loan" is used throughout this financial report and encompasses debt obligations, master agreements, and loan agreements evidencing financial assistance provided by the TWDB.

Recipient	Original Amount	Outstanding Balance	Date From	Date To
Drinking Water State Revolving Fund				
Abilene	\$ 2,500,000.00	\$ 1,300,000.00	02/15/2014	02/15/2033
Agua SUD	3,565,000.00	2,145,000.00	08/01/2015	08/01/2034
Alice	3,934,000.00	3,914,000.00	02/01/2023	02/01/2052
Alice	2,995,000.00	2,375,000.00	02/01/2020	02/01/2039
Alice	1,025,000.00	895,000.00	02/01/2020	02/01/2039
Alice	1,020,000.00	986,000.00	02/01/2023	02/01/2052
Alpine	4,131,000.00	1,785,000.00	03/01/2007	03/01/2036
Altoga WSC	1,059,999.96	539,999.96	06/01/2013	06/01/2032
Alvord	360,000.00	25,000.00	10/01/2004	10/01/2023
Alvord	360,000.00	70,000.00	10/01/2006	10/01/2025
Amarillo	1,310,000.00	-	04/01/2014	04/01/2023
Amarillo	17,195,000.00	10,580,000.00	04/01/2016	04/01/2035
Amarillo	18,075,000.00	7,240,000.00	05/15/2012	05/15/2031
Anahuac	5,175,000.00	4,550,000.00	10/15/2018	10/15/2047
Anthony	980,000.00	827,000.00	02/15/2018	02/15/2046
Anthony	735,000.00	79,000.00	02/15/2015	02/15/2024
Arlington	11,445,000.00	8,420,000.00	06/01/2019	06/01/2037
Arlington	79,500,000.00	63,600,000.00	06/01/2020	06/01/2039
Arp	1,602,000.00	1,562,000.00	06/15/2023	06/15/2051
Athens	825,000.00	535,000.00	08/01/2020	08/01/2029
Austin	3,800,000.00	3,425,000.00	11/15/2020	11/15/2049
Austin	9,400,000.00	8,835,000.00	11/15/2021	11/15/2050
Austin	30,000,000.00	29,000,000.00	11/15/2022	11/15/2051
Austin	24,630,000.00	24,630,000.00	11/15/2023	11/15/2052
Ballinger	1,035,000.00	745,000.00	06/01/2021	06/01/2030
Ballinger	3,865,000.00	1,915,000.00	06/01/2009	06/01/2038
Ballinger	605,000.00	185,000.00	06/01/2017	06/01/2026
Bandera	3,000,000.00	2,750,000.00	02/01/2021	02/01/2048
Bandera Co FWSD # 1	585,000.00	395,000.00	08/15/2016	08/15/2035
Bangs	1,760,000.00	1,580,000.00	02/15/2020	02/15/2049
Bay City	2,125,000.00	2,060,000.00	09/01/2022	09/01/2050
Bay City	5,645,000.00	5,645,000.00	09/01/2023	09/01/2051
Bay City	6,175,000.00	6,175,000.00	09/01/2024	09/01/2052
Beechwood WSC	1,369,000.00	715,000.00	07/01/2009	07/01/2038
Beeville	3,300,000.00	2,212,000.00	02/15/2017	02/15/2036
Bertram	12,440,000.00	12,165,000.00	03/15/2023	03/15/2052
Bistone Municipal WSD	6,130,000.00	3,650,000.00	06/01/2015	06/01/2034
Blanco	3,150,000.00	2,670,000.00	08/15/2019	08/15/2047
Blanco	3,400,000.00	3,370,000.00	02/15/2022	02/15/2051
Blossom	600,000.00	455,000.00	01/01/2011	01/01/2039
Bluff Dale WSC	490,000.00	470,000.00	06/01/2022	06/01/2051
Bolivar Peninsula SUD	5,070,000.00	3,740,000.00	02/15/2010	02/15/2038
Bolivar Peninsula SUD	1,200,000.00	525,000.00	02/15/2010	02/15/2027
Bolivar Peninsula SUD	2,360,000.00	1,230,000.00	02/15/2010	02/15/2028
Bonham	9,830,000.00	8,740,000.00	02/15/2020	02/15/2049
Bonham	7,355,000.00	3,185,000.00	02/15/2007	02/15/2036
Booker	455,000.00	335,000.00	08/15/2018	08/15/2037
Borden County	1,285,000.00	1,180,000.00	10/15/2020	10/15/2044
Boyd	720,000.00	640,000.00	09/01/2019	09/01/2048
Boyd	5,100,000.00	5,060,000.00	02/15/2022	02/15/2051
Brady	10,830,000.00	10,170,000.00	09/01/2021	09/01/2050
Brady	6,115,000.00	1,680,000.00	05/01/2002	05/01/2031
Brady	350,000.00	70,000.00	09/01/2015	09/01/2024
Brazosport WA	15,500,000.00	9,730,000.00	09/01/2015	09/01/2034
Breckenridge	2,380,000.00	1,965,000.00	03/15/2016	03/15/2045
Breckenridge	2,325,000.00	2,325,000.00	03/15/2024	03/15/2053
Breckenridge	1,680,000.00	1,260,000.00	03/15/2015	03/15/2044
Brookshire MWD	1,025,000.00	920,000.00	08/01/2020	08/01/2048
Brookshire MWD	1,250,000.00	1,145,000.00	08/01/2021	08/01/2048
Brown Co WID # 1	20,490,000.00	6,150,000.00	02/01/2009	02/01/2028
Burleson Co MUD # 1	1,440,000.00	748,000.00	06/01/2005	06/01/2034
Burleson Co MUD # 1	120,000.00	54,000.00	06/01/2006	06/01/2035
Cameron	9,305,000.00	6,995,000.00	03/01/2017	03/01/2042
Carbon	95,000.00	67,000.00	02/15/2016	02/15/2035
Castroville	350,000.00	-	02/01/2014	02/01/2023
Castroville	3,500,000.00	2,240,000.00	08/01/2016	08/01/2035
Central Texas WSC	22,340,000.00	7,574,546.00	03/15/2010	02/15/2030

Texas Water Development Board
Schedule 6 - Loans and Contracts
For the Fiscal Year Ended August 31, 2023

For purpose of transparency and ease understanding, the term "Loan" is used throughout this financial report and encompasses debt obligations, master agreements, and loan agreements evidencing financial assistance provided by the TWDB.

<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Central Washington Co WSC	2,815,000.00	2,580,000.00	10/01/2019	10/01/2046
Chandler	750,000.00	650,000.00	10/15/2019	10/15/2042
Cisco	2,200,000.00	1,125,000.00	02/15/2010	02/15/2038
Cisco	4,565,000.00	3,945,000.00	02/15/2020	02/15/2049
Coleman	5,025,000.00	2,645,000.00	04/01/2010	04/01/2039
Comanche	1,020,000.00	1,020,000.00	09/01/2024	09/01/2053
Comanche	486,000.00	486,000.00	09/01/2024	09/01/2053
Comanche	705,000.00	525,000.00	09/01/2014	09/01/2043
Commerce	2,274,000.00	1,383,000.00	02/15/2013	02/15/2040
Commerce	466,000.00	289,000.00	02/15/2013	02/15/2040
Corpus Christi	51,215,000.00	40,000,000.00	07/15/2017	07/15/2045
Coryell City WSD	2,000,000.00	1,635,000.00	10/01/2018	10/01/2037
Cottonwood Shores	1,395,000.00	1,070,000.00	05/01/2018	05/01/2037
Cotulla	2,380,000.00	2,140,000.00	02/01/2021	02/01/2050
Cotulla	3,920,000.00	3,380,000.00	02/01/2019	02/01/2047
Craft-Turney WSC	1,625,000.00	1,380,000.00	02/15/2019	02/15/2042
Creedmoor Maha WSC	4,667,500.00	3,991,500.00	06/01/2019	05/01/2049
Creedmoor Maha WSC	4,667,500.00	4,550,500.00	12/01/2022	11/01/2052
Crockett	1,745,000.00	1,745,000.00	08/15/2024	08/15/2043
Crystal Clear SUD	15,000,000.00	12,450,000.00	12/01/2018	12/01/2042
Cypress Creek UD	2,035,000.00	1,830,000.00	09/01/2019	09/01/2047
D & M WSC	1,900,000.00	1,415,000.00	08/15/2018	08/15/2037
Daingerfield	1,685,000.00	1,630,000.00	02/15/2023	02/15/2052
Daisetta	980,000.00	980,000.00	02/01/2024	02/01/2053
Dallas	44,000,000.00	38,785,000.00	10/01/2019	10/01/2047
Dallas	44,000,000.00	39,835,000.00	10/01/2020	10/01/2048
Dallas	44,000,000.00	41,020,000.00	10/01/2021	10/01/2049
Dallas	44,000,000.00	42,485,000.00	10/01/2022	10/01/2050
Dallas	44,000,000.00	44,000,000.00	10/01/2023	10/01/2051
Del Rio	3,000,000.00	2,670,000.00	06/01/2022	06/01/2038
Del Rio	3,000,000.00	2,890,000.00	06/01/2023	06/01/2050
DeLeon	80,000.00	-	02/15/2014	02/15/2023
DeLeon	520,000.00	390,000.00	02/15/2015	02/15/2043
Denton Co FWSD # 1A	3,260,000.00	1,280,000.00	12/15/2011	12/15/2030
Devine	2,755,000.00	2,400,000.00	02/01/2019	02/01/2048
Devine	6,645,000.00	6,240,000.00	02/01/2019	02/01/2048
Dickens	460,000.00	415,000.00	08/15/2019	08/15/2048
Eagle Pass	17,090,000.00	14,530,000.00	12/01/2018	12/01/2046
Eagle Pass	11,900,000.00	10,880,000.00	12/01/2020	12/01/2047
Eagle Pass	15,075,000.00	14,065,000.00	12/01/2020	12/01/2048
Eagle Pass	11,545,000.00	4,615,000.00	12/01/2005	12/01/2034
Eagle Pass	5,400,000.00	3,295,000.00	12/01/2004	12/01/2033
Eagle Pass	5,795,000.00	2,920,000.00	12/01/2013	12/01/2042
Eagle Pass	3,640,000.00	3,400,000.00	12/01/2021	12/01/2050
East Rio Hondo WSC	1,379,000.00	885,500.00	10/01/2014	09/01/2034
East Texas MUD of Smith County	1,020,000.00	1,020,000.00	08/15/2024	08/15/2052
East Texas MUD of Smith County	476,000.00	476,000.00	08/15/2024	08/15/2052
Eastland	695,000.00	570,000.00	02/15/2019	02/15/2038
Eastland	2,385,000.00	1,275,000.00	12/01/2009	12/01/2036
Eastland Co WSD	3,495,000.00	2,840,000.00	01/01/2015	01/01/2044
Eastland Co WSD	805,000.00	715,000.00	01/01/2021	01/01/2050
Ector County UD	45,275,000.00	39,755,000.00	08/01/2020	08/01/2049
Edgewood	835,000.00	555,000.00	05/01/2011	05/01/2039
Edinburg	5,405,000.00	3,575,000.00	03/01/2017	03/01/2036
Edinburg	10,425,000.00	6,075,000.00	03/01/2015	03/01/2034
El Campo	375,000.00	38,000.00	02/01/2015	02/01/2024
El Paso Co Tornillo WID	130,000.00	65,000.00	08/01/2011	08/01/2038
Eldorado	560,000.00	365,000.00	08/01/2015	08/01/2036
Eldorado	1,200,000.00	935,000.00	08/01/2019	08/01/2038
Ellinger Sewer & Water SC	628,000.00	607,000.00	03/15/2023	03/15/2052
Elmendorf	10,770,000.00	9,870,000.00	08/01/2021	08/01/2048
Emory	720,000.00	406,000.00	07/01/2014	07/01/2033
Eules	4,685,000.00	2,925,000.00	07/15/2016	07/15/2035
Eules	9,275,000.00	8,200,000.00	07/15/2020	07/15/2049
Everman	2,700,000.00	2,295,000.00	02/01/2021	02/01/2040
Fayetteville	200,000.00	120,000.00	08/01/2016	08/01/2035
FHLM Regional WSC	8,170,000.00	7,630,000.00	06/01/2022	06/01/2051
Flatonía	660,000.00	125,000.00	09/01/2007	09/01/2026

Texas Water Development Board
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For the Fiscal Year Ended August 31, 2023

