

# Texas Water Development Board



**WATER**  
*for*  
**TEXAS**

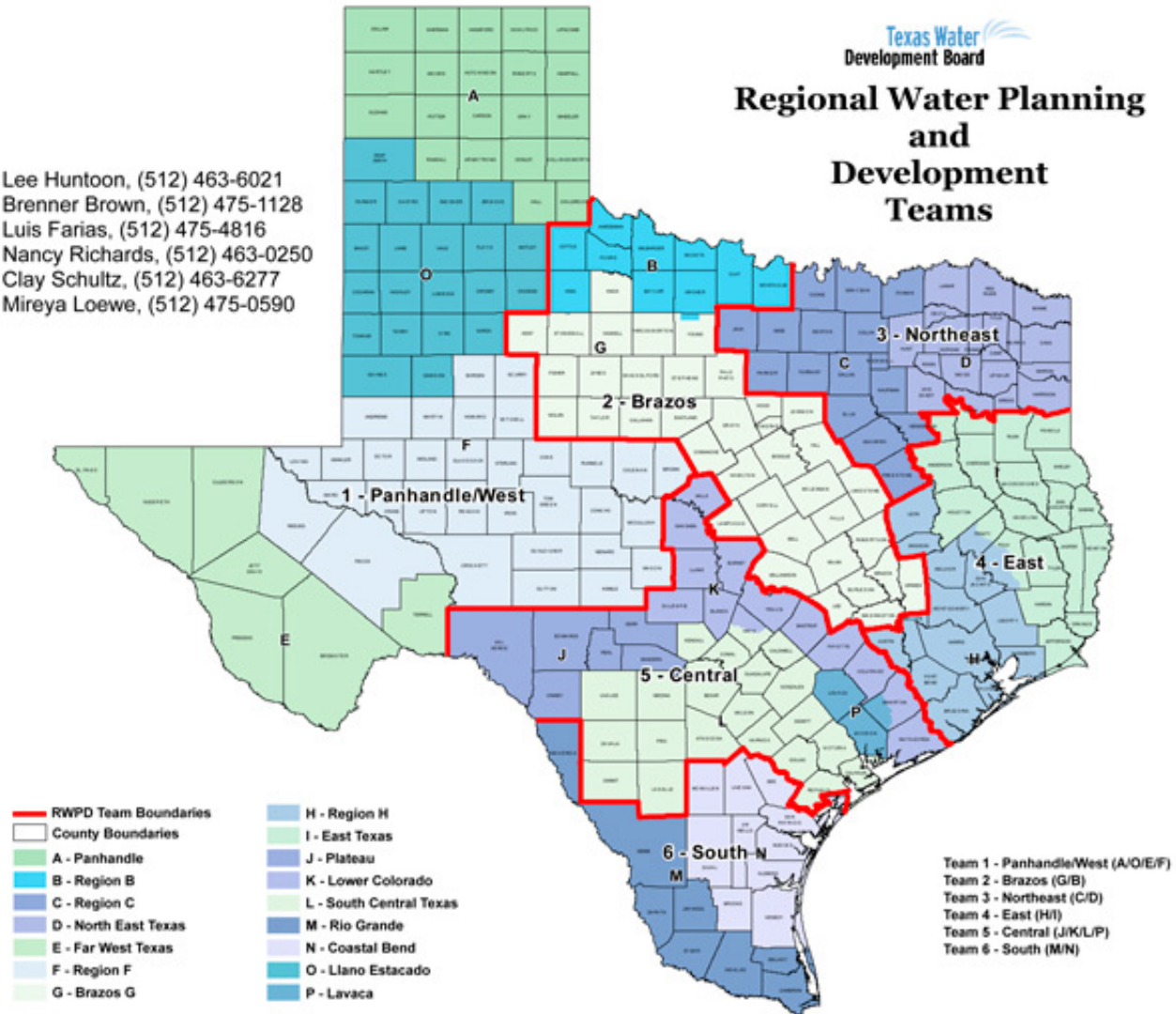
# Today's Topics

- SWIFT
- Clean and Drinking Water State Revolving Fund (SRF) Programs
- Other State Funded Programs



# Regional Project Implementation Teams

- Team #1: Lee Huntoon, (512) 463-6021
- Team #2: Brenner Brown, (512) 475-1128
- Team #3: Luis Farias, (512) 475-4816
- Team #4: Nancy Richards, (512) 463-0250
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- Team #6: Mireya Loewe, (512) 475-0590



# TWDB Mission

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas.





# Funds to Handle Projects of All Sizes

- Funding to meet all needs
- Funds Available for selected programs:
  - \$800 Million average annual goal for SWIFT
  - \$525 Million for CWSRF
  - \$250 Million for DWSRF
  - DFund – Based on need





**State Water Implementation  
Fund for Texas**

What is



The Legislature created SWIFT to provide affordable, ongoing state financial assistance for projects in the State Water Plan.

