Texas Water Development Board

Infrastructure Project Financing

$$$
Show Me The Money $$$
Today’s Topics

• What is the Texas Water Development Board (TWDB)?
• What financing tools do we offer?
• How can the TWDB help you complete your project?
The **mission** of the Texas Water Development Board is to provide leadership, information, education, and support for **planning**, **financial assistance**, and outreach for the conservation and responsible development of water for Texas.
TWDB Resources

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

Science
- Groundwater availability
- Environmental flows
- Lake surveys
- Conservation
- Innovative Technologies
- TexMesonet (Weather Data)

Planning
- State Water Plan
- Interface with regional water planning groups
- Water Use Surveys

Data
- State’s official repository for mapping & GIS data
- Demographics
- Flood data
- Interactive State Water Plan

www.twdb.texas.gov
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TWDB Across Texas

- Austin
- Harlingen
- Houston
- Lubbock
- Mesquite
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:
Interactive State Water Plan
texasstatewaterplan.org

Development of the state water plan is central to the mission of the Texas Water Development Board. Based on 16 regional water plans, the plan addresses the needs of all water user groups in the state – municipal, irrigation, manufacturing, livestock, mining, and steam-electric power – during a repeat of the drought of record that the state suffered in the 1950s. The regional and state water plans consider a 50-year planning horizon: 2020 through 2070.

This website lets water users statewide take an up-close look at data in the 2017 State Water Plan and how water needs change over time by showing:
- projected water demands,
- existing water supplies,
- the relative severity and projected water needs (potential shortages),
- the water management strategies recommended to address potential shortages, and
- recommended capital projects and their sponsors.
Texas is no stranger to flood. With its diverse geography and extensive, hurricane-prone coastline, the state frequently leads the nation not only in structural damage but also in loss of lives related to flooding events. Given the deadly nature of floods and the rapid timeframe in which they can occur, being ready for the next event is essential. We list the most critical steps to take in each stage of the flood process down and upriver areas is listed below. Please keep in mind that these

**What to Do? Before, During, and After a Flood**

- What is a flood?
- Before a Flood
- During a Flood
- After a Flood

**Flood Protection Grant Programs**

- National Flood Insurance Program (NFIP)
- Workshop & Training
- Community Resources
- Flood Mitigation Planning Staff
Flood Protection Grant Programs

Flood Protection Planning – Next Cycle 2020 - 2021
• State funding grants to conduct feasibility studies for structural and non-structural solutions to flood hazards in an entire watershed

Flood Mitigation Assistance – Next Cycle October 2019
• Federal funding for cost-effective measures to reduce or eliminate long-term flooding risk
State-Wide Commitments Since 1957

Total Funding Commitments:

$27.6 Billion
With the creation of the TWDB, the legislature created a set of financing tools to help public utilities achieve their infrastructure goals.

Many of our financing options are unique, and some are designed for specific purposes:

- **Rural** Projects
- Projects serving **Economically Distressed** Areas
- **Right-sizing** projects for future demand
Programs

• **Federal Funds**
  – Drinking Water State Revolving Fund *(DWSRF)*
  – Clean Water State Revolving Fund *(CWSRF)*

• **State Funds**
  – State Water Implementation Fund for Texas *(SWIFT)*
  – Texas Water Development Fund *(DFund)*
  – Economically Distressed Areas Program *(EDAP)*
  – Rural Water Assistance Fund *(RWAF)*
  – State Participation *(SP)*
  – Agricultural Conservation Loans *(AG)*
How Can These Tools Work for You?

- **AAA Bond Rating/Interest Rate Subsidization**
- **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

<table>
<thead>
<tr>
<th></th>
<th>SWIFT</th>
<th>CWSRF</th>
<th>DWSRF</th>
<th>EDAP</th>
<th>RWAF</th>
<th>SP</th>
<th>DFund</th>
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<td>Non-profit WSC’s</td>
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<td>Investor-owned Utilities</td>
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## Eligible Projects