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<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Fort Griffin SUD	1,525,000.00	1,390,000.00	08/01/2021	08/01/2050
Fort Worth	16,145,000.00	5,585,000.00	02/15/2011	02/15/2030
Garland	6,670,000.00	4,935,000.00	03/01/2020	03/01/2034
Gladewater	1,600,000.00	1,345,000.00	08/15/2018	08/15/2037
Gladewater	841,000.00	822,000.00	08/15/2023	08/15/2052
Gladewater	1,020,000.00	986,000.00	08/15/2023	08/15/2052
G-M WSC	2,775,000.00	2,460,000.00	03/01/2019	03/01/2048
G-M WSC	2,970,000.00	2,131,080.00	03/15/2010	02/15/2040
Goldthwaite	1,480,000.00	1,180,000.00	11/01/2015	11/01/2044
Goliad	1,000,000.00	850,000.00	02/15/2021	02/15/2039
Gordon	460,000.00	410,000.00	03/01/2019	03/01/2048
Gordon	100,000.00	86,000.00	03/01/2022	03/01/2036
Gorman	140,000.00	72,000.00	03/01/2016	03/01/2030
Gorman	1,000,000.00	900,000.00	03/01/2019	03/01/2048
Granbury	16,430,000.00	14,865,000.00	08/15/2017	08/15/2045
Granbury	2,720,000.00	1,100,000.00	08/15/2018	08/15/2027
Granbury	15,000,000.00	13,700,000.00	08/15/2018	08/15/2037
Granbury	13,810,000.00	12,255,000.00	08/15/2020	08/15/2048
Grand Prairie	4,000,000.00	1,830,000.00	01/15/2015	01/15/2030
Greater Texoma UA	1,745,000.00	440,000.00	06/01/2008	06/01/2027
Greater Texoma UA	485,000.00	55,000.00	06/01/2015	06/01/2024
Greater Texoma UA	3,695,000.00	2,260,000.00	08/15/2015	08/15/2034
Greater Texoma UA	2,515,000.00	560,000.00	10/01/2016	10/01/2024
Greater Texoma UA	2,875,000.00	2,120,000.00	06/01/2016	06/01/2034
Greater Texoma UA	27,310,000.00	18,355,000.00	10/01/2016	10/01/2035
Greater Texoma UA	2,125,000.00	1,560,000.00	08/15/2017	08/15/2037
Greater Texoma UA	7,155,000.00	5,525,000.00	10/01/2018	10/01/2037
Greater Texoma UA	1,225,000.00	890,000.00	08/15/2018	08/15/2037
Greater Texoma UA	15,200,000.00	14,665,000.00	09/01/2019	09/01/2048
Greater Texoma UA	935,000.00	850,000.00	10/01/2019	10/01/2048
Greater Texoma UA	3,415,000.00	3,170,000.00	08/15/2019	08/15/2048
Greater Texoma UA	7,490,000.00	6,725,000.00	08/15/2020	08/15/2049
Greater Texoma UA	830,000.00	780,000.00	06/01/2022	06/01/2051
Greater Texoma UA	4,000,000.00	3,785,000.00	06/01/2022	06/01/2051
Greater Texoma UA	5,470,000.00	5,180,000.00	08/15/2022	08/15/2051
Greater Texoma UA	1,645,000.00	1,570,000.00	10/01/2020	10/01/2049
Greater Texoma UA	1,025,000.00	935,000.00	10/01/2020	10/01/2049
Greenbelt MIWA	8,110,000.00	8,110,000.00	07/10/2024	07/10/2053
Greenville	305,000.00	110,000.00	02/15/2011	02/15/2029
Groesbeck	1,025,000.00	430,000.00	08/15/2007	08/15/2036
Groesbeck	2,150,000.00	1,214,000.00	02/15/2011	02/15/2040
Groveton	660,000.00	555,000.00	08/15/2021	08/15/2040
Hamlin	5,500,000.00	1,520,000.00	03/01/2002	03/01/2031
Harris Co MUD # 50	2,470,000.00	1,650,000.00	03/01/2017	03/01/2035
Harris Co WCID # 36	3,885,000.00	2,520,000.00	09/01/2015	09/01/2034
Hico	1,520,000.00	1,095,000.00	08/15/2014	08/15/2042
Hidalgo Co MUD # 1	5,605,000.00	3,040,000.00	02/15/2010	02/15/2039
Hillsboro	3,130,000.00	2,570,000.00	07/01/2020	07/01/2039
Hondo	490,000.00	-	02/01/2014	02/01/2023
Hondo	5,470,000.00	3,825,000.00	08/01/2017	08/01/2036
Honey Grove	2,700,000.00	2,220,000.00	09/01/2017	09/01/2045
Honey Grove	200,000.00	-	03/01/2014	03/01/2023
Houston	48,040,000.00	29,860,000.00	11/15/2015	11/15/2034
Houston Co WCID # 1	5,940,000.00	3,600,000.00	08/01/2009	08/01/2038
Hubbard	1,500,000.00	1,140,000.00	02/15/2014	02/15/2043
Jefferson	2,600,000.00	1,870,000.00	02/15/2018	02/15/2037
Johnson County SUD	22,000,000.00	17,025,000.00	08/15/2019	08/15/2038
Jourdanton	6,845,000.00	6,265,000.00	02/01/2021	02/01/2049
Kellyville-Berea WSC	635,000.00	510,000.00	02/15/2019	02/15/2038
Kerrville	5,000,000.00	4,585,000.00	08/15/2020	08/15/2049
Kirbyville	1,805,000.00	1,410,000.00	08/15/2019	08/15/2038
La Feria	880,000.00	470,000.00	09/15/2013	09/15/2032
Ladonia	200,000.00	20,000.00	02/15/2015	02/15/2024
Ladonia	2,810,000.00	2,605,000.00	08/15/2019	08/15/2047
Lake Livingston WSSSC	3,130,000.00	2,295,000.00	12/01/2015	12/01/2034
Lake Livingston WSSSC	17,500,000.00	11,935,000.00	12/01/2010	12/01/2039
Lake Palo Pinto Area WSC	130,000.00	15,000.00	04/01/2015	04/01/2024
Lake Palo Pinto Area WSC	1,480,000.00	1,133,000.00	04/01/2017	04/01/2036

Texas Water Development Board
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<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Lamar Co WSD	1,380,000.00	980,000.00	07/10/2012	07/10/2039
Laredo	5,500,000.00	4,240,000.00	03/01/2016	03/01/2045
Laredo	4,600,000.00	3,505,000.00	03/01/2016	03/01/2045
Lawn	885,000.00	800,000.00	03/01/2020	03/01/2049
Lee Co FWSD # 1	525,000.00	420,000.00	03/01/2017	03/01/2046
Lexington	1,020,000.00	1,020,000.00	08/15/2024	08/15/2053
Lexington	745,000.00	745,000.00	08/15/2024	08/15/2053
Liberty	915,000.00	285,000.00	03/01/2017	03/01/2026
Llano	890,000.00	735,000.00	09/15/2019	09/15/2038
Los Fresnos	3,625,000.00	3,575,000.00	02/01/2022	02/01/2040
Los Fresnos	1,000,000.00	265,000.00	02/01/2016	02/01/2025
Lower Neches Valley Authority	18,495,000.00	13,430,000.00	08/01/2009	08/01/2035
Lubbock	10,445,000.00	9,395,000.00	02/15/2022	02/15/2041
M & M WSC	889,000.00	854,000.00	03/15/2023	03/15/2047
Marlin	10,380,000.00	5,890,000.00	07/01/2007	07/01/2036
Marlin	1,680,000.00	1,345,000.00	07/01/2015	07/01/2042
Marlin	2,330,000.00	2,195,000.00	07/01/2021	07/01/2050
Mason	990,000.00	850,000.00	03/01/2020	03/01/2049
McAllen	12,000,000.00	11,985,000.00	02/01/2021	02/01/2048
Meeker MWD	6,925,000.00	6,925,000.00	09/01/2023	09/01/2052
Melvin	539,902.00	155,000.00	09/01/2018	09/01/2047
Menard	550,000.00	-	03/01/2014	03/01/2023
Mexia	2,780,000.00	1,380,000.00	08/15/2010	08/15/2038
Mexia	960,000.00	470,000.00	08/15/2010	08/15/2038
Millersview-Doole WSC	15,816,000.00	9,915,000.00	12/01/2005	12/01/2034
Mission	7,780,000.00	2,725,000.00	02/15/2011	02/15/2030
Montgomery	1,730,000.00	1,250,000.00	03/01/2018	03/01/2037
Moran	180,000.00	135,000.00	02/15/2015	02/15/2044
Mount Calm	331,000.00	16,000.00	03/01/2005	03/01/2024
Mount Pleasant	24,785,000.00	15,685,000.00	03/15/2009	03/15/2033
Mountain Peak SUD	995,000.00	345,000.00	12/01/2010	12/01/2029
Mullin ISD	398,000.00	359,000.00	08/01/2023	08/01/2032
Mustang SUD	3,555,000.00	3,060,000.00	09/01/2018	09/01/2047
Nacogdoches	7,770,000.00	-	03/01/2008	03/01/2027
Nevada SUD	1,490,000.00	1,165,000.00	05/15/2019	05/15/2038
New Braunfels	40,000,000.00	39,750,000.00	07/01/2023	07/01/2052
New Deal	935,000.00	810,000.00	03/01/2019	03/01/2048
Newton	2,195,000.00	1,890,000.00	03/01/2021	03/01/2040
North Alamo WSC	4,390,000.00	3,793,000.00	08/01/2021	08/01/2041
North Alamo WSC	7,903,000.00	7,692,000.00	11/01/2022	11/01/2052
North Alamo WSC	2,527,000.00	2,527,000.00	11/01/2023	11/01/2043
North Central Texas MWA	5,500,000.00	3,650,000.00	07/10/2014	07/10/2043
North San Saba WSC	335,000.00	272,800.00	01/01/2014	01/01/2044
Orange Co WCID # 1	410,000.00	410,000.00	08/15/2024	08/15/2043
Orange Co WCID # 2	3,980,000.00	3,930,000.00	03/01/2022	03/01/2046
Paducah	1,715,000.00	1,566,000.00	02/15/2021	02/15/2050
Palo Pinto WSC	615,000.00	545,000.00	02/01/2021	02/01/2050
Paris	2,900,000.00	1,410,000.00	06/15/2014	06/15/2032
Parker County SUD	15,080,000.00	14,160,000.00	12/01/2021	12/01/2050
Parker County SUD	13,000,000.00	13,000,000.00	12/01/2024	12/01/2053
Pearland	10,225,000.00	5,175,000.00	09/01/2018	09/01/2027
Pearland	12,025,000.00	10,325,000.00	09/01/2018	09/01/2047
Pearland	8,650,000.00	7,490,000.00	09/01/2019	09/01/2048
Pearland	21,000,000.00	18,900,000.00	09/01/2020	09/01/2049
Pearland	107,600,000.00	100,420,000.00	09/01/2021	09/01/2050
Pflugerville	24,000,000.00	24,000,000.00	08/01/2024	08/01/2052
Pharr	13,310,000.00	5,080,000.00	09/01/2008	09/01/2027
Pharr	13,880,000.00	13,460,000.00	09/01/2021	09/01/2049
Pharr	8,725,000.00	6,425,000.00	09/01/2014	09/01/2042
Pleasant Springs WSC	150,000.00	130,000.00	08/01/2020	08/01/2049
Port Arthur	2,080,000.00	430,000.00	02/15/2016	02/15/2025
Port Mansfield PUD	220,000.00	178,000.00	04/01/2017	04/01/2046
Port O'Connor ID	6,000,000.00	6,000,000.00	09/01/2023	09/01/2052
Porter SUD	1,590,000.00	460,000.00	06/01/2009	06/01/2028
Possum Kingdom WSC	4,700,000.00	270,000.00	12/15/2004	12/15/2023
Quitaque	545,000.00	491,000.00	02/15/2021	02/15/2050
Ranger	420,000.00	364,000.00	02/15/2020	02/15/2049
Ranger	570,000.00	515,000.00	02/15/2020	02/15/2049

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<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Raymondville	1,520,000.00	1,300,000.00	04/01/2021	04/01/2040
Raymondville	2,145,000.00	1,375,000.00	04/01/2014	04/01/2033
Red Creek MUD	1,355,000.00	1,125,000.00	09/01/2019	09/01/2038
Red River Co WSC	1,250,000.00	842,000.00	04/01/2014	04/01/2041
Reklaw	300,000.00	252,000.00	03/01/2018	03/01/2047
Reno	1,145,000.00	125,000.00	01/01/2005	01/01/2024
Reno	900,000.00	105,000.00	01/01/2006	01/01/2024
Riesel	5,360,000.00	5,175,000.00	07/01/2023	07/01/2051
Rio Grande City	12,200,000.00	7,235,000.00	02/15/2011	02/15/2040
Rio Hondo	1,278,000.00	643,000.00	08/01/2014	08/01/2033
Rio Hondo	300,000.00	195,000.00	08/01/2017	08/01/2036
River Acres WSC	3,620,000.00	3,205,000.00	07/01/2019	07/01/2048
River Acres WSC	1,785,000.00	1,695,000.00	07/01/2022	07/01/2051
River Oaks	8,000,000.00	6,655,000.00	06/15/2018	06/15/2047
Riverbend Water Resources District	10,800,000.00	10,495,000.00	10/15/2022	10/15/2051
Riverbend Water Resources District	7,200,000.00	6,985,000.00	10/15/2022	10/15/2051
Riverbend Water Resources District	55,800,000.00	54,540,000.00	10/15/2022	10/15/2051
Riverbend Water Resources District	37,200,000.00	36,025,000.00	10/15/2022	10/15/2051
Riverbend Water Resources District	14,400,000.00	14,400,000.00	10/15/2024	10/15/2053
Riverside SUD	1,575,000.00	1,510,000.00	04/01/2023	04/01/2042
Robert Lee	758,000.00	-	12/01/2013	12/01/2042
Robert Lee	67,000.00	-	12/01/2013	12/01/2042
Roby	250,000.00	236,000.00	03/01/2022	03/01/2051
Rockdale	12,650,000.00	12,350,000.00	06/15/2021	06/15/2050
Rockdale	3,065,000.00	2,915,000.00	06/15/2021	06/15/2050
Rogers	2,205,000.00	2,095,000.00	08/15/2019	08/15/2047
Roma	2,327,000.00	487,000.00	11/01/2000	11/01/2029
Ropesville	500,000.00	448,000.00	02/15/2020	02/15/2049
Roscoe	1,965,000.00	1,800,000.00	02/15/2021	02/15/2050
Rotan	2,040,000.00	1,900,000.00	03/01/2022	03/01/2051
Rotan	235,000.00	225,000.00	03/01/2022	03/01/2051
Rusk	2,630,000.00	2,395,000.00	02/15/2022	02/15/2041
San Angelo	56,075,000.00	49,490,000.00	02/15/2021	02/15/2045
San Angelo	13,415,000.00	13,415,000.00	02/15/2024	02/15/2046
San Antonio Water System	26,370,000.00	14,135,000.00	05/15/2014	05/15/2033
San Antonio Water System	22,400,000.00	12,885,000.00	05/15/2015	05/15/2034
San Antonio Water System	75,920,000.00	58,380,000.00	05/15/2016	05/15/2045
San Antonio Water System	12,500,000.00	10,020,000.00	05/15/2017	05/15/2046
San Antonio Water System	10,500,000.00	9,025,000.00	05/15/2019	05/15/2048
San Antonio Water System	30,765,000.00	26,780,000.00	05/15/2020	05/15/2049
San Antonio Water System	11,805,000.00	10,620,000.00	05/15/2021	05/15/2050
San Juan	6,170,000.00	3,725,000.00	01/01/2015	01/01/2033
San Juan	1,400,000.00	805,000.00	01/01/2015	01/01/2033
San Saba	165,000.00	20,000.00	03/01/2015	03/01/2024
Seis Lagos UD	1,335,000.00	355,000.00	03/01/2008	03/01/2027
Seymour	2,115,000.00	1,840,000.00	03/01/2019	03/01/2048
Shady Grove SUD	880,000.00	750,000.00	02/15/2021	02/15/2040
Shallowater	1,100,000.00	940,000.00	02/15/2020	02/15/2049
Skyline Ranch Estates WSC	340,000.00	216,800.00	10/01/2014	09/01/2034
Smyer	135,000.00	90,000.00	02/15/2015	02/15/2034
Sonora	2,925,000.00	1,185,000.00	12/01/2010	12/01/2029
South Houston	2,010,000.00	860,000.00	03/01/2011	03/01/2030
Southmost Regional WA	3,795,000.00	1,680,000.00	09/01/2010	09/01/2029
Southmost Regional WA	9,295,000.00	5,265,000.00	09/01/2010	09/01/2039
Springs Hill WSC	1,100,000.00	640,000.00	11/01/2013	11/01/2032
Springs Hill WSC	3,130,000.00	1,258,000.00	11/01/2011	11/01/2030
Stamford	9,530,000.00	7,630,000.00	02/15/2017	02/15/2046
Stephens Regional SUD	900,000.00	765,000.00	08/15/2019	08/15/2043
Strawn	773,000.00	773,000.00	09/01/2024	09/01/2053
Surfside Beach	1,655,000.00	515,000.00	02/15/2009	02/15/2028
Sweetwater	1,935,000.00	1,080,000.00	08/15/2015	08/15/2033
Sweetwater	5,000,000.00	3,285,000.00	08/15/2017	08/15/2036
Sweetwater	2,187,000.00	1,981,000.00	08/15/2022	08/15/2041
Terrell	1,700,000.00	1,530,000.00	02/15/2020	02/15/2049
Terrell	1,535,000.00	1,435,000.00	08/15/2022	08/15/2051
Terrell	4,150,000.00	4,150,000.00	08/15/2025	08/15/2052
Tioga	580,000.00	270,000.00	04/01/2002	04/01/2031
Tioga	1,050,000.00	950,000.00	03/15/2019	03/15/2042