# SWIFT is:

Affordable, ongoing state financial assistance

Flexible financing to fit a variety of project needs

Not just a response to drought, but preparation for the future

The implementation phase of Texas' state water plan

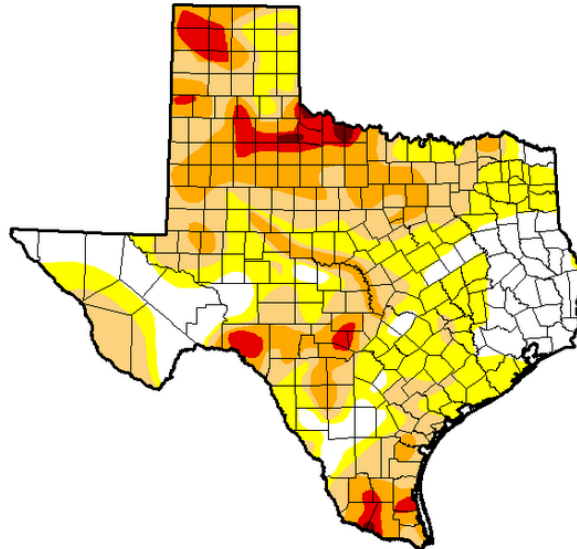
SWIFT turns planning into **projects**



# The Origins of SWIFT

2013

- Texas voters approved using \$2 billion from the state's "Rainy Day Fund" to create the SWIFT program.

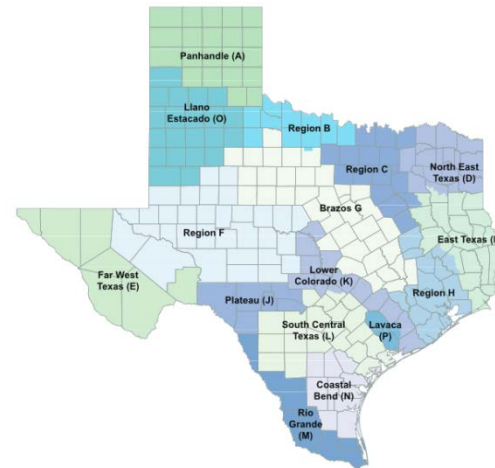


*November 2013*

# 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



# Financing Options

## Low-Interest Loans

- 35% interest rate subsidy for 20-year loan
- 25% interest rate subsidy for 21-25 year loans
- 20% interest rate subsidy for 26-30 year loans

## Deferred Loans

- Principal & interest deferred up to 8 years from the date of delivery, or until end of construction

## Board Participation

- TWDB purchases a temporary ownership interest in a **regional** water supply project, which the entity buys back over time.

\* Interest rate subsidy amounts and loan terms will be re-calculated and adopted by the Board for each cycle of SWIFT funding.

# Financing Options

## Multi-Year Commitments

- Entities receive a commitment for the full amount of their assistance, but it is split into multiple loan closings over several years
- Allows for expanded program capacity
- Allows borrowers to incur debt as project funds are needed
- Can be used with any of the 3 available financing types

2015 \$	2016 X	2017 \$	2018 \$	2019 X
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# Eligible Projects

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## *Conservation*

Meter replacement programs

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Pipe replacement to address water loss

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System pressure control

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On-farm high-efficiency irrigation equipment

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Clothes & dishwasher incentive programs

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High efficiency plumbing fixtures

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Irrigation canal lining

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Education

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...and many more

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# Application Process

## Abridged Applications

- Collect info used for prioritization
- TWDB applies funding models to ranked list and invites entities to submit full applications if they are within capacity for that round of funding

## Full Applications

- Standard TWDB financial assistance application
- Standard review: Environmental, Engineering, Financial, Legal



# Application Process

Abridged Application – collects data used for prioritization



State Water Implementation Fund for Texas (SWIFT)  
Abridged Application  
Due February 3, 2015 by 5:00pm

By submitting this abridged application, you understand and confirm that the information provided is true and correct to the best of your knowledge and further understand that the failure to submit a complete abridged application by the stated deadlines, or to respond in a timely manner to additional requests for information, may result in the withdrawal of the abridged application without review.

