



Texas Water Development Board Financial Assistance Programs

Texas Water Development Board
Project Finance

TWDB

1957-2011

- The Legislature created the TWDB in 1957 in response to the drought of the 1950s to plan for the and provide financing for the State's future water needs.



Texas Water Development Board Mission

- To Provide:
 - Leadership
 - Planning
 - **FINANCIAL ASSISTANCE**
 - Information and Education for the conservation and responsible development of water for Texas.



Financial Assistance

- Provide financial assistance for the state's water and wastewater infrastructure through a variety of loan and grant programs
- Historically, the TWDB has committed over **\$12.4 billion** to date for water and wastewater projects in Texas.
- In fiscal year 2010, TWDB has committed over **\$1.5 billion** for water and wastewater projects in Texas.



Financial Assistance Programs for Water and Wastewater Infrastructure

- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF)
- Development Fund (DFund)
- Rural Water Assistance Program (RWAF)
- State Participation Program
- Economically Distressed Areas Program (EDAP)
- State Water Plan Funding



Federally Funded Programs

- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF)



CWSRF and DWSRF Programs

- Funding for Planning, Acquisition, and Design (PAD) and Construction.
- Subsidized Interest Rates
- Loan Forgiveness for Disadvantaged Communities



CWSRF

- Eligible Borrowers:
 - Any political subdivision with the authority to own or operate a wastewater system in Texas,
 - authorized Indian tribal organizations,
 - political subdivisions or private entities seeking assistance for nonpoint source pollution control or estuary management projects.



CWSRF

- Eligible Projects
 - Planning, Acquisition, Design and Construction for:
 - WWTP Expansion
 - Sludge Treatment Capacity Expansion
 - Facilities Rehabilitation
 - Collection System Rehabilitation/Overflow Control
 - Unserved Areas
 - Trunk Sewer, Diversion
 - Trunk Sewer, Developing Area
 - Reuse
 - Nonpoint Source Pollution Control/Estuary Management



CWSRF

Item	Description
Options/Rates:	All Loans = 1.3% below market rate Disadvantaged = 70% or 100% loan forgiveness
Term:	Up to 30 years; PAD up to 10 years
Origination Fee:	1.85%



CWSRF

Funding Reserve SFY 2011

Source	Percent	Amount
TOTAL FUNDS AVAILABLE		\$323.0 million
Disadvantaged *	30%	\$28.0 million
Green Project *	20%	\$18.6 million



DWSRF

- Purpose:
 - Provides funding for the planning, design, and construction of water projects designed primarily to bring systems into compliance with drinking water standards.
- Eligible Borrowers:
 - Community water systems and non-profit,
 - non-community water systems,
 - as well as privately owned systems.



DWSRF

- Eligible Projects:
 - Planning, Acquisition, Design and Construction for:
 - Treatment
 - Transmission and Distribution
 - Storage
 - Purchase of Systems
 - Restructuring
 - Land Acquisition
 - Source Water Protection

Projects must be consistent with the 2007 State Water Plan.



DWSRF

Item	Description
Options/Rates:	Disadvantaged = 70% or 100% loan forgiveness All loans = 1.25% below market
Term:	Disadvantaged = 30 years Mainstream = 20 years PAD = up to 10 years
Origination Fee:	2.25%



SFY 2011 DWSRF Rates & Terms

Item	Description
Rate:	All loans 1.25% below market rate Disadvantaged Loan Forgiveness 70% or 100%
Term:	10 years - PAD 20 years - Mainstream 30 years - Disadvantaged
Origination Fee:	2.25%



DWSRF

Funding Reserve SFY 2011

Source	Percent	Amount
TOTAL FUNDS AVAILABLE		\$89.7 million
Disadvantaged *	30%	\$25.9 million
Green Project *	20%	\$17 million



IUP Important Dates – SFY 2012

Date	Item
November 2010-January 2011	SRF Workshops
December 2010	Solicitation Letters Mailed
March 1, 2011	Deadline for Submitting Project Information Forms
Summer 2011	Public Hearing and Comment Period
August 2011	IUP Approval by TWDB Board
September 2011	Invitation Process Begins



CWSRF and DWSRF Intended Use Plans

- What is the Intended Use Plan (IUP)?
 - The IUP is a document that describes how the state intends to use the federal and state funds
 - Identifies eligible projects on a Project Priority and Fundable Projects Lists.
 - Projects are ranked by the Texas Commission on Environmental Quality.



State Funded Programs

- Development Fund (DFund)
- Rural Water Assistance Fund (RWAF)
- State Participation
- Economically Distressed Programs (EDAP)
- State Water Plan Funding



DFund

- Loan funding of planning, design, and construction of water and wastewater projects.
- Funding on a first-come, first-served basis
- Eligible Borrowers:
 - Political Subdivisions and
 - nonprofit water supply corporations.