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<u>Recipient</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Date From</u>	<u>Date To</u>
Trinidad	250,000.00	175,000.00	01/01/2009	01/01/2037
Troy	2,100,000.00	1,825,000.00	02/01/2019	02/01/2048
Tyler County SUD	775,000.00	697,000.00	09/01/2011	09/01/2040
Union WSC	1,665,000.00	1,358,900.00	02/01/2014	02/01/2044
Upper Jasper Co WA	3,355,000.00	3,255,000.00	09/01/2020	09/01/2044
Upper Leon River MWD	775,000.00	85,000.00	05/01/2015	05/01/2024
Upper Leon River MWD	7,452,000.00	6,659,000.00	05/01/2018	05/01/2047
Upper Leon River MWD	1,863,000.00	1,711,000.00	05/01/2018	05/01/2047
Valley MUD # 2	1,495,000.00	1,435,000.00	02/15/2021	02/15/2048
Victoria Co WCID # 1	2,515,000.00	1,330,000.00	03/01/2010	03/01/2029
Wellman	140,000.00	105,000.00	02/15/2017	02/15/2036
West Tawakoni	1,125,000.00	945,000.00	02/01/2018	02/01/2047
West Wise SUD	13,430,000.00	11,580,000.00	08/15/2019	08/15/2047
Westwood Shores MUD	1,400,000.00	1,205,000.00	05/01/2021	05/01/2040
White River MWD	1,055,000.00	810,000.00	06/01/2014	06/01/2043
Whiteface	450,000.00	370,000.00	02/15/2020	02/15/2039
Whitewater Springs WSC	200,000.00	180,000.00	04/01/2019	04/01/2044
Willis	3,150,000.00	2,415,000.00	08/01/2014	08/01/2043
Willow Park	685,000.00	445,000.00	02/15/2016	02/15/2035
Willow Park	995,000.00	720,000.00	02/15/2018	02/15/2037
Willow Park	13,770,000.00	12,465,000.00	02/15/2021	02/15/2050
Wills Point	4,500,000.00	3,920,000.00	02/15/2020	02/15/2044
Winters	1,645,000.00	845,000.00	10/01/2009	10/01/2038
Winters	425,000.00	95,000.00	10/01/2015	10/01/2024
Winters	580,000.00	530,000.00	04/01/2019	04/01/2038
Wolfe City	1,015,000.00	635,000.00	09/15/2012	09/15/2041
Wolfe City	3,065,000.00	2,855,000.00	03/01/2022	03/01/2051
Wolfe City	870,000.00	820,000.00	03/01/2022	03/01/2051
Woodbranch Village	1,500,000.00	1,155,000.00	08/01/2019	08/01/2037
Wortham	280,000.00	155,000.00	08/15/2014	08/15/2033
Zapata County	14,808,000.00	8,381,000.00	02/15/2011	02/15/2040
Zavala Co WCID # 1	760,000.00	570,000.00	01/01/2014	01/01/2043
Total - Drinking Water State Revolving Fund	<u>\$ 2,397,872,901.96</u>	<u>\$ 1,911,236,625.96</u>		

**STATE FISCAL YEAR 2023
DRINKING WATER STATE REVOLVING FUND
SMALL SYSTEM TECHNICAL ASSISTANCE
(2%) TWO PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-99679526
[TCEQ Grant# 990223]**



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

Source of Funding: Federal Fiscal Year 2022 DWSRF Two Percent Set-aside

Submitted November 15, 2023

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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 (SWP), 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 State Fiscal Year (SFY) 2023 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, 2022, through August 31, 2023, using the 2% Set-Aside funds for SWP, 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, 2022, and August 31, 2023, that supported small PWS through the State's PWSSP. These activities addressed Program requirements of the PWSSP outlined by the SDWA. Specifically, SWP activities, Capacity Development Strategy, and PWSSP Administration requirements of the SDWA were addressed.

The TCEQ expended approximately \$1,502,056 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 \$1,143,073 was requested for reimbursement from TWDB through the Capitalization Grant during the period of

September 1, 2022, through August 31, 2023, and the remainder, or approximately \$358,983, has been or is expected to be requested during the months of September 2023 through November 2023. No match is required; the 2% DWSRF set-aside does not require a match.

The total requested for reimbursement from TWDB between September 2022 and August 2023 was approximately \$1,694,460. Of this amount, approximately \$551,386 was requested for reimbursement from TWDB between September 2022 and November 2022 under the SFY2022/FFY2021 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 5: Ensure Clean and Safe Water for All Communities. Provide clean and safe water for all communities and protect our nation’s waterbodies from degradation.</p> <p>EPA Objective 5.1: Ensure Safe Drinking Water and Reliable Water Infrastructure Protect public health from the risk of exposure to regulated and emerging contaminants in drinking and source waters by improving the reliability, accessibility, and resilience of the nation’s water infrastructure to reduce the impacts of climate change, structural deterioration, and cyber threats.</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 efficient regulation of the production, treatment, delivery and protection of safe and adequate drinking water, and promoting regional water strategies.</p> <p>TCEQ Goal 02: Objective 01</p> <p>Supply 95 percent of Texans served by public drinking water systems with safe drinking water as required by the Safe Drinking Water Act and to provide regulatory oversight of water and sewer utilities, 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</p>

EPA GOALS AND OBJECTIVES	TCEQ GOALS AND OBJECTIVES
	of drinking water sources consistent with the requirements of the Safe Drinking Water Act.

WORK PROGRAM ORGANIZATIONAL STRUCTURE

Within the TCEQ, the Water Supply Division (WSD) is responsible for completing all activities under the 2% DWSRF Set-Aside Grant. The WSD is in charge of 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, 2023, and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$1,502,056 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 \$1,143,073 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder, or approximately \$358,983 has been or is expected to be requested during the months of September 2023 through November 2023. No match is required; the 2% DWSRF Set-Aside does not require a match. Activities were performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2022 and August 2023 was approximately \$1,694,460. Of this amount, approximately \$551,386 was requested for reimbursement from TWDB between September 2022 and November 2022 under the SFY2022/FFY2021 DWSRF 2% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2022 and August 2023 for the SFY23/FFY22 2% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total
Program Element 1: Source Water Protection Programs	Water Supply	\$160,185	\$217,503	14.5%
Program Element 2: Capacity Development	Water Supply	\$476,137	\$686,123	45.6%
Program Element 3: PWSSP Administration	Water Supply	\$506,752	\$598,430	39.9%
Total		\$1,143,074	\$1,502,056	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, 2022 and ended August 31, 2023 (SFY 2023).

MEASURES OF SUCCESS

The following tables [Table 3: TCEQ Outcome/Output Measures and Table 4: EPA National Program Guidance] 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>2.1. oc 1 Outcome Measure:</u> Percent of Texas population served by public drinking water systems	<ul style="list-style-type: none"> All Program Elements and Tasks 	98.40% of Texas population served by public drinking water systems that meet drinking water standards.

TCEQ Output/Outcome Measure	Program Element/Task	Outcome/Output
which meet drinking water standards.		
2.1.1 op 1 Output Measure: Number of public drinking water systems that meet primary drinking water standards.	<ul style="list-style-type: none"> All Program Elements and Tasks 	6,884 public drinking water systems that meet primary drinking water standards.

Table 4: EPA National Program Guidance

EPA National Program Guidance	Program Element/Task	Outcome/Output
Reduce the number of Community water systems in non-compliance with health-based standards: Nationally from FFY Quarter 4 2017 of 3,508 to Quarter 4 2020 3,365 – Texas FFY Quarter 4 2017 - 459	<ul style="list-style-type: none"> All Program Elements and Tasks 	<ul style="list-style-type: none"> Q2 FFY 2023 – 384 16.3% reduction since Q4 2017
Systems out of compliance due to Lead and Copper Rule violations: (50% by 2022 – starting 2018) – Texas 2017 Q4 - 110	<ul style="list-style-type: none"> All Program Elements and Tasks 	<ul style="list-style-type: none"> Q2 FFY 2022 – 73 33.6% reduction since Q4 2017

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 2023.

Program Element 1: Source Water Protection (SWP) Programs

This Program Element and associated Task implemented SWP (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. An estimated total of \$217,503 was expended for activities conducted during the Work Plan period of September 1, 2022, through August 31, 2023. Of the total estimated amount expended, \$160,185 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder or approximately \$57,318 has been or is expected to be requested during the months of September 2023 through November 2023. All work was performed during the designated Work Plan period of September 1, 2022, through August 31, 2023.

Task 1.1 Source Water Protection Programs – Source Water Protection Activities

This Task provided for SWP activities (which included both surface and wellhead protection) within the state in order to provide ongoing assistance to small PWS through evaluation of sources with respect to vulnerability to contamination. TCEQ staff and/or contractors were used to support this Task.

The key deliverables were completed SWP reports provided to small PWS to assist in the implementation of Programs designed to provide SWP within the State.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for small PWS;	TCEQ completed 9 (nine) SWP Assessments under this grant. TCEQ Staff provided support toward other assessments. A total of 9 (nine) PWS were evaluated in six (6) counties under this grant.
2. Implemented SWP Programs in various areas of the State for small PWS;	TCEQ completed 24 SWP Plans, 9 (nine) were conducted under this grant. TCEQ Staff provided support toward other assessments.
3. Best management practices developed to implement SWP for small PWS;	TCEQ implemented best management practices for 9 (nine) PWS under this grant. TCEQ Staff provided support toward other assessments.
4. Meetings and site visits in order to facilitate the creation of SWP Programs with small PWS;	SWP participants attended 27 meetings and TCEQ staff conducted site visits in conjunction with development of the SWP Plans. Each of the 9 (nine) SWP plans completed required water systems to attend an introduction

Work Plan Deliverable	Output Provided
	meeting, education outreach event, site inventory and close out meeting. TCEQ Staff provided support toward other assessments.
5. Evaluation of potential source of contamination inventories for small PWS;	TCEQ inventoried ten (10) SWP Areas under this grant.
6. Identification of populations protected by a SWP Program and served by vulnerable water sources for small PWS; and	Under this grant, TCEQ identified a population of 963 protected by a SWP Program and served by vulnerable water sources in 9 (nine) small PWS. TCEQ Staff provided support toward other assessments.
7. Other activities in support of the SWP Program within the State of Texas.	Staff gave presentations on SWP and BMP at the hybrid (in person and virtually) 2023 Annual Texas Public Drinking Water Conference and Texas Rural Water Utilities Association Annual School. TCEQ staff participated in Texas Rural Water Association Annual Symposium, Texas Forests and Drinking Water Partnership, Groundwater Protection Committee, Natural Resource Conservation Service Water Subcommittee and Association of State Drinking Water Administrators (ASDWA) committee meetings.

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 enhanced 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, including asset management, 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 through developing, issuing and managing of assistance, including assistance from technical assistance contractors, in order to improve their FMT capability. The activities under this Program Element were performed by TCEQ staff and/or contractors.

An estimated total of \$686,123 was expended for activities conducted during the Work Plan period of September 1, 2022, through August 31, 2023. Of the total estimated amount expended \$476,137 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder or approximately \$209,986 has been or is expected to be requested during the months of September 2023 through November 2023. All work was performed during the designated Work Plan period of September 1, 2022, through August 31, 2023.

Task 2.1: Capacity Development – Capacity Development Activities

This Task implemented 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. 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, Intended Use Plan ranking and review and other specialized assistance to small PWS through the use of TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to meet the goal of 95% of the Texas population with drinking water (DW) that meets DW standards and increased the sustainability of small PWS.

Work Plan Deliverable	Output Provided
1. Developed presentations, training materials and other technical documents to support the technical capability and compliance of small PWS in Texas;	TCEQ provided presentations and training materials at the hybrid 2023 Annual Texas PDW Conference (2023 TCEQ Public Drinking Water Conference - YouTube). Staff developed and made presentations to assist PWS at workshops, conferences, the Drinking Water Advisory Work Group (DWAAG), and Texas Water Infrastructure Coordination Committee (TWICC) meetings with topics like regionalization, asset management planning, how drinking water facilities are reviewed and approved, and how to get assistance with operations and funding. Staff also prepared technical assistance documents and surveys for training operators and assistance providers on topics including cross-connection and backflow prevention, and disinfection by product formation. During SFY 2023, TCEQ’s FMT Program: <ul style="list-style-type: none"> • Developed and held 25 Lead Service Line Inventory workshops across the state of Texas. The purpose of these free workshops was to walk systems through TCEQ’s service line inventory form, review data-gathering methods and available funding sources, as well as provide hands-on help with filling out the template. In total, 1,086 individuals attended the workshops. • Completed 85 LCRR/LSLI assignments for 82 different systems.
2. Provide training and technical assistance, through the TOP and other activities as needed, to support the technical	During the grant period, the TOP provided training and technical assistance to 50 PWS across 70 individual technical support assignments, 44 of these systems classified as small-systems (less than 10K in population) and 6 systems classified

Work Plan Deliverable	Output Provided
<p>capability of small PWS</p>	<p>as greater than 10K in population. TOP delivered 18 Direct Assistance Module (DAM) technical training events to PWS operators, conducted one Special Performance Evaluation, one Mandatory Comprehensive Performance Evaluation, two Optimization Comprehensive Performance Evaluations, two onsite membrane plant evaluations, one UV evaluation, one intake evaluation, and reviews of EPPs for 38 PWS. TOP delivered five trainings for treatment plant operations, five chlorine curve trainings, seven presentations at TRWA meetings, and three presentations at TWUA meetings. Additionally, TOP staff and contractors delivered technical training to approximately 1,900 drinking water operators, staff, and management professionals at the hybrid 2023 Annual Texas PDW Conference delivering technical presentations, and targeted workshops that included: basic generator maintenance, filter assessment and backwash procedures, chloramination management, nitrification and nitrification action plans, troubleshooting at a surface water treatment plant, cross-connection control, nitrification action plan table-top exercises, basic and advanced math for utility calculations, jar testing, advanced chloramines, free chlorine conversion strategies, iron and manganese, and surface water monthly operating reports.</p>
<p>3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by small PWS;</p>	<p>During the grant period, exceptions for small PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for small PWS improvements as well as submittals regarding corrosion control for small PWS with lead action level exceedances. Some examples of technical assistance for exception, plan and corrosion control submittals include phone calls with PWS representatives to explain what is needed for exception requests to the sanitary control easement requirements, pre-application meetings with PWS and their engineering representative prior to submittal of engineering plans and responding to PWS questions via phone or email regarding corrosion control options and requirements.</p>

Work Plan Deliverable	Output Provided
<p>4. Purchase of supplies and equipment as 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>
<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 (ASDWA), and other organizations in support of the Capacity Development Strategy;</p>	<p>TCEQ coordinated activities with the TWICC, ASDWA, EPA, US Department of Agriculture (USDA), Communities Unlimited, TRWA, TWDB and other agencies.</p> <p>During this fiscal year, TCEQ participated in regularly scheduled TWICC meetings every other month and helped to coordinate with entities looking for funding to enable them to attend the meetings. In FY 2023 TWICC meetings were hosted by EPA, TDA, GLO, TRWA, and USDA. Entities seeking funding and other types of assistance to attended TWICC meetings as guests. In SFY 2023, TWICC guests included:</p> <ul style="list-style-type: none"> • A rural water supply corporation needing to rehabilitate a well. • A rural water district seeking funds to interconnect a smaller neighboring system. • A large water district working with consultants to plan for and make major improvements. • A struggling water supply corporation with multiple issues including high management turnover, outstanding debt, and ongoing treatment issues. • A recently discovered PWS struggling to meet requirements. • Two small PWS trying to identify funding to move water lines for state highway projects. <p>In SFY 2023, TCEQ staff made presentations about TWICC at workshops, conferences, and staff trainings. There was a TWICC workshop at the hybrid 2023 Annual Texas PDW Conference. The workshop participants had opportunities to talk to agencies one-on-one about their projects and funding needs.</p>

Work Plan Deliverable	Output Provided
<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 participated in virtual and in-person trainings, conferences and other events designed to share and enhance knowledge, skills and abilities in support of the Capacity Development Strategy. Staff participated in both ASDWA and EPA workgroups and committees focusing on implementation of the Bipartisan Infrastructure Law funding for new technical assistance programs and capacity development topics including small and disadvantaged systems, regionalization, and consolidation, the DWSRF and partnerships.</p>
<p>7. 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 (e.g., technical assistance to PWS proposing to use innovative treatment, resiliency activities, consolidation assistance, assistance in support of compliance, asset management, promoting regionalization, and annual Public Drinking Water conference).</p>	<p>TCEQ staff and Contractors participated in the hybrid 2023 Annual Texas PDW Conference. This conference had a robust workshop section where small water systems received specialized training. The conference also provided a technical assistance room for small PWS staff to provide one-on-one technical assistance to attendees. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting small PWS staff to receive one-on-one technical assistance for water quality violations, asset management and other issues.</p> <p>Also, TCEQ staff participated in a wide variety of capacity development activities including:</p> <ul style="list-style-type: none"> • Staff assessment and assistance to small PWS experiencing operational problems. • Providing training to technical assistance providers and water systems directly. • Tracking and assisting nonviable “at-risk” small PWS in restructuring. • Providing free on-site assistance through the FMT contract.

