Texas Water Development Board Infrastructure Project Financing



The following presentation is based upon professional research and analysis within the scope of the Texas Water Development Board's statutory responsibilities and priorities but, unless specifically noted, does not necessarily reflect official Board positions or decisions.



Topics

- What is the Texas Water Development Board (TWDB)?
- What financing tools do we offer?
- How can the TWDB help you?



Mission

The TWDB's mission is to provide leadership, planning, financial assistance, information and education for the conservation and responsible development of Water for Texas.





Compact with Texans

The Texas Water Development Board (TWDB) is the state's primary water planning and financing agency whose main responsibilities are threefold:

- Collect and disseminate water-related data,
- Plan for the development of the state's water resources, and;
- Administer cost-effective financing programs.

Since 1957, the agency has been charged with planning for the state's water needs.





Board of Directors

Chairman



Bech Bruun

Director



Kathleen Jackson

Director



Peter Lake





TWDB Resources

Project Financing

- Water
- Wastewater
- Flood Control
- Nonpoint Source Pollution Control

 Groundwater availability

- Environmental flows
- Lake surveys
- Conservation
- Innovative **Technologies**
- TexMesonet (Weather Data)

Texas Water Development Board

- Mapping & GIS
- Demographics
- Flood Data
- Interactive State Water Plan

Planning

Science

- State Water Plan
- Water Use Surveys

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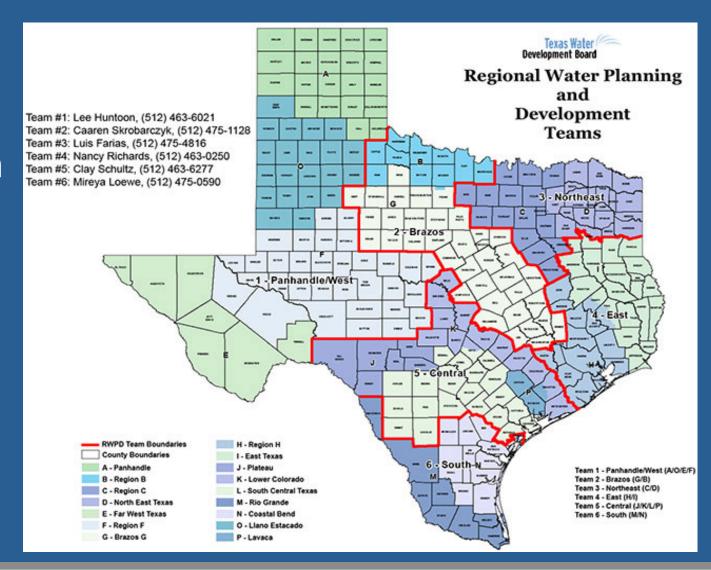


Data



TWDB Across Texas

- Austin
- Harlingen
- Houston
- Lubbock
- Mesquite





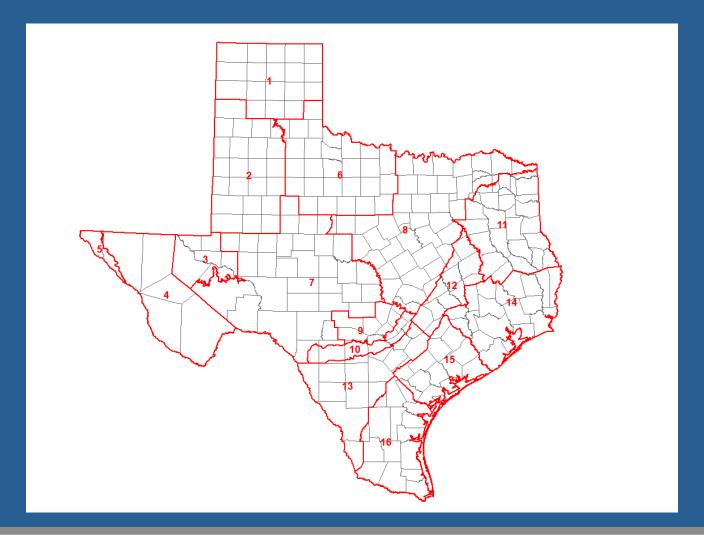




Groundwater Management Areas

16 GMA across Texas.

Conservation, preservation, & protection...