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<tr>
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<th>DWSRF</th>
<th>EDAP</th>
<th>RWAF</th>
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<tr>
<td>Water Supply: Future Need</td>
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<td>Water Treatment</td>
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<td>🔧</td>
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<td>🔧</td>
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<td>🔧</td>
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<tr>
<td>Water Transmission &amp; Distribution</td>
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<td>🔧</td>
<td>🔧</td>
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<td>Potable Reuse</td>
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<td>🔧</td>
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<td>🔧</td>
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<tr>
<td>Wastewater Collection</td>
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<td>Wastewater Treatment</td>
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<tr>
<td>Nonpoint Source Pollution Control</td>
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<tr>
<td>Flood Control &amp; Storm Water Management</td>
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### Illustrative Lending Rates – February 22, 2019

#### General Obligation Loan Programs

<table>
<thead>
<tr>
<th>Type of Funds</th>
<th>Terms</th>
<th>ESTIMATED RATE</th>
<th>TWDB Rate</th>
<th>VARIANCE</th>
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</thead>
<tbody>
<tr>
<td>Development Fund (Tax Exempt)</td>
<td>30</td>
<td>4.09%</td>
<td>3.91%</td>
<td>0.17%</td>
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<tr>
<td>Agricultural Loans (Taxable)</td>
<td>7</td>
<td>3.81%</td>
<td>2.54%</td>
<td>1.27%</td>
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<tr>
<td>Rural Water Assistance Fund (Taxable)</td>
<td>40</td>
<td>N/A</td>
<td>4.42%</td>
<td>N/A</td>
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</table>

#### State Revolving Funds - for projects in the SFY 2019 Intended Use Plans

<table>
<thead>
<tr>
<th>Type of Funds</th>
<th>Terms</th>
<th>ESTIMATED RATE</th>
<th>TWDB Rate</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Water SRF Non-Equivalency (AA)</td>
<td>30</td>
<td>3.02%</td>
<td>1.72%</td>
<td>1.30%</td>
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<tr>
<td>Clean Water SRF Non-Equivalency (BAA)</td>
<td>30</td>
<td>3.67%</td>
<td>2.02%</td>
<td>1.30%</td>
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<tr>
<td>Clean Water SRF Equivalency (AA)</td>
<td>30</td>
<td>3.02%</td>
<td>1.37%</td>
<td>1.65%</td>
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<tr>
<td>Clean Water SRF Equivalency (BAA)</td>
<td>30</td>
<td>3.67%</td>
<td>2.02%</td>
<td>1.65%</td>
</tr>
<tr>
<td>Drinking Water SRF (AA)</td>
<td>30</td>
<td>3.02%</td>
<td>1.67%</td>
<td>1.35%</td>
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<tr>
<td>Drinking Water SRF (BAA)</td>
<td>30</td>
<td>3.67%</td>
<td>2.32%</td>
<td>1.35%</td>
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</table>
Federal Funds (SRF) Programs

- Funded by the **US Environmental Protection Agency (EPA)**
- Interest rate subsidization
- **Partial Principal Loan Forgiveness (PLF)** available for certain project types
- Multi-year Commitment option
Two Paths for State Revolving Fund

100% Loan

PLF / Grant
Disadvantaged Community Eligibility

• 75% or less of state-wide Annual Median Household Income (AMHI)
  – State’s AMHI is $54,727 (per 2016 ACS data)
  – $54,727 x .75 = $41,045 eligibility threshold

• Also takes into consideration average household size, utility rates, loan repayment, unemployment rates and population declines

• Documented using Census information or a household survey

• 30%, 50%, or 70% Principal Loan Forgiveness
Green Project Principal Loan Forgiveness

- **Green initiatives** If at least 30% of project costs are green, eligible for up to 15% PLF on green dollars
- Entire project or discrete components

**GREEN INFRASTRUCTURE**
- permeable pavement
- bioretention
- trees/urban forestry
- green roofs
- constructed wetlands
- stormwater reuse piping

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- permeable pavement
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SRF Annual Funding Cycle

Project Solicitation
(Project Information Forms submitted 12/20/18 - 3/1/19)

TWDB and TCEQ Score Projects
(March-June)

TWDB Publishes Draft Intended Use Plan (IUP)
(to Board in June)

IUP Open for Public Review & Comment
(July)

IUP Finalized and Approved
(by end of August)

TWDB Invites Entities from the IUP to Apply for Financing
(Immediately following Board approval)