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 by providing assistance in developing, enhancing, and maintaining FMT abilities, and assisting small PWS to meet state and federal requirements through the use of TCEQ staff and/or a FMT contractor.

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

Work Plan Deliverable	Output Provided
1. 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;	Under this grant, TCEQ, through its FMT assistance contractor, completed 61 FMT Capacity Assessments, Consolidation Assessments, On-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects for small PWS.
2. Assessment and reporting on DWSRF applicants; and	Under this grant, TCEQ oversaw and made assistance assignments through its FMT assistance contractor for FMT capacity assessments for small PWS DWSRF applicants.
3. Provision of other assistance, training, and services to small PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.	Under this grant, TCEQ’s FMT Contractor completed one (1) consolidation assessment on a small PWS for the purpose of ensuring service to the community.

Task 2.3 Capacity Development – Water Security

This Task provided assistance to small PWS by developing and implementing the Capacity Development Strategy requirement of the SDWA. The activities under this Task provided assistance to small PWS during significant weather events, natural disasters, and other emergency events. Activities were conducted to enhance abilities of small PWS to respond to emergencies through the use of TCEQ staff and/or a contractor that provided assistance.

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

Work Plan Deliverable	Output Provided
<p>1. Review, evaluation, and technical assistance related to Emergency Preparedness Plans (EPP);</p>	<p>The WSD’s Resiliency and Preparedness Team reviewed and approved EPPs, developed standard operating procedures, tracked the status of EPPs submitted, developed training for affected utilities on how to complete EPPs, and provided 9 EPP workshops across the state through the Financial Managerial and Technical support team. In SFY 2023, TCEQ has received 448 EPPs. Program staff have approved 927 of the total 3,919 EPPs submitted for review and approval since the program began in SFY 2022, including small systems.</p> <p>TCEQ’s WSD provided 1200 emergency contact forms to the attendees of the hybrid 2023 Annual Texas Public Drinking Water Conference. On a biannual basis, the TCEQ’s WSD sends out emergency contact forms to all water systems across the state, to keep emergency contact information for all PWS updated in SDWIS. Furthermore, in 2023, the form was made available online so the PWS emergency contact information can be updated as needed in the future. TCEQ performed a mail out this year to let folks know that an electronic form is available and that they have a choice to complete the paper form to submit by email or use the electronic form. A total of 7,404 forms were mailed out and as of August 28, 2023, 4,468 PWS emergency contact updates were received of which 2,206 were submitted using the new online form.</p>
<p>2. Support for natural disaster (i.e., drought) initiatives and technical assistance to impacted systems;</p>	<p>Support for natural disaster initiatives included updates to drought watch lists and technical assistance calls to all impacted PWS regardless of PWS size, type, and ownership.</p> <p>During this reporting period and in anticipation of drought, WSD issued 688 drought alert letters in June 2023. Drought conditions began impacting systems in May 2023 resulting in a significant increase in drought activities and assistance to water systems that were struggling to provide water to their customers. The Emergency Drinking Water Taskforce began meeting weekly as of May 4, 2023. As of September 1, 2023, the taskforce was tracking 15 drought impacted systems on the 180-day list. This list tracks</p>

Work Plan Deliverable	Output Provided
	<p>systems that have estimated their remaining source water to be less than 180 days. The TCEQ continued to provide support and assistance to the Texas Natural Disaster Operational Workgroup (NDOW) by providing training to staff on the implementation and use of Response Manager (RM), the software to conduct drinking water assessments in response to a disaster.</p> <p>In SFY 2023, RM moved to a web-based platform which facilitated the use of the software by making the software more accessible, by allowing users to choose and manage their own passwords, and by creating better data reporting. Due to these updates the TCEQ held a record number of in person trainings across the state; as well as created a video of the training to ensure employees are trained on how to conduct drinking water assessments in RM. RM trainings were provided on the following dates:</p> <ul style="list-style-type: none"> • March 3, 2023, for 27 attendees from the North Central and West Texas Area this also included staff from the EPA. • March 29 – 30, 2023, for 70 attendees from the Coastal and East Texas Area this also included staff from the Texas General Land Office and the Coast Guard. • April 5 - 6, 2023, for 86 attendees from the Corpus Christ Region this also included staff from the Texas General Land Office and the Coast Guard. • April 11 – 12, 2023, for 65 attendees from the Central Texas Area. • April 19, 2023, for 17 attendees from the Border and Permian Basin Area. • May 9, 2023, for 15 attendees from the Beaumont Region. • A RM video has been created and posted on the TCEQ’s ShareNet page for new staff and staff needing a refresher. <p>WSD also provided support to the Texas NDOW by sending staff to participate in the NDOW 2023 Full Scale Hurricane Exercise held in Corpus Christi on May 23rd - 25th, 2023, as well as providing the training on conducting the Drinking Water Assessments in RM. This year the NDOW</p>

Work Plan Deliverable	Output Provided
	<p>Hurricane Exercise had approximately 200 attendees with the support of nine state and federal agencies. In addition, a concurrent phone bank RM exercise was conducted which allowed 9 TCEQ water staff in Austin to participate in the NDOW exercise remotely.</p> <p>Attendees were taught the purpose of using RM, how to enter DW assessments in RM, taught the Drinking Water Operational and Damage Level Definitions, and utilized scenarios to test the attendee’s understanding and function of RM. These trainings prepare TCEQ staff to support PWS impacted by disasters.</p>
<p>3. 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 Program administration staff in support of the Water Security Program; and</p>	<p>In SFY 2023 trainings and conferences attended:</p> <ul style="list-style-type: none"> • EPA Cybersecurity Assessment Training for Circuit Riders and Technical Assistance. • RCAP Lessons from the Field: Managing a Backflow Prevention Program. • NRWA The Ins and Outs of Water Wells. • EPA Small Drinking Water Systems webinar, Bipartisan Infrastructure Law. • TEEX 8 Hour Occupational Safety and Health Administration Refresher June 15, 2023. • 2023 Texas Division of Emergency Management (TDEM) Conference. • RCAP Building Resilience and Adapting for Climate Change Impacts for Water Sector Utilities. • EPA Defending our Water Infrastructure Creating a Cybersecurity Culture in Small Community Water Systems. • EPA Cybersecurity 101 EPA Training for Water Systems Webinar Part 1 and 2. • 2023 South Texas All Hazards Conference. • EPA Space Weather: What Your Utility Should Know. • EPA Creating Resilient Water Systems. • EPA Health Interaction: The Impact on System Resilience. • EPA Powering Water Utilities with Renewable Energy Workshop. • EPA Wastewater emergency Response Planning Webinar. • EPA Texas Water, Energy, and Emergency Management Workshop.

Work Plan Deliverable	Output Provided
	<p>The TCEQ’s Drinking Water Homeland Security Coordinator continues to participate in ASDWA’s Security notes, NDOW’s quarterly meetings, and maintains a membership with Water ISAC to stay abreast of security issues affecting water utilities in Texas and across the country.</p>
<p>4. Provision of other assistance and support services to small PWS in support of the Water Security Program and the approved Capacity Development Strategy for Texas.</p>	<p>In SFY 2023, the TCEQ’s Security Education contractor, CDM Smith provided five workshops to PWS across the state on generator maintenance. The workshop covered an overview of generator maintenance, reviewed emergency operations protocols which were provided by local and state emergency response staff, included a hands-on field demonstration with a generator, and had a total of 112 attendees. Due to the positive response to the workshops TCEQ’s WSD will be providing three or four additional workshops in SFY 2024.</p> <p>Additional water system resiliency trainings were also provided during hybrid 2023 Annual Texas PDW Conference, which took place on August 8th and 9th, 2023. Attendees could choose to attend in person or virtually as a webinar. This year’s conference had over 1,900 attendees and included presentations and or workshops on Aging Infrastructure, Basic Generator Maintenance, Cyber Security, Disaster Response Assistance TXWARN, Funding - Texas Water Infrastructure Coordination Committee, Generator Maintenance and Reliability hands on workshop, Preventative Maintenance Plan, Water Conservation and Drought Planning, and Water Conservation and Water Loss.</p> <p>TCEQ continues to be available for assistance and support services to small PWS as needed through phone calls, the TCEQ’s Capacity Development program, the TCEQ’s Critical Infrastructure Division, the TXWARN website and the Texas Department of Emergency Management’s (TDEM’s) Public Works Response Team (PWRT). The PWRT supports local jurisdictions in their response to catastrophic events by providing critical public works services as needed to facilitate recovery. TCEQ’s Capacity Development program coordinates with members of TWICC including TDEM, FEMA, Texas Department of Agriculture</p>

Work Plan Deliverable	Output Provided
	<p>(TDA), USDA and GLO to assist systems affected by disasters to obtain funding.</p> <p>Another support service provided to small PWS is the Quarterly DWAAG meetings that are held for all PWS to attend in person or via webinar. These meetings inform PWS of Program activities, response activities, and security activities. The meeting is interactive and allows for web attendees to ask questions during the meeting. The website for these meetings had presentations, the information covered during each meeting, and advertises any upcoming drinking water related trainings provided by TCEQ, EPA, and other providers.</p>

Program Element 3: PWSSP Administration

This Program Element implemented 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 \$598,430 was expended for activities conducted during the Work Plan period of September 1, 2022, through August 31, 2023. Of the total estimated amount expended \$506,752 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder or approximately \$91,678 has been or is expected to be requested during the months of September 2023 through November 2023. All work was performed during the designated Work Plan period of September 1, 2022, through August 31, 2023.

Task 3.1: PWSSP Administration – PWSSP Activities

The activities under 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 (QA/QC) activities; and other activities in support of the PWSSP in Texas. These activities were carried out by TCEQ staff and/or contractors.

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
<p>1. Compliance, technical and regulatory assistance for small PWS;</p>	<p>TCEQ provided technical assistance to small PWS to facilitate compliance with the Revised Total Coliform Rule (RTCR), Lead and Copper Rule, Stage 2 Disinfection Byproducts Rule, regulations for inorganic, organic, and radionuclide chemical contaminants, the Surface Water Treatment Rules, Ground Water Rule, Consumer Confidence Report Rule, and the Public Notification Rule. Additionally, compliance and technical/regulatory assistance was provided to small PWS throughout Texas on disinfectant residual levels, surface water treatment, microbial contaminants, inorganic contaminants, radionuclides, monitoring plans, Lead and Copper rule, and the Consumer Confidence Report.</p> <p>TCEQ implemented a compliance outreach initiative to assist non-compliant systems prior to triggering enforcement response policy criteria.</p> <p>During SFY 2023, TCEQ’s Lead and Copper Monitoring Team (LCMT) within the Drinking Water Standards Section (DWSS) made significant efforts to assist public water systems (PWS) successfully prepare for the Lead and Copper Rule Revisions (LCRR) and forthcoming Lead and Copper Rule Improvements (LCRI). These efforts include:</p> <ul style="list-style-type: none"> • Developed a service line inventory form (Form 20943) to assist PWS in completing their initial service line inventory. This form includes additional features from EPA’s provided template, such as an auto-populated summary table, and automatic tiering using the new tiering criteria outlined in LCRR. • Developed a template Standard Operating Procedure (SOP) to help PWS document their process in completing the service line inventory. • Created instructional videos to assist systems with forms and LCRR requirements.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • Created a Frequently Asked Questions (FAQ) page within the TCEQ’s LCRR webpage to address questions as they arise. • Established an LCRR workgroup to obtain feedback and insight from the regulated community during the development of the service line inventory form and other resources. • Gave presentations on LCRR requirements at various conferences and events including: TCEQ Environmental Trade Fair, TCEQ Public Drinking Water Conference, TCEQ quarterly Drinking Water Advisory Working Group (DWAAG) meetings, TRWA Rural Water Conference, Texas Chemical Council EH&S Seminar, North Central Texas Council of Governments webinars, ASCE Austin Branch meeting, and AWWA ACE conference. • Trained and assisted the Financial, Managerial, and Technical (FMT) program in holding 25 Lead Service Line Inventory workshops across the state of Texas. The purpose of these free workshops was to walk systems through TCEQ’s service line inventory form, review data-gathering methods and available funding sources, as well as provide hands-on help with filling out the template. In total, 1,086 individuals attended the workshops.
<p>2. Review of compliance data, monitoring information and other compliance Program related information;</p>	<p>TCEQ reviews treatment technique, microbial and chemical compliance data to determine compliance with primary drinking water standards and monitoring and reporting requirements. On a daily basis, TCEQ ensures PWS are monitored on appropriate schedules based on system information and sample results.</p>
<p>3. SDWIS inventory and data maintenance;</p>	<p>Inventory data in SDWIS was updated from multiple data sources and reported to EPA on the following dates: Quarter 1 on December 8, 2022 Quarter 2 on March 29, 2023 Quarter 3 on June 15, 2023 Quarter 4 on September 30, 2023.</p>

Work Plan Deliverable	Output Provided
<p>4. Data and responses to the EPA, small PWS, consulting engineers, the TCEQ and other state agencies, as necessary;</p>	<p>TCEQ staff and contractors provided information on requests to TCEQ, EPA, PWS, consulting engineers through day-to-day assistance. 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, discussing data initiatives through stakeholder meetings, and implementing SharePoint software for internal project management and coordination. TCEQ has worked with EPA to identify data discrepancies between state and federal databases and has actively sought to reduce these discrepancies.</p>
<p>5. Provision of other assistance and support services to small PWS in support of the PWSS Program for the State of Texas.</p>	<p>TCEQ and contractors hosted and participated in the hybrid 2023 Annual Texas PDW Conference. This conference concentrated on Asset Management of Texas drinking water and had numerous presentations on asset management and mapping, water operator retention, upcoming compliance (such as the Lead and Copper Rule Revisions) and themes and/or concepts important to the successful operation of small PWS. Also, the conference provided a technical assistance room for small PWS staff to receive one-on-one technical assistance. TCEQ referred PWS, including small PWS, to its FMT and Small Business Assistance functions to provide on-site, in-depth support services and assistance. This event had approximately 1,900 attendees over the two-day period.</p>

**STATE FISCAL YEAR 2023
DRINKING WATER STATE REVOLVING FUND
STATE PROGRAM MANAGEMENT
(10%) TEN PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-99679526
[TCEQ Grant# 991023]**



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

Source of Funding: Federal Fiscal Year 2022 DWSRF Ten Percent Set-Aside

Submitted November 15, 2023

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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 (SWP), 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 State Fiscal Year (SFY) 2023 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, 2022, through August 31, 2023, 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, Expenditures, Program Elements, Tasks and Deliverables.