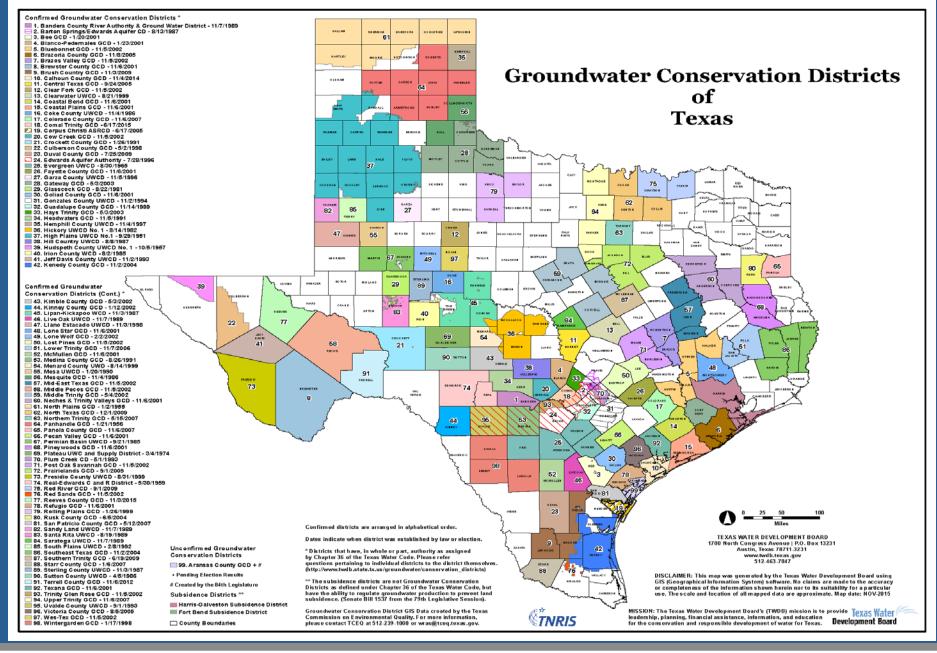


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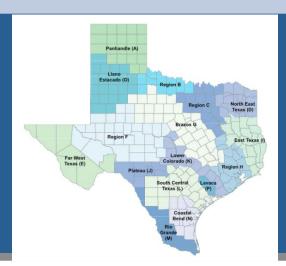


Water Planning in Texas

Regional Planning Groups analyze water supply needs on a 50-year planning horizon

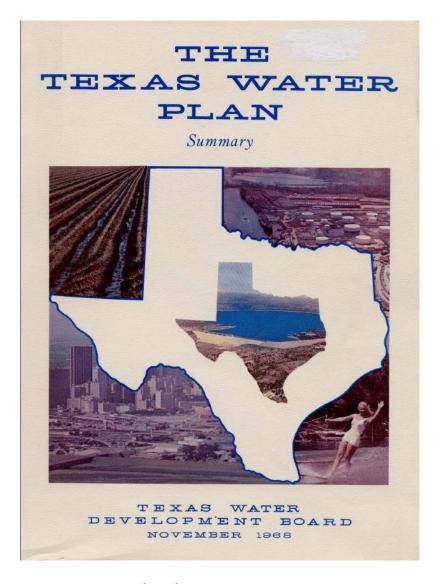
- Municipalities, agriculture, industry, and power generation are all considered
- Each regional plan lists recommended water management strategies and their anticipated costs