DFund

Item	Description
Rate:	0.35% above TWDB cost of funds; rate varies based on market conditions
Term:	20-25 years
Funds Available:	\$25 million – FY 2011



RWAF

- Loan funding of planning, design, and construction of water and wastewater projects
- Funding on a first come-first served basis.
- Eligible Borrowers:
 - Political Subdivisions and
 - nonprofit water supply corporations with a population no greater than 10,000 or
 - counties in which no urban area has a population exceeding 50,000.



RWAF

Item	Description
Rate:	Approximately 0.12% above TWDB cost of funds, series specific, alternative minimum tax bonds. Current rate = 3.92%
Term:	Up to 40 years (consistent with the useful life of project). Non-profit water supply corporations are exempt from paying sales tax incurred on project.
Funds Available:	\$33 million – FY 2011



State Participation

- Purpose:
 - Loan funding for planning, design, and construction of water and wastewater projects.
 - Enables entities to build optimum-sized projects where the existing population cannot fully support the debt.
 - The state purchases an interest in the project, not exceed 80% in new water projects and not exceed 50% in all other water and wastewater projects.
- Eligible Borrowers:
 - Any political subdivision of the State or water supply corporations which is sponsoring construction of a regional water, or wastewater project.



State Participation

Item	Description
Rate:	0.35% above TWDB cost of funds; rate varies based on market conditions.
Term:	Up to 34 years
Funds available:	\$25 million – FY 2011



State Participation Application Process

- Applications are received twice a year. First round of applications must be received by **February 1**. The second round of applications must be received by **August 1**.
- Projects are ranked (prioritized) according to Board Rules Chapter 363.1007.



EDAP

- Purpose:
 - Grant and loan funding for Planning, Acquisition, Design (PAD), and Construction of water & wastewater projects.
- Eligible Borrowers:
 - Cities, districts or authorities, non-profit water supply corporations, and counties that have “economically distressed areas” within their jurisdiction, or an external area to which they will extend service.



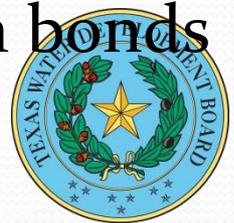
EDAP

Item	Description
Rates:	<u>Grant for PAD</u> = Up to 100% <u>Construction</u> = <u>Grant/Loan</u> Calculation based on what other similarly situated residents pay for comparable services.
Funds available:	Limited



State Water Plan Funding

- First authorized in 2007 by the 80th Legislature
- Financial assistance for projects related to the implementation of the State Water Plan.
- Subsidized interest rate loans for planning, design, and construction of State Water Plan projects.
- Grants for economically distressed areas.
- During the past two legislative sessions (2007 & 2009) the Texas Legislature appropriated funds to support the issuance of \$1.2 billion in general obligation bonds to fund State Water Plan projects.



State Water Plan Funding

- Eligible Borrowers:
 - Political subdivisions including Municipalities, Counties, River Authorities, Districts, and Non-profit Water Supply Corporations.
- Projects must be recommended water management strategies in the State Water Plan.



State Water Plan Funding

WIF – Low interest loans for projects in the State Water Plan.

Item	Description
Term:	20 years maximum
Rate:	2% below market rates
Amount:	\$151.7 million – FY 2011



State Water Plan Funding

WIF 10-year Deferral - Low interest loans for planning, design and permitting costs of Water Plan projects. Interest & principal payments are deferred for 10 years or until the end of construction, which ever comes first.

Item	Description
Term:	20 years maximum
Rate:	2% below market rates
Amount:	\$24.3 million – FY 2011



State Water Plan Funding

State Participation – State financing for regional construction projects with excess capacity. Principal and Interest deferrals.

Item	Description
Term:	34 years maximum
Rate:	.25% above TWDB cost of funds
Amount:	\$21.3 million – FY 2011



State Water Plan Funding

Water Plan Rural - for populations less than 5,000 and not in an Metropolitan Statistical Area (MSA).

Item	Description
Term:	20 years maximum for loan portion
Rate:	0% interest rate
Amount:	\$2.4 million – FY 2011



State Water Plan Funding

Water Plan **EDAP** - Grants for economically distressed areas
Water Plan projects. (50% grant/ 50% loan)

Item	Description
Term:	20 years maximum for loan portion
Rate:	Grant / 0% interest rate
Amount:	\$9.7 million – FY 2011



State Water Plan Funding Application Process

- Applications are received twice a year. First round of applications must be received by **February 1**. The second round of applications must be received by **August 1**.
- Projects are ranked (prioritized) according to Board Rules Chapter 363.1208.



Changes to Funding Programs

- PAD-C approach to funding.
- Rules Changes to the SRF Program to incorporate revisions in federal requirements. Details now published under the IUP.



Questions?



TWDB Key Contacts

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