SUMMARY

The TCEQ, through the 10% State Program Management Work Plan, identified activities to be performed between September 1, 2022, and August 31, 2023, 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 \$7,225,433 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 \$6,756,067 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder, or approximately

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\$469,366, has been or is expected to be requested during the months of September 2023 through November 2023. Due to the Water Infrastructure for Improvements to the Nation (WIIN) Act, no match is required; the 10% DWSRF set-aside does not require a match.

The total requested for reimbursement from TWDB between September 2022 and August 2023 was approximately \$6,881,895. Of this amount, approximately \$125,827 was requested for reimbursement from TWDB between September 2022 and November 2022 under the SFY2022/FFY2021 DWSRF 10% 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 5: Ensure Clean and Safe Water for All Communities. Provide clean and safe water for all communities and protect our nation’s waterbodies from degradation.</p> <p>EPA Objective 5.1: Ensure Safe Drinking Water and Reliable Water Infrastructure Protect public health from the risk of exposure to regulated and emerging contaminants in drinking and source waters by improving the reliability, accessibility, and resilience of the nation’s water infrastructure to reduce the impacts of climate change, structural deterioration, and cyber threats.</p>	<p>TCEQ Goal 2: Drinking Water 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 efficient regulation of the production, treatment, delivery and protection of safe and adequate drinking water, and promoting regional water strategies.</p> <p>TCEQ Objective 2.1 Supply 95 percent of Texans served by public drinking water systems with safe drinking water as required by the Safe Drinking Water Act and to provide regulatory oversight of water and sewer utilities, and to promote regional water strategies.</p> <p>TCEQ Strategy 2.1.1: Safe Drinking Water 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 3: Enforce Environmental Laws and Ensure Compliance. Improve compliance with the nation’s environmental laws and hold violators accountable.</p> <p>EPA Objective 3.1: Hold environmental Violators and Responsible Parties Accountable: Use vigorous and targeted civil and criminal enforcement to ensure accountability for violations and to clean up contamination.</p> <p>EPA Objective 3.2: Detect Violations and Promote Compliance. Ensure high levels of compliance with federal environmental laws and regulations through effective compliance tools – including inspections, other monitoring activities, and technical assistance supported by evidence and advanced technologies.</p>	<p>TCEQ Goal 3: Enforcement and Compliance Assistance</p> <p>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 good environmental performance while providing strict, sure, and just enforcement when environmental laws are violated.</p> <p>TCEQ Objective 3.1:</p> <p>Maintain at least 95 percent of all regulated facilities into compliance with state environmental laws and regulations and to respond appropriately to citizen inquiries and complaints, and prevent pollution, conserve resources, and enhance compliance.</p> <p>TCEQ Strategy 3.1.1: 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 3.1.2: 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, 2023, and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$7,225,433 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 \$6,756,067 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder, or approximately \$469,366, has been or is expected to be requested during the months of September 2023 through November 2023. Due to the Water Infrastructure for Improvements to the Nation (WIIN) Act, no match is required; the 10% DWSRF set-aside does not require a match. Activities were performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2022 and August 2023 was \$6,881,895. Of this amount, approximately \$125,827 was requested for reimbursement from TWDB between September 2022 and November 2022 under the SFY2022/FFY2021 DWSRF 10% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2022 and August 2023 for the SFY23/FFY22 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	\$4,738,869	\$4,975,099	68.9%
Program Element 2: Capacity Development	Water Supply Division and Water Availability Division	\$2,017,198	\$2,250,334	31.1%
Total		\$6,756,067	\$7,225,433	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, 2022 and ended August 31, 2023 (SFY 2023).

MEASURES OF SUCCESS

The following tables [Table 3: TCEQ Outcome/Output Measures and Table 4: EPA National Program Guidance] 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>2.1 oc 1 Outcome Measure</u></p> <p>Percent of Texas population served by public water systems that meet drinking water standards.</p>	<ul style="list-style-type: none"> All Program Elements and Tasks 	<p>98.40% of Texas population served by public drinking water systems that meet drinking water standards.</p>
<p><u>2.1.1 op 1 Output Measure:</u></p> <p>Number of public drinking water systems that meet primary drinking water standards.</p>	<ul style="list-style-type: none"> All Program Elements and Tasks 	<p>6,884 public drinking water systems that meet primary drinking water standards.</p>
<p><u>2.1.1 op 3 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>634 district applications processed</p>
<p><u>3.1 oc 2 Outcome Measure:</u></p> <p>Percent of 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% 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>3.1.2 op 1 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>246 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 143 drinking water laboratories accredited at the end of State Fiscal Year 2023.</i></p>
<p><u>3.1.1 op 3 Output Measure:</u></p> <p>Number of 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>13,163 investigations of water site and facilities 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>
<p><u>3.1.2 ex 3 Explanatory Measure:</u></p> <p>Number of administrative enforcement orders issued (for public water systems).</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.4 PWSSP Administration – Drinking Water Enforcement 	<p>333 of administrative enforcement orders issued.</p>

Table 4: EPA National Program Guidance

EPA National Program Guidance	Program Element/Task	Outcome/Output
<p>Reduce the number of Community water systems in non-compliance with health-based standards: Nationally from FFY Quarter 4 2017 of 3,508 to Quarter 4 2020 3,365 – Texas FFY Quarter 4 2017 - 459</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2023 – 384 • 16.3% reduction since Q4 2017
<p>Systems out of compliance due to Lead and Copper Rule violations: (50% by 2022 – starting 2018) – Texas 2017 Q4 - 110</p>	<ul style="list-style-type: none"> • Program Element 1: All Tasks • Program Element 2: All Tasks 	<ul style="list-style-type: none"> • Q2 FFY 2023 – 73 • 33.6% reduction over since Q4 2017
<p>Drinking water sanitary surveys:</p>	<ul style="list-style-type: none"> • Program Element 1: Task 1.2 PWSSP Administration – Drinking Water Inspection and Investigation 	<ul style="list-style-type: none"> • 1,350 sanitary surveys were conducted with DWSRF funds.

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 2023.

Program Element 1: PWSSP Administration

This Program Element and its associated Tasks 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 \$4,975,099 was expended for activities conducted during the Work Plan period of September 1, 2022, through August 31, 2023. Of the total estimated amount expended \$4,738,869 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder or approximately \$236,230 has been or is expected to be requested during the months of September 2023 through November 2023. All work was performed during the designated Work Plan period of September 1, 2022, through August 31, 2023.

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 PWSSP in Texas. These activities were carried out by TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to meet the goal of 95% of Texas’ population with drinking water that meets drinking water (DW) standards.

Work Plan Deliverable	Output Provided
1. Compliance, technical and regulatory assistance for PWS;	TCEQ provided technical assistance to PWS to facilitate compliance with the Revised Total Coliform Rule (RTCR), Lead and Copper Rule, Stage 2 Disinfection Byproducts Rule, regulations for inorganic, organic, and radionuclide chemical contaminants, the Surface Water Treatment Rule, Ground Water Rule, Consumer Confidence Report Rule and the Public Notification Rule. Additionally, compliance and technical/regulatory assistance was provided to PWS throughout Texas on disinfectant residual levels, surface water treatment, microbial contaminants, inorganic contaminants, radionuclides, monitoring plans, Lead and

Work Plan Deliverable	Output Provided
	<p>Copper Rule and the Consumer Confidence Report.</p> <p>TCEQ provided assistance and training to systems and laboratories in on-going support of the Electronic Environmental (E2) Reporting System software and its maintenance.</p> <p>TCEQ also implemented a compliance outreach initiative to assist non-compliant systems prior to triggering enforcement response policy criteria.</p> <p>During SFY 2023, TCEQ WSD:</p> <ul style="list-style-type: none"> • Completed 13,257 Inventory requests. • Issued letters for Notice of Violation (NOV) to 2,532 PWS with a sum total of 10,411 violations. • Issued 2,402 Public Notification (PN) Rule violations to 999 PWS. • Referred 453 PWS with a Notice of Enforcement (NOE) on a sum total of 1,565 violations. <p>During SFY 2023, TCEQ’s Lead and Copper Monitoring Team (LCMT) within the Drinking Water Standards Section (DWSS) made significant efforts to assist public water systems (PWS) successfully prepare for the Lead and Copper Rule Revisions (LCRR) and forthcoming Lead and Copper Rule Improvements (LCRI). These efforts include:</p> <ul style="list-style-type: none"> • Developed a service line inventory form (Form 20943) to assist PWS in completing their initial service line inventory. This form includes additional features from EPA’s provided template, such as an auto-populated summary table, and automatic tiering using the new tiering criteria outlined in LCRR. • Developed a template Standard Operating Procedure (SOP) to help PWS document their process in completing the service line inventory. • Created instructional videos to assist systems with forms and LCRR requirements. • Created a Frequently Asked Questions (FAQ) page within the TCEQ’s LCRR webpage to address questions as they arise.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • Established an LCRR workgroup to obtain feedback and insight from the regulated community during the development of the service line inventory form and other resources. • Gave presentations on LCRR requirements at various conferences and events including: TCEQ Environmental Trade Fair, TCEQ Public Drinking Water Conference, TCEQ quarterly Drinking Water Advisory Working Group (DWA WG) meetings, TRWA Rural Water Conference, Texas Chemical Council EH&S Seminar, North Central Texas Council of Governments webinars, ASCE Austin Branch meeting, and AWWA ACE conference. • Trained and assisted the Financial, Managerial, and Technical (FMT) program in holding 25 Lead Service Line Inventory workshops across the state of Texas. The purpose of these free workshops was to walk systems through TCEQ’s service line inventory form, review data-gathering methods and available funding sources, as well as provide hands-on help with filling out the template. In total, 1,086 individuals attended the workshops.
<p>2. Review of compliance data, monitoring information and other compliance Program related information;</p>	<p>TCEQ reviews treatment technique, microbial and chemical compliance data to determine compliance with primary drinking water standards and monitoring and reporting requirements. On a daily basis, TCEQ ensures PWS are monitored on appropriate schedules based on system information and sample results.</p>
<p>3. SDWIS inventory and data maintenance;</p>	<p>Inventory data in SDWIS was updated from multiple data sources and reported to EPA on the following dates: Quarter 1 on December 28, 2022 Quarter 2 on March 29, 2023 Quarter 3 on June 15, 2023 Quarter 4 on September 30, 2023</p>
<p>4. Data and responses to the EPA, PWS, consulting engineers, the TCEQ and other state agencies, as necessary;</p>	<p>TCEQ staff and contractors provided information on requests to TCEQ, EPA, PWS, consulting engineers through day-to-day assistance. TCEQ staff have sought new and innovative ways to share data across Programs and with the public, including PWS, by continuing to modify Drinking</p>

Work Plan Deliverable	Output Provided
	Water Watch, discussing data initiatives through stakeholder meetings, and implementing SharePoint software for internal project management and coordination. TCEQ has worked with EPA to identify data discrepancies between state and federal databases and has actively sought to reduce these discrepancies.
5. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;	Supplies and equipment deemed necessary to support the PWSSP 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 participated in virtual and in-person trainings, 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: <ul style="list-style-type: none"> • ASDWA 2022 Annual Conference • 2023 Annual Texas Public Drinking Water (PDW) Conference • ASDWA 2022 Data Management User’s Conference
7. Coordination of and participation in state and/or national organizations including, but not limited to the Association of Safe Drinking Water Administrators (ASDWA), and other organizations in support of the PWSSP; and	TCEQ staff participated in state and/or national organizations including but not limited to Texas Water Infrastructure Coordination Committee (TWICC), the Association of Safe Drinking Water Administrators, The Texas Chapter of the American Water Works Association (AWWA), and other organizations in support of the PWSSP. TCEQ staff participated on the ASDWA SDWIS Modernization Board in support of SDWIS, data concerns, and compliance determinations involved in the oversight of PWS and the future Lead and Copper Rule Revisions.
8. Provision of other assistance and support services to PWS in support of the PWSSP for the State of Texas.	TCEQ and contractors hosted and participated in the hybrid (in person and virtually) 2023 Annual Texas PDW Conference. This conference concentrated on the Asset Management of Texas drinking water and had numerous presentations on asset management and mapping, water operator retention, upcoming compliance (such as the Lead and Copper Rule Revisions) and themes and/or concepts important to the successful operation of PWS. Also, the conference provided a technical assistance room for PWS staff to receive one-on-one technical

Work Plan Deliverable	Output Provided
	assistance. TCEQ referred PWS to its Financial, Managerial, and Technical (FMT) and Small Business Assistance functions to provide on-site, in-depth support services and assistance. This event had approximately 1,900 attendees over the two-day period.

Task 1.2 Drinking Water Inspection and Investigation

The activities under this Task supported the PWSSP 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;	1,350 comprehensive compliance investigations (sanitary surveys) were funded by DWSRF.
2. Completed complaint investigations on PWS;	506 PWS Investigation Complaints were funded by DWSRF
3. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;	Supplies, equipment and other necessary items were purchased to support the PWSSP 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;	TCEQ staff attended the Texas Water Utilities Association School Basic Water classes and several classes offered by TEEX and Texas Rural Water Association (TRWA). Additionally, staff attended the hybrid 2023 Annual Texas PDW Conference.
5. Coordination, assistance and support to EPA, PWS, the TCEQ and other State agencies as it relates to inspections and investigations of PWS; and	TCEQ staff continued to provide outreach, training, complaint reviews, and technical assistance to support the regulated community, PWS customers, and TCEQ staff on a regular basis.

Work Plan Deliverable	Output Provided
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 assessments associated with the National Environmental Laboratory Accreditation Program (NELAP) accreditation of drinking water laboratories.