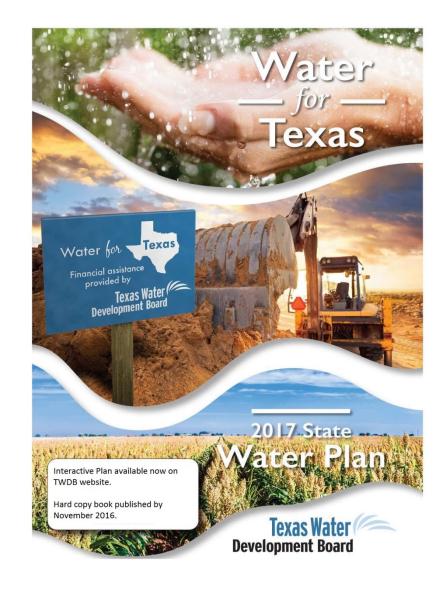












State Water Plan by Year:

1961, 1968,

1984,

1990, 1992, 1997,

2002, 2007, 2012, **2017**

Interactive State Water Plan



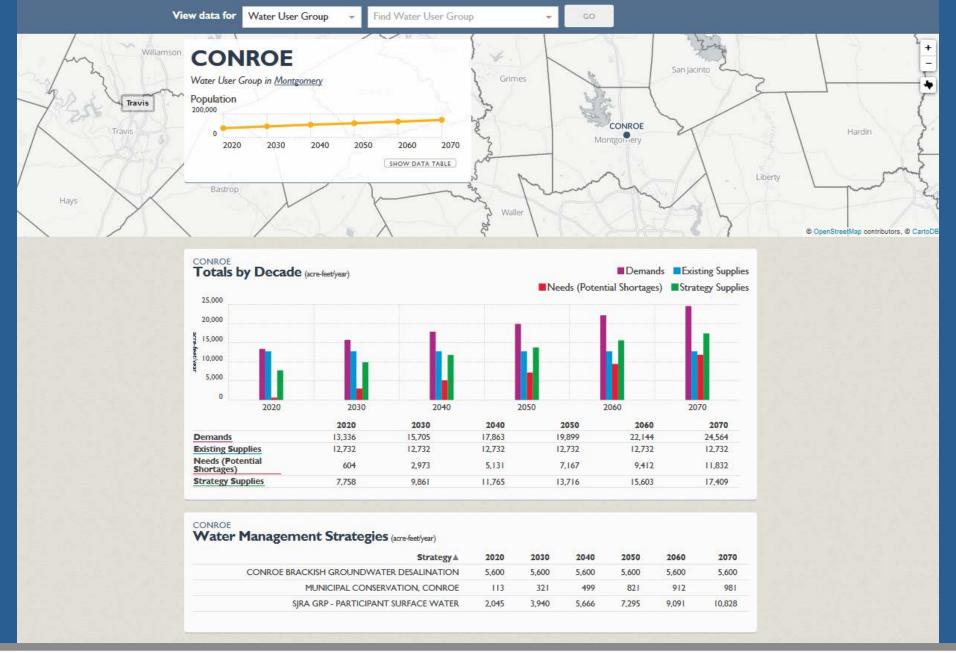
TexasStateWaterPlan.org

Texas Water

Development Board















Financial Assistance

Flexible programs to save you money today.

Low interest loans for drinking water, wastewater, and flood control projects.

Funds available for planning, design, new construction, repair work, and rehabilitation.



A Toolbox for Public Water Utilities



Agricultural Water Conservation Loans/Grants (AG)



Clean Water State Revolving Fund (CWSRF)



Drinking Water State Revolving Fund (DWSRF)



Economically Distressed Areas Program (EDAP)



Rural Water Assistance Fund (RWAF)



State Participation Program (SP)



State Water Implementation Fund for Texas (SWIFT)

Texas Water Development Fund (DFund)





How Can These Tools Work for You?