TWDB Reviews Applications and makes funding commitments
(4-6 months from receipt of application)

Borrowers Close on Loans
(2-3 months from Board commitment)

OR: Apply anytime throughout the year if not seeking principal forgiveness! Start with application submittal and TWDB reviews.
Drinking Water State Revolving Fund

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity</th>
<th>PLF</th>
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<tbody>
<tr>
<td>SFY 2018</td>
<td>$250M</td>
<td>$21M</td>
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<tr>
<td>SFY 2019</td>
<td>$250M</td>
<td>$30M</td>
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Partial Principal Loan Forgiveness available for Disadvantaged Communities, Very Small Systems, Urgent Need projects, and projects with Green components
Sample DWSRF Project

Harris County MUD 50
Water System Improvements

- Treatment plant improvements at 2 facilities
- Replace distribution lines
- $3,504,409 total DWSRF loan
- $1,034,409 Principal Forgiveness
- $421,851 Interest Savings
- Total Cost Savings: $1,456,260
Clean Water State Revolving Fund

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity</th>
<th>PLF</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFY 2018</td>
<td>$525M</td>
<td>$23M</td>
</tr>
<tr>
<td>SFY 2019</td>
<td>$525M</td>
<td>$28.6M</td>
</tr>
</tbody>
</table>

Partial Principal Loan Forgiveness available for Disadvantaged Communities and projects with Green components
Sample CWSRF Project

Houston
Collection System Rehabilitation

- Ongoing effort to renew at least 600,000 linear feet of collection system each year
- Pipe sizes range from 6” to 72”
- Project will reduce sanitary sewer overflows
- Inflow and infiltration are addressed, resulting in optimized performance
- $65,750,000 total CWSRF loan
- Cost savings: $19,499,242
Primary SRF Program Requirements

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

Technical assistance available!
Texas Funded Programs

• Funded with bond proceeds (AAA bond rating)
• Loans based on TWDB’s cost of funds
• Grants available (EDAP)
• Subsidization and deferral available (SWIFT)
Texas Water Development Fund (DFund)

Versatile funding for water and wastewater

TWDB’s oldest financial assistance program

Powered by agency’s AAA bond rating
Sample DFund Project

Fort Bend County WCID 8

- Water Well & Generator
- Goal to provide second water source and emergency power service
- $4,900,000 total DFund loan
- Cost savings: $70,539
Eligible Projects
- Recommended Water Management Strategies in the state water plan
- Includes a wide range of water supply and conservation projects

Financing Options
- Low-interest loans
- Deferred loans
- Board Participation
- Multi-year commitments

Funding Commitments 2015 – 2018
$8.1 Billion
$825 Million in interest savings
Regional Water Plans

Submit Abridged Application (due in February)

TWDB Staff perform prioritization and capacity modeling

Invitation to submit full applications

Application review and funding commitments

State Water Plan

Applicants close on loans
Sample SWIFT Project

**Austin**
Direct Reuse

- Supply needs identified in regional planning will be met by increased conservation and expanded use of reclaimed water
- Rehab & expansion of filtration systems, new storage tank & pump stations, and approx. 74,000 feet of transmission mains
- $86,900,000 SWIFT *multi-year* commitment
- Cost savings: **$2,035,348!** (on $20 million closed in 2016)
SWIFT Commitments -
Luce Bayou Interbasin Transfer & NEWPP Expansion

- Address subsidence - convert from groundwater to surface water
- Meet water demands

<table>
<thead>
<tr>
<th></th>
<th>Total Committed</th>
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<tbody>
<tr>
<td>Houston</td>
<td>449,280,000</td>
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<tr>
<td>North Harris Co RWA</td>
<td>2,075,995,000</td>
</tr>
<tr>
<td>Central Harris Co RWA</td>
<td>71,105,000</td>
</tr>
<tr>
<td>West Harris Co RWA</td>
<td>957,140,000</td>
</tr>
<tr>
<td>North Fort Bend WA</td>
<td>895,325,000</td>
</tr>
<tr>
<td>Coastal WA</td>
<td>300,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>4,748,845,000</td>
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Pre-Application Meetings
Need Info? Check out our website!

www.TWDB.texas.gov
Scott Galaway, Outreach Specialist

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