The key deliverable is the assessment and audits 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 assessments of PWS laboratories;	TCEQ completed 36 PWS (drinking water) laboratory inspections.
2. Conduct review of applications against the provisions of the 2016 TNI NELAP standard to approve accreditation;	TCEQ conducted 36 PWS (drinking water) laboratory audits.
3. Provide assistance and support to other areas at the TCEQ related to the accreditation, certification, and auditing of PWS laboratories;	Assistance and support were 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.
4. Provide data and other information associated with the PWSSP upon request and the accreditation, certification, and auditing of PWS laboratories;	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.
5. Purchase of supplies, equipment, and other items necessary 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
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	Three staff members attended EPA’s drinking water certification training for microbiology in 2022 at Columbus, OH. Additional trainings were conducted virtually for drinking water assessors.
7. Provision of other assistance and support services to PWS in support of the PWSSP for the state of Texas.	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., 2016 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.

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 66 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 51 PWS enforcement cases.

Work Plan Deliverable	Output Provided
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, the EPA Region 6 five-states meeting, enforcement order update presentations at the TWICC meetings, and the RTCR implementation.
3. Purchase of supplies, equipment and other items necessary to support the PWSSP in Texas;	Supplies, equipment, and other necessary items were purchased to support the PWSSP 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 Enforcement Division staff participated in various conference and training events virtually to share and enhance their skills and abilities. Examples include the hybrid 2023 Annual Texas PDW 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. The activities under this Program Element enhanced the financial, managerial, and technical (FMT) abilities of PWS through the identification of PWS that need assistance in developing, enhancing and maintaining their FMT abilities, including asset management, to meet state and federal requirements. 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, water security assistance and other specialized assistance to PWS and were performed by TCEQ staff and/or contractors.

An estimated total of \$2,250,334 was expended for activities conducted during the Work Plan period of September 1, 2022, through August 31, 2023, for this Program Element. Of the total estimated amount expended \$2,017,198 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder, or approximately \$233,136 has been or is expected to be requested during the months of September 2023 through November 2023. All work was performed during the designated Work Plan period of September 1, 2022, through August 31, 2023.

Task 2.1 Capacity Development - Capacity Development Activities

This Task implemented 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. 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 Intended Use Plan ranking and review and other specialized assistance to PWS through the use of TCEQ staff and/or contractors.

The key deliverable was the implementation of Programs designed to meet the goal of 95% of Texas' population with drinking water (DW) that meets DW standards and increases the sustainability of PWS.

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 training materials at the hybrid 2023 Annual Texas PDW Conference (2023 TCEQ Public Drinking Water Conference - YouTube). Staff developed and made presentations to assist PWS at workshops, conferences, the Drinking Water Advisory Work Group (DWAAG), and Texas Water Infrastructure Coordination Committee (TWICC) meetings with

Work Plan Deliverable	Output Provided
	<p>topics like regionalization, asset management planning, how drinking water facilities are reviewed and approved, and how to get assistance with operations and funding. Staff also prepared technical assistance documents and surveys for training operators and assistance providers on topics including cross-connection and backflow prevention, and disinfection byproduct formation. During SFY 2023, TCEQ's FMT Program:</p> <ul style="list-style-type: none"> • Developed and held 25 Lead Service Line Inventory workshops across the state of Texas. The purpose of these free workshops was to walk systems through TCEQ's service line inventory form, review data-gathering methods and available funding sources, as well as provide hands-on help with filling out the template. In total, 1,086 individuals attended the workshops. • Completed 85 LCRR/LSLI assignments for 82 different systems.
<p>2. Provide training and technical assistance, through the TOP and other activities as needed, to support the technical capability of PWS;</p>	<p>During the grant period, the TOP provided training and technical assistance to 50 PWS across 70 individual technical support assignments, 44 of these systems classified as small-systems (less than 10K in population) and 6 systems classified as greater than 10K in population. TOP delivered 18 Direct Assistance Module (DAM) technical training events to PWS operators, conducted one Special Performance Evaluation, one Mandatory Comprehensive Performance Evaluation, two Optimization Comprehensive Performance Evaluations, two onsite membrane plant evaluations, one UV evaluation, one intake evaluation, and reviews of EPPs for 38 PWS. TOP delivered five trainings for treatment plant operations, five chlorine curve trainings, seven presentations at TRWA meetings, and three presentations at TWUA meetings. Additionally, TOP staff and contractors delivered technical training to approximately 1,900 drinking water operators, staff, and management professionals at the hybrid 2023 Annual Texas PDW Conference delivering technical presentations, and targeted workshops that included:</p>

Work Plan Deliverable	Output Provided
	<p>basic generator maintenance, filter assessment and backwash procedures, chloramination management, nitrification, and nitrification action plans, troubleshooting at a surface water treatment plant, cross-connection control, nitrification action plan table-top exercises, basic and advanced math for utility calculations, jar testing, advanced chloramines, free chlorine conversion strategies, iron and manganese, and surface water monthly operating reports.</p>
<p>3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by PWS;</p>	<p>During the grant period, exceptions for PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for PWS improvements as well as submittals regarding corrosion control for PWS with lead action level exceedances. Some examples of technical assistance for exception, plan and corrosion control submittals include phone calls with PWS representatives to explain what is needed for exception requests to the sanitary control easement requirements, pre-application meetings with PWS and their engineering representative prior to submittal of engineering plans and responding to PWS questions via phone or email regarding corrosion control options and requirements.</p>
<p>4. Purchase of supplies and equipment as 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>
<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 (ASDWA) and other organizations in support of the Capacity Development Strategy;</p>	<p>TCEQ coordinated activities with the TWICC, ASDWA, EPA, US Department of Agriculture (USDA), Communities Unlimited, Texas Rural Water Association (TRWA), TWDB and other agencies.</p> <p>During this fiscal year, TCEQ participated in regularly scheduled TWICC meetings every other month and helped to coordinate with entities looking for funding to enable them to attend the meetings. In FY 2023, the TWICC meetings were hosted by EPA, TDA, GLO, TRWA, and USDA. Entities seeking funding and other types of assistance attended TWICC meetings as guests. In SFY 2023, TWICC guests included:</p>

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • A rural water supply corporation needing to rehabilitate a well. • A rural water district seeking funds to interconnect a smaller neighboring system. • A large water district working with consultants to plan for and make major improvements. • A struggling water supply corporation with multiple issues including high management turnover, outstanding debt, and ongoing treatment issues. • A recently discovered PWS struggling to meet requirements. • Two small PWS trying to identify funding to move water lines for state highway projects. <p>In SFY 2023, TCEQ staff made presentations about TWICC at workshops, conferences, and staff trainings. There was a TWICC workshop at the hybrid 2023 Annual Texas PDW Conference. The workshop participants had opportunities to talk to agencies one-on-one about their projects and funding needs.</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 participated in virtual and in-person trainings, conferences and other events designed to share and enhance knowledge, skills, and abilities in support of the Capacity Development Strategy. Staff participated in both ASDWA and EPA workgroups and committees focusing on implementation of the Bipartisan Infrastructure Law funding for new technical assistance programs and capacity development topics including small and disadvantaged systems, regionalization, and consolidation, the DWSRF and partnerships.</p>
<p>7. Provision of other assistance and support services to PWS in support of the PWSSP and approved Capacity Development Strategy for the State of Texas (e.g., technical assistance to PWS proposing to use innovative treatment, resiliency activities, consolidation assistance, assistance in support of</p>	<p>TCEQ staff and Contractors participated in the hybrid 2023 Annual Texas PDW Conference. This conference had a robust workshop section where water systems received specialized training. The conference also provided a technical assistance room for PWS staff to provide one-on-one technical assistance to attendees. TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting PWS staff to receive one-on-one technical assistance for water quality violations, asset management and</p>

Work Plan Deliverable	Output Provided
compliance, asset management, promoting regionalization, and annual Public Drinking Water conference).	other issues. Also, TCEQ staff participated in a wide variety of capacity development activities including: <ul style="list-style-type: none"> • Staff assessment and assistance to PWS 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, 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 and/or contractors.

The key deliverable is the implementation of Programs designed to provide assistance visits in order to enhance the FMT abilities of PWS to meet state and federal requirements.

Work Plan Deliverable	Output Provided
1. FMT training and assistance to PWS including but not limited to FMT assessments, consolidation assessments, consolidation facilitation assistance, and other special assistance and assessment projects as needed;	Under this grant, TCEQ oversaw and made assistance assignments through its FMT assistance contractor for: FMT Capacity Assessments, Consolidation Assessments, On-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects for PWS.
2. Assessment and reporting on DWSRF applicants; and	Under this grant, TCEQ oversaw and made assistance assignments through its FMT assistance contractor for FMT Capacity Assessments for DWSRF applicants.
3. Provision of other assistance, training, and services to PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.	Under this grant, TCEQ oversaw and made assistance assignments through its FMT assistance contractor for Consolidation Assessments.

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 assistance to PWS during significant weather events, natural disasters, and other emergency events. Activities conducted enhanced abilities of PWS to respond to emergencies through the use of TCEQ staff and/or a contractor that provided assistance.

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 including drought.

Work Plan Deliverable	Output Provided
1. Review, evaluation and technical assistance related to Emergency Preparedness Plans (EPP);	<p>The WSD’s Resiliency and Preparedness Team reviewed and approved EPPs, developed standard operating procedures, tracked the status of EPPs submitted, developed training for affected utilities on how to complete EPPs, and provided 9 EPP workshops across the state through the Financial Managerial and Technical support team. In SFY 2023, TCEQ has received 448 EPPs. Program staff have approved 927 of the total 3,919 EPPs submitted for review and approval since the program began in SFY 2022.</p> <p>TCEQ’s WSD provided 1200 emergency contact forms to the attendees of the hybrid 2023 Annual Texas Public Drinking Water Conference. On a biannual basis, the TCEQ’s WSD sends out emergency contact forms to all water systems across the state, to keep emergency contact information for all PWS updated in SDWIS. Furthermore, in 2023, the form was made available online so the PWS emergency contact information can be updated as needed. TCEQ performed a mail out this year to let systems know that an electronic form is available and that they have a choice to complete the paper form to submit by email or use the electronic form. A total of 7,404 forms were mailed out and as of August 28, 2023, 4,468 PWS emergency contact updates were received of which 2,206 were submitted using the new online form.</p>
2. Support for natural disaster (i.e., drought) initiatives and technical assistance to impacted systems;	<p>Support for natural disaster initiatives included updates to drought watch lists and technical assistance calls to all impacted PWS regardless of PWS size, type, and ownership.</p> <p>During this reporting period and in anticipation of drought, WSD issued 688 drought alert letters in</p>

Work Plan Deliverable	Output Provided
	<p>June 2023. Drought conditions began impacting systems in May 2023 resulting in a significant increase in drought activities and assistance to water systems that were struggling to provide water to their customers. The Emergency Drinking Water Taskforce began meeting weekly as of May 4, 2023. As of September 1, 2023, the taskforce was tracking 15 drought impacted systems on the 180-day list. This list tracks systems that have estimated their remaining source water to be less than 180 days. The TCEQ continued to provide support and assistance to the Texas Natural Disaster Operational Workgroup (NDOW) by providing training to staff on the implementation and use of Response Manager (RM), the software to conduct drinking water assessments in response to a disaster. In SFY 2023, RM moved to a web-based platform which facilitated the use of the software by making the software more accessible, by allowing users to choose and manage their own passwords, and by creating better data reporting. Due to these updates the TCEQ held a record number of in person trainings across the state; as well as created a video of the training to ensure employees are trained on how to conduct drinking water assessments in RM. RM trainings were provided on the following dates:</p> <ul style="list-style-type: none"> • March 3, 2023, for 27 attendees from the North Central and West Texas Area this also included staff from the EPA. • March 29 – 30, 2023, for 70 attendees from the Coastal and East Texas Area this also included staff from the Texas General Land Office and the Coast Guard. • April 5 - 6, 2023, for 86 attendees from the Corpus Christ Region this also included staff from the Texas General Land Office and the Coast Guard. • April 11 – 12, 2023, for 65 attendees from the Central Texas Area. • April 19, 2023, for 17 attendees from the Border and Permian Basin Area. • May 9, 2023, for 15 attendees from the Beaumont Region.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • A RM video has been created and posted on the TCEQ’s ShareNet page for new staff and staff needing a refresher. <p>WSD also provided support to the Texas NDOW by sending staff to participate in the NDOW 2023 Full Scale Hurricane Exercise held in Corpus Christi on May 23rd-25th, 2023, as well as providing the training on conducting the Drinking Water Assessments in RM. This year the NDOW Hurricane Exercise had approximately 200 attendees with the support of nine state and federal agencies. In addition, a concurrent phone bank RM exercise was conducted which allowed 9 TCEQ water staff in Austin to participate in the NDOW exercise remotely.</p> <p>Attendees to all RM trainings were taught the purpose of using RM, how to enter DW assessments in RM, taught the Drinking Water Operational and Damage Level Definitions, and utilized scenarios to test the attendee’s understanding and function of RM. These trainings prepare TCEQ staff to support PWS impacted by disasters.</p>
<p>3. 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 Program administration staff in support of the Water Security Program; and</p>	<p>In SFY 2023 trainings and conferences attended:</p> <ul style="list-style-type: none"> • EPA Cybersecurity Assessment Training for Circuit Riders and Technical Assistance. • RCAP Lessons from the Field: Managing a Backflow Prevention Program. • NRWA The Ins and Outs of Water Wells. • EPA Small Drinking Water Systems webinar, Bipartisan Infrastructure Law. • TEEX 8 Hour Occupational Safety and Health Administration Refresher June 15, 2023. • 2023 Texas Division of Emergency Management (TDEM) Conference. • RCAP Building Resilience and Adapting for Climate Change Impacts for Water Sector Utilities. • EPA Defending our Water Infrastructure Creating a Cybersecurity Culture in Small Community Water Systems. • EPA Cybersecurity 101 EPA Training for Water Systems Webinar Part 1 and 2. • 2023 South Texas All Hazards Conference. • EPA Space Weather: What Your Utility Should Know.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • EPA Creating Resilient Water Systems. • EPA Health Interaction: The Impact on System Resilience. • EPA Powering Water Utilities with Renewable Energy Workshop. • EPA Wastewater emergency Response Planning Webinar. • EPA Texas Water, Energy, and Emergency Management Workshop. <p>The TCEQ’s Drinking Water Homeland Security Coordinator continues to participate in ASDWA’s Security notes, NDOW’s quarterly meetings, and maintains a membership with Water ISAC to stay abreast of security issues affecting water utilities in Texas and across the country.</p>
<p>4. Provision of other assistance and support services to PWS in the support of the Water Security Program and the approved Capacity Development Strategy for the State of Texas.</p>	<p>In SFY 2023, the TCEQ’s Security Education contractor, CDM Smith provided five workshops to PWS across the state on generator maintenance. The workshop covered an overview of generator maintenance, reviewed emergency operations protocols which were provided by local and state emergency response staff, included a hands-on field demonstration with a generator, and had a total of 112 attendees. Due to the positive response to the workshops TCEQ’s WSD will be providing three or four additional workshops in SFY 2024.</p> <p>Additional water system resiliency trainings were also provided during the hybrid 2023 Annual Texas PDW Conference, which took place on August 8th and 9th, 2023. Attendees could choose to attend in person or virtually as a webinar. This year’s conference had over 1,900 attendees and included presentations and or workshops on Aging Infrastructure, Basic Generator Maintenance, Cyber Security, Disaster Response Assistance TXWARN, Funding - Texas Water Infrastructure Coordination Committee, Generator Maintenance and Reliability hands on workshop, Preventative Maintenance Plan, Water Conservation and Drought Planning, and Water Conservation and Water Loss.</p> <p>TCEQ continues to be available for assistance and support services to PWS as needed through phone calls, the TCEQ’s Capacity Development program, the TCEQ’s Critical Infrastructure Division, the</p>

Work Plan Deliverable	Output Provided
	<p>TXWARN website and the Texas Department of Emergency Management's (TDEM's) Public Works Response Team (PWRT).</p> <p>The PWRT supports local jurisdictions in their response to catastrophic events by providing critical public works services as needed to facilitate recovery. TCEQ's Capacity Development program coordinates with members of TWICC including TDEM, FEMA, Texas Department of Agriculture (TDA), USDA and GLO to assist systems affected by disasters to obtain funding.</p> <p>Another support service provided to PWS is the Quarterly DWAWG meetings that are held for all PWS to attend in person or via webinar. These meetings inform PWS of program activities, response activities, and security activities. The meeting is interactive and allows for web attendees to ask questions during the meeting. The website for these meetings had presentations, the information covered during each meeting, and advertises any upcoming drinking water related trainings provided by TCEQ, EPA, and other providers.</p>

Task 2.4: Capacity Development – Source Water Protection (SWP)

This Task provided SWP activities (which included both surface and wellhead protection) within the state and provided ongoing assistance to PWS through evaluation of sources with respect to vulnerability to contamination. TCEQ staff and/or contractors were used to support this task.