AAA Bond Rating

Funding to accommodate projects of all sizes

Some projects qualify for combined funding through multiple programs All project phases are eligible for funding





Eligible Applicants

	SWIFT	CWSRF	DWSRF	EDAP	RWAF	SP	DFund
Political Subdivisions	6	6	6	6	6	6	6
Non-profit WSC's	6		6				6
Investor-owned Utilities			6				



Eligible Projects

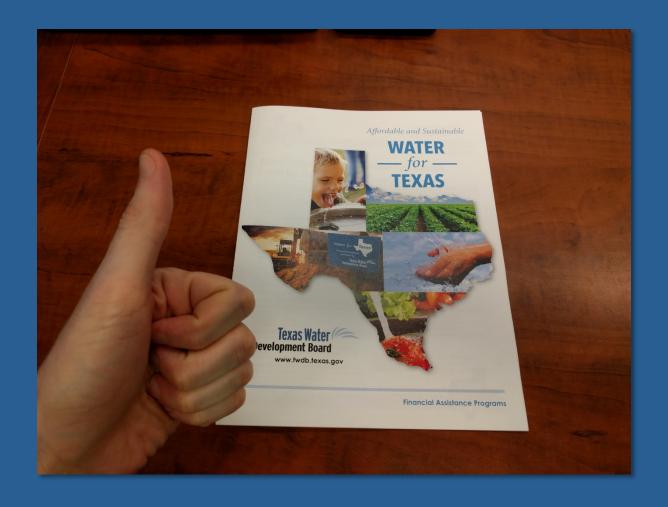
	SWIFT	CWSRF	DWSRF	EDAP	RWAF	SP	DFund
Water Supply – Current Need	6		6	6	6	6	6
Water Supply – Future Need	6				6	6	6
Water Treatment	6		6	6	6	6	6
Water Transmission & Distribution			6	6	6		6
Potable Reuse		6	6	6		6	6
Wastewater Collection		6		6		6	6
Wastewater Treatment		6		6		6	6
Nonpoint Source Pollution Control		6					
Flood Control/ Stormwater Management		6	6				6







Financial Assistance Programs Handbook







State Revolving Fund (SRF) Programs

- Partially funded by the US Environmental Protection Agency (EPA)
- Subsidized financing
- Partial principal forgiveness available for certain project types
- Multi-year Commitment option



Clean Water State Revolving Fund (CWSRF)



Offers financing up to 155 basis points below the applicant's market interest rate



Repayment terms up to 30 years



Partial principal forgiveness available for Disadvantaged Communities and projects with Green components





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The CWSRF assists communities by providing low-cost financing for a wide range of wastewater, stormwater, reuse, and other pollution control projects. Recent streamlining of the program provides year-round

funding as projects are included in the CWSRF Intended Use Plan. Through Fiscal Year 2015, the program has committed over \$8.7 billion for projects across Texas.

Eligible Applicants

- Political subdivisions, including water supply corporations that are Designated Management Agencies (DMAs)
- Authorized Indian tribal organizations
- Private entities for nonpoint source or estuary projects only

Eligible Projects

Planning, design, acquisition, and construction of:

- Wastewater treatment facilities
- Wastewater recycling and reuse facilities including "purple" pipe distribution systems
- Nonpotable reuse
- Wastewater collection systems
- Existing wastewater facilities
- Stormwater control
- Nonpoint source pollution control projects, such as correction of failing on-site systems and wetlands restoration
- Estuary management projects identified in either the Galveston Bay or Coastal Bend Estuary Management Plans

Benefits and Terms

- Below-market fixed interest rates (basis points off borrower's underlying credit rating)
- · Principal forgiveness for qualifying disadvantaged and green projects
- Up to 30-year repayment period
- No maximum funding limit
- Multi-year commitments
- Access to loan funding year-round

Program Requirements

- Loan origination fee
- Projects must be listed in the current CWSRF Intended Use Plan
- Principal forgiveness funds are available on a priority basis and are generally expended during the initial annual solicitation period
- Entities receiving assistance greater than \$500,000 must adopt a water conservation and drought contingency plan
- Davis-Bacon wage rate requirements
- American Iron and Steel requirements
- National Environmental Policy Act (NEPA)-type environmental review
- For equivalency projects only:
 - Disadvantaged Business Enterprise program
 - Additional steps when procuring architecture and engineering services

For specific questions on the program, please contact Financial_Assistance@twdb.texas.gov. Detailed information on the program is also available at www.twdb.texas.gov/financial/programs.