The key deliverables were completed SWP reports provided to PWS to assist in the implementation of Programs designed to provide SWP within the state.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for PWS;	TCEQ completed half (0.5) a SWP assessment using this grant and the remaining half (0.5) was paid for with state funding. TCEQ Staff provided support toward other assessments. A total of one (1) a PWS was evaluated in one (1) county under this grant.
2. Implemented SWP Programs in various areas of the State for PWS	TCEQ completed 24 SWP Plans, half of a SWP plan was completed using this grant and the remaining half was paid for with state funding. TCEQ Staff provided support toward other assessments.
3. Best management practices developed to implement SWP for PWS;	TCEQ implemented best management practices for one (1) PWS under this grant. TCEQ Staff provided support toward other assessments.
4. Meetings and site visits in order to facilitate the creation of SWP Programs with PWS;	SWP participants attended three (3) meetings and TCEQ staff conducted site visits in conjunction with development of the SWP Plans. The completed SWP Plan required water systems to attend an introduction meeting, education outreach event, site inventory and close out meeting. TCEQ Staff provided support toward other assessments.
5. Evaluation of potential source of contamination inventories for PWS;	TCEQ inventoried half of a SWP Area under this grant and the remaining half was paid for with state funding.
6. Identification of populations protected by a SWP Program and served by vulnerable water sources for PWS; and	Using this grant, TCEQ identified a population of 3,108 protected by a SWP Program and served by vulnerable water sources in one (1) PWS. TCEQ Staff provided support toward other assessments.

Work Plan Deliverable	Output Provided
7. Other activities in support of the SWP Program within the State of Texas.	Staff gave presentations on SWP and BMP at the hybrid 2023 Annual Texas Public Drinking Water Conference and Texas Rural Water Utilities Association Annual School. TCEQ staff participated in Texas Rural Water Association Annual Symposium, Texas Forests and Drinking Water Partnership, Groundwater Protection Committee, Natural Resource Conservation Service Water Subcommittee and Association of State Drinking Water Administrators (ASDWA) Committee meetings.

Task 2.5 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). Administrative support and data-entry in support of the review of these water district applications was provided. TCEQ staff and/or contractors were used to support this task.

The key deliverable is the review of water district applications including data entry, administrative support, and other activities, and the implementation of Programs that support water districts financial and managerial capability.

Work Plan Deliverable	Output Provided
1. Provide data entry, administrative support and other activities in support of the review of water district applications;	The TCEQ’s Water Supply Division – Districts Section, processed 634 water district applications during SFY 2023. TCEQ contractors provided data entry and administrative support for the review of water district applications.
2. Review applications, engineering reports, plans and specifications in conjunction with the processing of water district applications;	A total of 135 minor applications were received by TCEQ contractors. During SFY 2023, 123 minor water district applications were completed. (This included several minor applications started in the previous fiscal year, but not completed.)
3. Coordination, assistance and support to EPA, PWS, the TCEQ and other State agencies as it relates to water district reviews for PWS;	Coordination, assistance and support was provided on request and through the normal day to day activities conducted under this Task.

Work Plan Deliverable	Output Provided
4. Purchase of supplies, equipment and other items necessary 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 virtual training opportunities to maintain professional engineering certifications. Staff also participated in various professional development training opportunities.
6. Provision of other assistance and support services to PWS in support of the approved 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 2.6 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 is the implementation of Programs designed to provide assistance to PWS in the development of water conservation and/or drought contingency plans to maintain or enhance abilities of PWS to meet state requirements.

Work Plan Deliverable	Output Provided
1. Participate in Programs to provide assistance to PWS in the development of water conservation and/or drought contingency plans to maintain or enhance abilities of PWS to meet state requirements;	As a member of the Water Conservation Advisory Council (WCAC), Staff participated in five (5) Council meetings during the Fiscal Year, as well as four (4) meetings for WCAC workgroups. As a member of the Drought Preparedness Council, Staff attended 14 meetings during SFY 2023 and presented the results of the Drought Activities Update Report.

Work Plan Deliverable	Output Provided
<p>2. Review and evaluate of water conservation and/or drought contingency plans of retail PWS to meet state requirements; and</p>	<p>Staff completed approximately nine (9) conservation reviews for water rights applications that were associated with retail PWS entities. Staff reviewed approximately 18 updated water conservation plans, updated drought contingency plans, and water conservation implementation reports associated with retail PWS entities. 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>In SFY 2023, Staff prepared documents to assist entities, including retail PWS, for the upcoming 2024 submittal of updated Water Conservation Plans, updated Drought Contingency Plans, and water conservation implementation reports. Staff made presentations at the 2023 TCEQ Environmental Trade Fair and the hybrid 2023 Annual Texas PDW Conference providing information and assistance to entities, including retail PWS, regarding submittal of updated Water Conservation Plans, updated Drought Contingency Plans, and water conservation implementation reports.</p>

**STATE FISCAL YEAR 2023
DRINKING WATER STATE REVOLVING FUND
LOCAL ASSISTANCE
(15%) FIFTEEN PERCENT SET-ASIDE ACTIVITIES
ANNUAL REPORT**

**EPA # FS-99679526
[TCEQ Grant# 991523]**



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

**Source of Funding: Federal Fiscal Year 2022 DWSRF Fifteen Percent Set-
Aside**

Submitted November 15, 2023

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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 (SWP), 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 State Fiscal Year (SFY) 2023 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, 2022 through August 31, 2023 using the 15% Set-Aside funds for SWP 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, 2022, and August 31, 2023, 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 SWP activities 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 \$4,100,000 during the grant Work Plan period for work performed during this period. It should be noted that \$3,685,024 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder, or approximately \$414,976 has been or is expected to be requested during the

months of September 2023 through November 2023. No match is required; the 15% DWSRF Set-Aside does not require a match.

The total requested for reimbursement from TWDB between September 2022 and August 2023 was \$5,022,259. Of this amount, approximately \$922,259 was requested for reimbursement from TWDB between September 2022 and November 2022 under the SFY2022/FFY2021 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 5: Ensure Clean and Safe Water for All Communities. Provide clean and safe water for all communities and protect our nation’s waterbodies from degradation.</p> <p>EPA Objective 5.1: Ensure Safe Drinking Water and Reliable Water Infrastructure Protect public health from the risk of exposure to regulated and emerging contaminants in drinking and source waters by improving the reliability, accessibility, and resilience of the nation’s water infrastructure to reduce the impacts of climate change, structural deterioration, and cyber threats.</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 efficient regulation of the production, treatment, delivery and protection of safe and adequate drinking water, and promoting regional water strategies.</p> <p>TCEQ Goal 02: Objective 01</p> <p>Supply 95 percent of Texans served by public drinking water systems with safe drinking water as required by the Safe Drinking Water Act and to provide regulatory oversight of water and sewer utilities, 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 responsible for the overall administrative activities under the 15% DWSRF Set-Aside Grant. The WSD is in charge of 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, 2023, and may not include final total expenditures for each Program Element and its associated Tasks. The TCEQ expended approximately \$4,100,000 during the grant Work Plan period for work performed during this period. It should be noted that \$3,685,024 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023 and the remainder, or approximately \$414,976 has been or is expected to be requested during the months of September 2023 through November 2023. No match is required; the 15% DWSRF Set-Aside does not require a match. Activities were performed as described in the Work Plan unless otherwise noted in this report.

The total requested for reimbursement from TWDB between September 2022 and August 2023 was \$5,022,259. Of this amount, approximately \$922,259 was requested for reimbursement from TWDB between September 2022 and November 2022 under the SFY2022/FFY2021 DWSRF 15% Set-Aside Work Plan.

Table 2: Expenditure Summary Table

Program Element/Task	Division	Requested Reimbursements from TWDB between September 2022 and August 2023 for the SFY23/FFY22 15% DWSRF Set-Aside Work Plan	Total Expended During Grant Period	Percent of Total
Program Element 1: Source Water Protection Programs	Water Supply Division	\$200,000	\$200,000	5%
Program Element 2: Capacity Development	Water Supply Division	\$3,485,024	\$3,900,000	95%
Total		\$3,685,024	\$4,100,000	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, 2022, and ended August 31, 2023 (SFY 2023).

MEASURES OF SUCCESS

The following tables [Table 3: TCEQ Outcome/Output Measures and Table 4: EPA National Program Guidance] 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>2.1 oc 1 Outcome Measure</u> Percent of Texas population served by	<ul style="list-style-type: none"> All Program Elements and Tasks 	98.40% of Texas population served by public drinking water systems that meet

TCEQ Outcome/Output Measure	Program Element/Task	Outcome/Output
public drinking water systems that meet drinking water standards.		drinking water standards.
<p><u>2.1.1 op 1 Output Measure:</u></p> <p>Number of public drinking water systems that meet primary drinking water standards.</p>	<ul style="list-style-type: none"> All Program Elements and Tasks 	6,884 public drinking water systems that meet primary drinking water standards.

Table 4: EPA National Program Guidance

EPA National Program Guidance	Program Element/Task	Outcome/Output
<p>Reduce the number of Community water systems in non-compliance with health-based standards:</p> <p>Nationally from FFY Quarter 4 2017 of 3,508 to Quarter 4 2020 3,365 – Texas FFY Quarter 4 2017 - 459</p>	<ul style="list-style-type: none"> All Program Elements and Tasks 	<ul style="list-style-type: none"> Q2 FFY 2023 – 384 16.3% reduction since Q4 2017
<p><u>Systems out of compliance due to Lead and Copper Rule violations:</u></p> <p>(50% by 2022 – starting 2018) – Texas 2017 Q4 - 110</p>	<ul style="list-style-type: none"> All Program Elements and Tasks 	<ul style="list-style-type: none"> Q2 FFY 2023 – 73 33.6% reduction over Since Q4 2017

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 2023.

Program Element 1: Source Water Protection (SWP) Programs

This Program Element and associated Task implemented SWP (which includes both surface and wellhead protection) activities within the State in order to provide ongoing direct local assistance to PWS through evaluation of sources with respect to vulnerability to contamination. An estimated total of \$200,000 was expended for activities conducted during the Work Plan period of September 1, 2022, through August 31, 2023. Of the total estimated amount expended, \$200,000 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder, or approximately \$0 has been or is expected to be requested during the months of September 2023 through November 2023. All work was performed during the designated Work Plan period of September 1, 2022, through August 31, 2023.

Task 1.1 Source Water Protection Activities

This Task provided for SWP activities (which included both surface and wellhead protection) within the state in order to provide ongoing direct local assistance to PWS through evaluation of sources with respect to vulnerability to contamination. TCEQ staff and/or contractors were used to support this Task.

The key deliverables were completed SWP reports provided to PWS in order to assist in the implementation of Programs designed to provide SWP within the State.

Work Plan Deliverable	Output Provided
1. Completed evaluation of sources (both surface and wellhead) to determine vulnerability to contamination for PWS;	TCEQ completed ten (10) SWP assessments under this grant. TCEQ Staff provided support toward other assessments. A total of ten (10) PWS were evaluated in three (3) counties under this grant.
2. Implemented SWP Programs in various areas of the State for PWS;	TCEQ completed 24 SWP Plans, ten (10) were conducted under this grant. TCEQ Staff provided support toward other assessments.
3. Best management practices developed to implement SWP for PWS;	TCEQ implemented best management practices for ten (10) PWS under this grant. TCEQ Staff provided support toward other assessments.
4. Meetings and site visits in order to facilitate the creation of SWP Programs with PWS;	SWP participants attended 30 meetings and TCEQ staff conducted site visits in conjunction with development of the SWP Plans. Each of the ten (10) SWP Plans completed required water systems to attend an introduction meeting, education outreach event, site inventory

Work Plan Deliverable	Output Provided
	and close out meeting. TCEQ Staff provided support toward other assessments.
5. Evaluation of potential source of contamination inventories for PWS;	TCEQ inventoried 18 SWP Areas under this grant.
6. Identification of populations protected by a SWP Program and served by vulnerable water sources for PWS; and	Under this grant, TCEQ identified a population of 10,713 protected by a SWP Program and served by vulnerable water sources in ten (10) PWS. TCEQ Staff provided support toward other assessments.
7. Other activities in support of the SWP Program within the State of Texas.	Staff gave presentations on SWP and BMP at the hybrid (in person and virtually) 2023 Annual Texas Public Drinking Water Conference and Texas Rural Water Utilities Association Annual School. TCEQ staff participated in Texas Rural Water Association Annual Symposium, Texas Forests and Drinking Water Partnership, Groundwater Protection Committee, Natural Resource Conservation Service Water Subcommittee and Association of State Drinking Water (ASDWA) Administrators Committee meetings.

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, including asset management, 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 through developing, issuing and managing of assistance, including assistance from technical assistance contractors, improving their FMT capability. The activities under this Program Element were performed by TCEQ staff and/or contractors.

An estimated total of \$3,900,000 was expended for activities conducted during the Work Plan period of September 1, 2022, through August 31, 2023. Of the total estimated amount expended \$3,485,024 was requested for reimbursement from TWDB through the Capitalization Grant during the period of September 1, 2022, through August 31, 2023, and the remainder, or approximately \$414,976 has been or is expected to be requested during the months of September 2023 through November 2023. All work was performed during the designated Work Plan period of September 1, 2022, through August 31, 2023.

Task 2.1: Capacity Development – Capacity Development Activities

This Task implemented 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. 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, Intended Use Plan ranking and review and other specialized assistance to PWS through the use of TCEQ staff and/or contractors.

The key deliverable is the implementation of Programs designed to meet the goal of 95% of the Texas population with drinking water (DW) that meets DW standards and increased sustainability of PWS 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 provided presentations and workshop and training materials at the hybrid 2023 Annual Texas PDW Conference (2023 TCEQ Public Drinking Water Conference - YouTube). Staff developed and made presentations to assist PWS at workshops, conferences, the Drinking Water Advisory Work Group (DWAAG), and Texas Water Infrastructure Coordination Committee (TWICC) meetings with topics including regionalization, asset

Work Plan Deliverable	Output Provided
	<p>management planning, how drinking water facilities are reviewed and approved, and how to get assistance with operations and funding. Staff also prepared technical assistance documents and surveys for training operators and assistance providers on topics including cross-connection and backflow prevention and disinfection byproduct formation. Under this grant, during SFY 2023, TCEQ's FMT Program:</p> <ul style="list-style-type: none"> • Developed and held 25 Lead Service Line Inventory workshops across the state of Texas. The purpose of these free workshops was to walk systems through TCEQ's service line inventory form, review data-gathering methods and available funding sources, as well as provide hands-on help with filling out the template. In total, 1,086 individuals attended the workshops. • Completed 85 LCRR/LSLI assignments for 82 different systems.
<p>2. Provide training and technical assistance, through the TOP and other activities as needed, to support the technical capability of PWS;</p>	<p>During the grant period, the TOP provided training and technical assistance to 50 PWS across 70 individual technical support assignments, 44 of these systems classified as small-systems (less than 10K in population) and 6 systems classified as greater than 10K in population. TOP delivered 18 Direct Assistance Module (DAM) technical training events to PWS operators, conducted one Special Performance Evaluation, one Mandatory Comprehensive Performance Evaluation, two Optimization Comprehensive Performance Evaluations, two onsite membrane plant evaluations, one UV evaluation, one intake evaluation, and reviewed of EPPs for 38 PWS. TOP delivered five trainings for treatment plant operations, five chlorine curve trainings, seven presentations at TRWA meetings, and three presentations at TWUA meetings. Additionally, TOP staff and contractors delivered technical training to approximately 1,900 drinking water operators, staff, and management professionals at the hybrid 2023 Annual Texas PDW Conference delivering technical presentations, and targeted workshops that included: basic generator maintenance, filter assessment and backwash procedures, chloramination management, nitrification and nitrification action</p>

Work Plan Deliverable	Output Provided
	plans, troubleshooting at a surface water treatment plant, cross-connection control, nitrification action plan table-top exercises, basic and advanced math for utility calculations, jar testing, advanced chloramines, free chlorine conversion strategies, iron and manganese, and surface water monthly operating report.
3. Review, analysis, tracking and response to exception requests, engineering plans and other items submitted by PWS;	During the grant period, exceptions for PWS were reviewed by TCEQ staff and contractors. TCEQ staff also conducted engineering plan reviews for PWS improvements as well as submittals regarding corrosion control for PWS with lead action level exceedances. Some examples of technical assistance for exception, plan and corrosion control submittals include phone calls with PWS representatives to explain what is needed for exception requests to the sanitary control easement requirements, pre-application meetings with PWS and their engineering representative prior to submittal of engineering plans and responding to PWS questions via phone or email regarding corrosion control options and requirements.
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.
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 (ASDWA), and other organizations in support of the Capacity Development Strategy.	<p>TCEQ coordinated activities with the TWICC, ASDWA, EPA, US Department of Agriculture (USDA), Communities Unlimited, Texas Rural Water Association (TRWA), TWDB and other agencies.</p> <p>During this fiscal year, TCEQ participated in regularly scheduled TWICC meetings every other month and helped to coordinate with entities looking for funding to enable them to attend the meetings. In FY 2023, TWICC meetings were hosted by EPA, TDA, GLO, TRWA, and USDA. Entities seeking funding and other types of assistance attended TWICC meetings as guests. In SFY 2023, TWICC guests included:</p> <ul style="list-style-type: none"> • A rural water supply corporation needing to rehabilitate a well. • A rural water district seeking funds to interconnect a smaller neighboring system.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • A large water district working with consultants to plan for and make major improvements. • A struggling water supply corporation with multiple issues including high management turnover, outstanding debt, and ongoing treatment issues. • A recently discovered PWS struggling to meet requirements. • Two small PWS trying to identify funding to move water lines for state highway projects. <p>In SFY 2023, TCEQ staff made presentations about TWICC at workshops, conferences, and staff trainings. There was a TWICC workshop at the hybrid 2023 Annual Texas PDW Conference. The workshop participants had opportunities to talk to agencies one-on-one about their projects and funding needs.</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 participated in virtual and in-person trainings, conferences and other events designed to share and enhance knowledge, skills and abilities in support of the Capacity Development Strategy. Staff participated in both ASDWA and EPA workgroups and committees focusing on implementation of the Bipartisan Infrastructure Law for new technical assistance funding and capacity development topics including small and disadvantaged systems, regionalization, and consolidation, the DWSRF and partnerships.</p>
<p>7. Provision of other assistance and support services to PWS in support of the PWSS Program and approved Capacity Development Strategy for the State of Texas (e.g., technical assistance to PWS proposing to use innovative treatment, resiliency activities, consolidation assistance, assistance in support of compliance, asset management, promoting regionalization, and annual Public Drinking Water conference).</p>	<p>TCEQ staff and contractors participated in the hybrid 2023 Annual Texas PDW Conference. This conference had a robust workshop section where water systems received specialized training. The conference also provided a technical assistance room for PWS staff to receive one-on-one technical assistance.</p> <p>TCEQ staff coordinated with EPA grant recipients CU, Environmental Finance Network, the Southwest Environmental Finance Center and TRWA to help develop their work plans for assisting PWS staff to receive one-on-one technical assistance for water quality violations, asset management, and other issues.</p> <p>Also, TCEQ staff participated in a wide variety of capacity development activities including:</p> <ul style="list-style-type: none"> • Staff assessment and assistance to PWS experiencing operational problems.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • Providing training to local 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 enhanced the FMT abilities of PWS by providing local assistance in developing, enhancing, and maintaining FMT abilities, and assisting PWS to meet state and federal requirements through the use of TCEQ staff and/or contractors.

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

Work Plan Deliverable	Output Provided
1. FMT training and assistance to PWS including but not limited to FMT assessments, consolidation assessments, consolidation facilitation assistance, and other special assistance and assessment projects as needed;	Under this grant, TCEQ, through its FMT Assistance contractor, completed 933 FMT Capacity Assessments, Consolidation Assessments, on-site FMT Assistance, Drinking Water Operator Training, and other special assistance and assessment projects for PWS. TCEQ’s FMT Contractor completed 11 FMT Assistance assignments for the purpose of training and assisting PWS on specific FMT weaknesses identified during FMT Capacity Assessments.
2. Assessment and reporting on DWSRF applicants; and	Under this grant, TCEQ’s FMT Contractor conducted 27 FMT capacity assessments for PWS DWSRF applicants.
3. Provision of other assistance, training and services to PWS in support of FMT capabilities and the approved Capacity Development Strategy for the State of Texas.	Under this grant, TCEQ’s FMT Assistance contractor completed 233 TCEQ-administered special assignments that ranged from providing a system with hands-on customer service inspection (CSI) training to preparing and presenting Lead Service Line Inventory (LSLI) workshops.

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 were conducted to enhance abilities of PWS to respond to emergencies through the use of TCEQ staff and/or contractors that provided assistance.

The key deliverable was 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 including drought.

Work Plan Deliverable	Output Provided
1. Review, evaluation and technical assistance related to Emergency Preparedness Plans (EPP);	<p>The WSD’s Resiliency and Preparedness Team reviewed and approved EPPs, developed standard operating procedures, tracked the status of EPPs submitted, developed training for affected utilities on how to complete EPPs, and provided 9 EPP workshops across the state through the Financial Managerial and Technical support team. In SFY 2023, TCEQ has received 448 EPPs. Program staff have approved 927 of the total 3,919 EPPs submitted for review and approval since the program began in SFY 2022.</p> <p>TCEQ’s WSD provided 1200 emergency contact forms to the attendees of the hybrid 2023 Annual Texas Public Drinking Water Conference. On a biannual basis, the TCEQ’s WSD sends out emergency contact forms to all water systems across the state, to keep emergency contact information for all PWS updated in SDWIS. Furthermore, in 2023, the form was made available online so the PWS emergency contact information can be updated as needed. TCEQ performed a mail out this year to let systems know that an electronic form is available and that they have a choice to complete the paper form to submit by email or use the electronic form. A total of 7,404 forms were mailed out and as of August 28, 2023, 4,468 PWS emergency contact updates were received of which 2,206 were submitted using the new online form.</p>
2. Support for natural disaster (i.e. drought) initiatives and technical assistance to impacted systems;	<p>Support for natural disaster initiatives included updates to drought watch lists and technical assistance calls to all impacted PWS regardless of PWS size, type, and ownership.</p>

Work Plan Deliverable	Output Provided
	<p>During this reporting period and in anticipation of drought, WSD issued 688 drought alert letters in June 2023. Drought conditions began impacting systems in May 2023 resulting in a significant increase in drought activities and assistance to water systems that were struggling to provide water to their customers. The Emergency Drinking Water Taskforce began meeting weekly as of May 4, 2023. As of September 1, 2023, the taskforce was tracking 15 drought impacted systems on the 180-day list. This list tracks systems that have estimated their remaining source water to be less than 180 days. The TCEQ continued to provide support and assistance to the Texas Natural Disaster Operational Workgroup (NDOW) by providing training to staff on the implementation and use of Response Manager (RM), the software to conduct drinking water assessments in response to a disaster.</p> <p>In SFY 2023, RM moved to a web-based platform which facilitated the use of the software by making the software more accessible, by allowing users to choose and manage their own passwords, and by creating better data reporting. Due to these updates the TCEQ held a record number of in person trainings across the state; as well as created a video of the training to ensure employees are trained on how to conduct drinking water assessments in RM. RM trainings were provided on the following dates:</p> <ul style="list-style-type: none"> • March 3, 2023, for 27 attendees from the North Central and West Texas Area this also included staff from the EPA. • March 29 – 30, 2023, for 70 attendees from the Coastal and East Texas Area this also included staff from the Texas General Land Office and the Coast Guard. • April 5 - 6, 2023, for 86 attendees from the Corpus Christ Region this also included staff from the Texas General Land Office and the Coast Guard. • April 11 – 12, 2023, for 65 attendees from the Central Texas Area. • April 19, 2023, for 17 attendees from the Border and Permian Basin Area.

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • May 9, 2023, for 15 attendees from the Beaumont Region. • A RM video has been created and posted on the TCEQ’s ShareNet page for new staff and staff needing a refresher. <p>WSD also provided support to the Texas NDOW by sending staff to participate in the NDOW 2023 Full Scale Hurricane Exercise held in Corpus Christi on May 23rd-25th, 2023, as well as providing the training on conducting the Drinking Water Assessments in RM. This year the NDOW Hurricane Exercise had approximately 200 attendees with the support of nine state and federal agencies. In addition, a concurrent phone bank RM exercise was conducted which allowed 9 TCEQ water staff in Austin to participate in the NDOW exercise remotely.</p> <p>Attendees to all RM trainings were taught the purpose of using RM, how to enter DW assessments in RM, taught the Drinking Water Operational and Damage Level Definitions, and utilized scenarios to test the attendee’s understanding and function of RM. These trainings prepare TCEQ staff to support PWS impacted by disasters.</p>
<p>3. Travel and training within Texas or nationally to attend training, conferences and other events designed to enhance knowledge, skills and abilities and maintain competency of Program administration staff in support of the Water Security Program; and</p>	<p>In SFY 2023 trainings and conferences attended:</p> <ul style="list-style-type: none"> • EPA Cybersecurity Assessment Training for Circuit Riders and Technical Assistance. • RCAP Lessons from the Field: Managing a Backflow Prevention Program. • NRWA The Ins and Outs of Water Wells. • EPA Small Drinking Water Systems webinar, Bipartisan Infrastructure Law. • TEEX 8 Hour Occupational Safety and Health Administration Refresher June 15, 2023. • 2023 Texas Division of Emergency Management (TDEM) Conference. • RCAP Building Resilience and Adapting for Climate Change Impacts for Water Sector Utilities. • EPA Defending our Water Infrastructure Creating a Cybersecurity Culture in Small Community Water Systems. • EPA Cybersecurity 101 EPA Training for Water Systems Webinar Part 1 and 2. • 2023 South Texas All Hazards Conference

Work Plan Deliverable	Output Provided
	<ul style="list-style-type: none"> • EPA Space Weather: What Your Utility Should Know. • EPA Creating Resilient Water Systems. • EPA Health Interaction: The Impact on System Resilience. • EPA Powering Water Utilities with Renewable Energy Workshop. • EPA Wastewater emergency Response Planning Webinar. • EPA Texas Water, Energy, and Emergency Management Workshop. <p>The TCEQ’s Drinking Water Homeland Security Coordinator continues to participate in ASDWA’s Security notes, NDOW’s quarterly meetings, and to maintain a membership with Water ISAC to stay abreast of security issues affecting water utilities in Texas and across the country.</p>
<p>4. 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>In SFY 2023, the TCEQ’s Security Education contractor, CDM Smith provided five workshops to PWS across the state on generator maintenance. The workshop covered an overview of generator maintenance, reviewed emergency operations protocols which were provided by local and state emergency response staff, included a hands-on field demonstration with a generator, and had a total of 112 attendees. Due to the positive response to the workshops TCEQ’s WSD will be providing three or four additional workshops in SFY 2024.</p> <p>Additional water system resiliency trainings were also provided during the hybrid 2023 Annual Texas PDW Conference, which took place on August 8th and 9th, 2023. Attendees could choose to attend in person or virtually as a webinar. This year’s conference had over 1,900 attendees and included presentations and or workshops on Aging Infrastructure, Basic Generator Maintenance, Cyber_Security, Disaster Response Assistance TXWARN, Funding - Texas Water Infrastructure Coordination Committee, Generator Maintenance and Reliability hands on workshop, Preventative Maintenance Plan, Water Conservation and Drought Planning, and Water Conservation and Water Loss.</p> <p>TCEQ continues to be available for assistance and support services to PWS as needed through</p>

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	<p>phone calls, the TCEQ’s Capacity Development program, the TCEQ’s Critical Infrastructure Division, the TXWARN website and the Texas Department of Emergency Management’s (TDEM’s) Public Works Response Team (PWRT). The PWRT supports local jurisdictions in their response to catastrophic events by providing critical public works services as needed to facilitate recovery. TCEQ’s Capacity Development program coordinates with members of TWICC including TDEM, FEMA, Texas Department of Agriculture (TDA), USDA and GLO to assist systems affected by disasters to obtain funding. Another support service provided to PWS is the Quarterly Drinking Water Advisory Work Group (DWAAG) meetings that are held for all PWS to attend in person or via webinar. These meetings inform PWS of program activities, response activities, and security activities. The meeting is interactive and allows for web attendees to ask questions during the meeting. The website for these meetings has presentations, the information covered during each meeting, and advertises any upcoming drinking water related trainings provided by TCEQ, EPA, and other providers.</p>