Drinking Water State Revolving Fund (DWSRF)



Offers financing 125 basis points below the applicant's market interest rate



Repayment terms up to 30 years



Partial principal forgiveness available for Disadvantaged Communities, Very Small Systems, Urgent Need projects, and projects with Green components





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Financial Assistance Programs

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The DWSRF assists communities by providing lowcost financing for a wide range of water projects that facilitate compliance with drinking water standards. Recent streamlining of the program provides year-round funding as projects are included in the DWSRF Intended Use Plan. Through Fiscal Year 2015, the DWSRF has committed over \$1.5 billion for projects across Texas.

Eligible Applicants

- Publicly and privately owned water systems
- Nonprofit water supply corporations
- Nonprofit, non-community public water systems

Eliaible Projects

Planning, design, acquisition, and construction to:

- Correct water system deficiencies
- Upgrade or replace water systems
- Consolidate systems
- Purchase capacity
- · Purchase other systems
- Implement green projects
- Implement source water protection projects
- Refinance (under limited scenarios)

Benefits and Terms

- Below-market fixed interest rates (basis points off borrower's underlying credit rating)
- · Principal forgiveness for qualifying disadvantaged, green, very small systems, and urgent need projects
- Up to 30-year repayment period
- No maximum funding limit
- Multi-year commitments
- Access to loan funding year-round

Program Requirements

- Loan origination fee
- · Projects must be consistent with the current state water plan
- · Projects must be listed in the current DWSRF Intended Use Plan
- Principal forgiveness funds are available on a priority basis and are generally expended during the initial annual solicita-
- Entities receiving assistance greater than \$500,000 must adopt a water conservation and drought contingency plan
- Davis-Bacon wage rate requirements
- American Iron and Steel requirements
- National Environmental Policy Act (NEPA)-type environmental review and the TWDB's Disadvantaged Business Enterprise
- · Review of legislative requirements regarding water loss threshold limits

For specific questions on the program, please contact Financial_Assistance@twdb.texas.gov. Detailed information on the program is also available at www.twdb.texas.gov/financial/programs.



Primary SRF Program Requirements

- Disadvantaged Business Enterprise (DBE) Procurement
- Environmental Review
- Davis-Bacon prevailing wage rates
- American Iron & Steel





SRF Annual Funding Cycle



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State Water Implementation

Fund for Texas

Eligible Projects

- Recommended Water Management Strategies in the state water plan
- Includes a wide range of water supply and conservation projects

Texas Water

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Financing Options

- Low-interest loans
- Deferred loans
- **Board Participation**
- Multi-year commitments







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State Water Implementation Fund for Texas (SWIFT)*

The State Water Implementation Fund for Texas (SWIFT) was created by the Texas Legislature to provide affordable, ongoing state financial assistance for projects in the state water plan. The program helps communities develop cost-effective water supplies

by providing low-interest loans, extended repayment terms, deferral of loan repayments, and incremental repurchase terms. SWIFT's inaugural round of funding in 2015 resulted in financial commitments totalling more than \$3.8 billion.

Eligible Applicants

 Any political subdivision or nonprofit water supply corporation with a project included in the adopted regional water plan and that will be included in the state water plan

Eligible Projects

- · Recommended water management strategies in the adopted regional water plans and that will be included in the state water plan
- Projects include conservation and reuse, desalinating groundwater and seawater, building new pipelines, developing reservoirs and well fields, and purchasing water rights, as well as numerous other strategies

Benefits and Terms

- Base interest rates reflect the TWDB's low cost of funds (additional subsidies may apply and are set by the Board for each funding cycle)
- Up to 30-year repayment period
- Flexible financing structures:
 - Low-Interest Loans
 - Deferred Loans Principal and interest deferred up to eight years or until end of construction (for planning and design phase costs), whichever is sooner
 - **Board Participation** A temporary TWDB ownership interest in the excess capacity of a state water plan project, providing an entity the opportunity to reasonably finance an optimally sized regional facility. The TWDB may participate in up to 80% of the total project costs.
- No maximum funding limit
- Multi-year commitments

- Up to twice-a-year funding cycle; includes a prioritization process
- State level environmental review

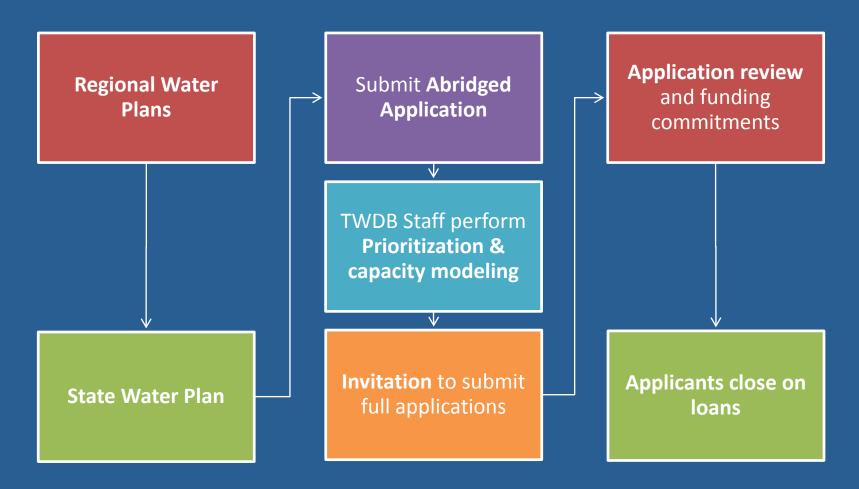
Program Requirements

- Projects must be recommended water management strategies in the adopted regional water plans, included in the state water plan, and have an associated capital cost
- Completion of an Infrastructure Financing Survey
- Adoption of a water conservation and drought contingency plan (for entities receiving assistance greater than \$500,000)
- Financing Agreement and Private Placement Memorandum
- Historically Underutilized Business (HUB) reporting
- Reservoir funding must be segmented or phased; permitting is required prior to a construction commitment
- Board Participation is limited to funding of excess capacity portion and up to 80% of total project costs
- Review of legislative requirements regarding water loss threshold limits

For specific questions on the program, please contact Financial_Assistance@twdb.texas.gov. Detailed information on the program is also available at www.twdb.texas.gov/financial/programs.

* The SWIFT program includes two funds, the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT). Revenue bonds for the program are issued through SWIRFT.

SWIFT Funding Cycle











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Texas Water Development Fund (DFund)

The DFund is a streamlined state loan program that provides financing for various types of infrastructure projects. This program enables the TWDB to fund

projects with multiple purposes in one loan. Through Fiscal Year 2015, the program has committed over \$2.1 billion for projects across Texas.

Eligible Applicants

- Political subdivisions
- Nonprofit water supply corporations

Eligible Projects

Planning, design, acquisition, and construction of projects for:

- Water supply, including reservoirs and well fields
- Conservation
- Water quality enhancement
- Flood control
- Wastewater
- Municipal solid waste

Benefits and Terms

- Long-term fixed interest rates based on the TWDB's cost of funds sold with the State's General Obligation AAA rating
- Generally 20- to 30-year repayment terms; up to 50 years constitutionally
- No maximum funding limit
- Multi-year commitments
- Access to loan funding year-round
- State level environmental review

Program Requirements

- Water supply projects must be consistent with the current state water plan
- Reservoirs must segment funding; permitting required prior to commitment for construction
- Entities receiving assistance greater than \$500,000 must adopt a water conservation and drought contingency plan
- U.S. Iron and Steel Manufactured Goods requirements
- Review of legislative requirements regarding water loss threshold limits

For specific questions on the program, please contact Financial Assistance@twdb.texas.gov. Detailed information on the program is also available at www.twdb.texas.gov/financial/programs.





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Economically Distressed Areas Program (EDAP)

EDAP provides financial assistance in the form of grants and loans for water and wastewater projects in economically distressed areas where service is unavailable or is inadequate to meet state standards. Projects must

be located in counties that have adopted Model Subdivision Rules. Through Fiscal Year 2015, the program has committed over \$740 million for projects across Texas.

Eligible Applicants

- Political subdivisions
- Nonprofit water supply corporations

Eligible Projects

 Planning, design, acquisition, and construction for first-time service or rehabilitation of water or wastewater projects

Benefits and Terms

- Grant funding available as determined by a grant-to-loan calculation reflecting the entity's ability to repay
- Projects with documented nuisance conditions eligible for grants greater than 50%
- Long-term, low-interest rates based on the TWDB's cost of funds
- Access to funding year-round
- State level environmental review

Program Requirements

- Program funding dependent upon legislative appropriations and bond authority
- Water supply projects must be consistent with the current state water plan

- Service area median household income can be no greater than 75% of statewide median household income
- Documentation of system inadequacies
- Established subdivision prior to June 1, 2005
- County and/or city adopted Model Subdivision Rules
- Segmented project funding
- Entities receiving assistance greater than \$500,000 must adopt a water conservation and drought contingency plan
- U.S. Iron and Steel Manufactured Goods requirements
- Review of legislative requirements regarding water loss threshold limits

For specific questions on the program, please contact Financial_Assistance@twdb.texas.gov. Detailed information on the program is also available at www.twdb.texas.gov/financial/programs.





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Rural Water Assistance Fund (RWAF)

The RWAF program provides small, rural water utilities with low-cost, long-term financing for water and wastewater projects. The program is designed to offer tax-exempt-equivalent financing to water supply

corporations or projects ineligible for tax-exempt financing. Through Fiscal Year 2015, the program has committed over \$134 million for projects across Texas.

Eligible Applicants

- Rural political subdivisions or nonprofit water supply corporations serving a population of 10,000 or less
- Counties in which no urban area has a population exceeding 50,000

Eligible Projects

 Planning, design, acquisition, and construction for water, wastewater, or consolidation and regionalization projects

Benefits and Terms

- Long-term fixed interest rates based on the TWDB's cost of funds
- Tax-exempt-equivalent rates
- Up to 40-year repayment terms
- Tax exemption for project supplies
- Access to funding year-round
- No maximum funding limit
- State level environmental review

Program Requirements

- Must meet any applicable U.S. Tax Code requirements (if funded with alternative minimum tax proceeds)
- Water supply projects must be consistent with the current state water plan
- Entities receiving assistance greater than \$500,000 must adopt a water conservation and drought contingency plan
- U.S. Iron and Steel Manufactured Goods requirements
- Review of legislative requirements regarding water loss thresh-

For specific questions on the program, please contact Financial_Assistance@twdb.texas.gov. Detailed information on the program is also available at www.twdb.texas.gov/financial/programs.



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The State Participation program's goal is to allow for the "right sizing" of projects in consideration of future needs. The program encourages the optimum regional

development of projects by funding excess capacity for future use. Through Fiscal Year 2015, the program has committed over \$224 million for projects across Texas.

Eligible Applicants

- Political subdivisions
- Nonprofit water supply corporations

Eligible Projects

Planning, design, acquisition, and construction for the excess capacity of regional projects for:

- Water supply, including reservoirs, well fields, and water rights
- Wastewater
- Flood control

Benefits and Terms

- Long-term fixed interest rates based on the TWDB's cost of funds sold with the State's General Obligation AAA rating
- Financing through a temporary TWDB ownership interest in a regional facility (local sponsor repurchases the TWDB's interest under a repayment schedule that allows for the structured deferral of both principal and interest)
- Generally, 34-year repayment terms
- No maximum funding limit
- Multi-year commitments
- Twice-a-year funding cycle (February 1/August 1); includes a prioritization process
- State level environmental review

Program Requirements

- Program funding dependent upon legislative appropriations or available funds
- Administrative cost recovery fee of 0.77%
- Water supply projects must be consistent with the current state
- Reservoir funding must be segmented or phased; permitting is required prior to a construction commitment
- Limited to funding of excess capacity portion; up to 80% of total water project costs and 50% for wastewater costs
- Entities receiving assistance greater than \$500,000 must adopt a water conservation and drought contingency plan
- Master Agreement rather than bonds
- Review of legislative requirements regarding water loss threshold limits

For specific questions on the program, please contact Financial Assistance@twdb.texas.gov. Detailed information on the program is also available at www.twdb.texas.gov/financial/programs.





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Agricultural Water Conservation Grant and Loan Program

The Agricultural Water Conservation Grant and Loan Program provides financial assistance for agricultural water conservation projects in Texas. Through Fiscal Year 2015, the program has committed over \$100 million

in grants and loans to support implementation of strategies and practices that improve agricultural irrigation water use efficiency and conserve water.

Examples of Funded Programs and Projects

- Pass-through loans to individuals to upgrade irrigation equipment and improve irrigation efficiency
- Construction projects that improve infrastructure, equipment, and efficiency of irrigation delivery
- Technical assistance, technology transfer, and education relating to agricultural water use and conservation
- · Metering devices to quantify water savings by measuring agricultural irrigation water use
- Long-term demonstration initiatives such as the Texas Alliance for Water Conservation (www.tawc.us), Texas Project for Ag Water Efficiency (www.texasawe.org), and the "3-4-5 Project" (www.northplainsgcd.org)

Grants

- The TWDB publishes a Request for Applications notice in the Texas Register at least once a year
- Up to \$600,000 available annually
- Grant categories vary from year to year

Eliaible Grant Applicants

- State agencies
- Political subdivisions

Loans

- Low-interest, fixed interest rates
- Up to 10-year repayment terms
- Applications may be submitted at any time, subject to availability of funds

Eligible Loan Applicants

Political subdivisions, including groundwater conservation

For specific questions about loans, please contact financial assistance@twdb.texas.gov. For guestions about grants, please contact agconservation@twdb.texas.gov. Detailed information on the program can be found at www.twdb.texas.gov/financial/programs.

How to Get Started

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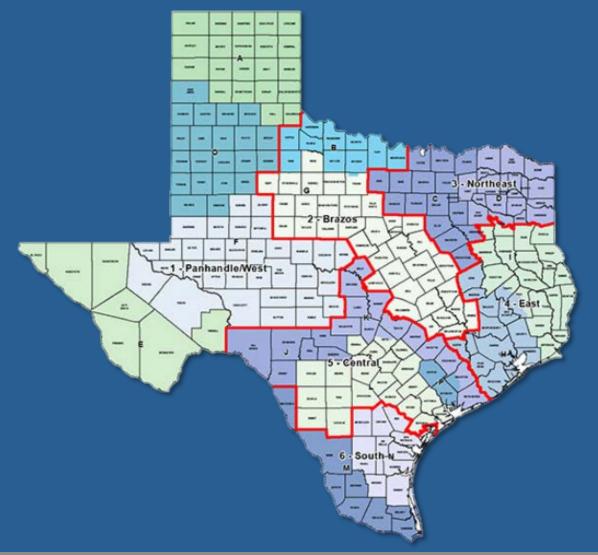
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Regions: J/K/L/P

Team 6 Mireya Loewe South (512) 475-0590

Regions: M/N











Pre-Application Meetings





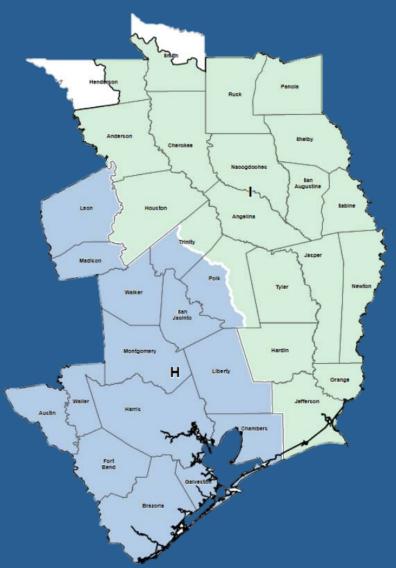








Team 4: East Texas Region



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