### Section 1. APPLICANT INFORMATION

Name of Applicant		Applicant County		Regional Water Planning Area	
Entity Contact Information		Proposed Project or Strategy from 2011 Regional Water Plan & State Water Plan			
Contact Person	Name of Project (from 2012 State Water Plan)				
Title	Where does the project appear in the 2011 Regional Water Plan?		Project on Page:		
Mailing Address	Capital Costs on Page:				
Phone Number	Phase(s) Applied For		<input type="checkbox"/> Planning	<input type="checkbox"/> Design	
Fax Number			<input type="checkbox"/> Acquisition	<input type="checkbox"/> Construction	
Email Address					

### Section 2. PROJECT INFORMATION

Description of Proposed Project	

Population Served by Project When Fully Operational	Regional Project? (If yes, attach Regional Project Worksheet)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Regional Water Planning Group Priority Ranking	Calculated by TWDB   31 TAC §363.1304 (12)	
Needs Met by the Project	Calculated by TWDB   31 TAC §363.1304 (5)	



State Water Implementation Fund for Texas (SWIFT)  
Abridged Application  
Due February 3, 2015 by 5:00pm

Emergency (select all that apply)	<input type="checkbox"/> Applicant/entity's water supply will last less than 180 days. <input type="checkbox"/> Water supply need occurs earlier than anticipated in the State Water Plan. <input type="checkbox"/> Applicant has received or applied for Federal emergency funding. <input type="checkbox"/> None of the above.
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Readiness to Proceed (select all that apply)	<input type="checkbox"/> Preliminary planning or design work (30% of total project) has been completed or is not required. <input type="checkbox"/> Applicant is prepared to begin implementation or construction within 18 months of application deadline. <input type="checkbox"/> Applicant has acquired all water rights associated with the proposed project, or none will be required.
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### Section 3. REQUESTED ASSISTANCE AND OTHER PROJECT FINANCING

Estimated Project Costs	TWDB Requested Amount	\$
	Local Contribution	\$
	Other: Other	\$
Total Estimated Project Costs		\$0.00

Anticipated Commitment[s] (Attach proposed schedule for multi-year commitments)	<input type="checkbox"/> One Time Commitment <input type="checkbox"/> Multi-year Commitment <input type="checkbox"/> Low-Interest Loan <input type="checkbox"/> Deferred Loan <input type="checkbox"/> Board Participation
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### Section 4. SERVICE AREA INFORMATION

PWS ID #	CCN #
Conservation	Calculated by TWDB   31 TAC §363.1304 (11)
Efficiency (Agricultural Projects Only)	<input type="checkbox"/> <1% <input type="checkbox"/> 10%-13.9% <input type="checkbox"/> 1%-1.9% <input type="checkbox"/> 14%-17.9% <input type="checkbox"/> 2%-5.9% <input type="checkbox"/> ≥18% <input type="checkbox"/> 6%-9.9%
Efficiency improvement achieved by implementing the proposed project.	Please provide an attachment explaining the basis for your calculation.

Household Cost Factor (Household Cost Factor for SWIFT prioritization is calculated by dividing the service area's average residential water bill by its annual median household income. For regional projects, these should represent the combined service areas of all participating entities.)	
Estimated average annual residential water bill:	Annual Median Household Income:

### Notes

(Use this space to describe important project or budget details not captured in this form)

# Prioritization Criteria

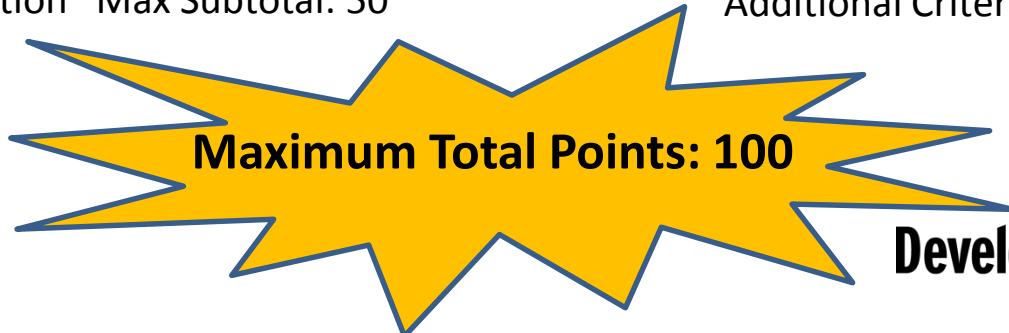
Highest Consideration	Max Points
Population served	30
Diverse urban and rural Benefit	30
Regionalization (number of entities served in addition to the applicant)	30
Percentage of water supply needs met by the project	30



Additional Criteria	Max Points
Local contribution	5
Financial Capacity	2
Emergency Need	5
Readiness to Proceed	8
Demonstrated or projected conservation	15
Regional planning group priority rank	15

“Highest Consideration” Max Subtotal: 50

“Additional Criteria” Max Subtotal: 50



# The Application Process

## Step 3: Application, Loan Commitment, & Loan Closing

- Applications receive standard TWDB review
- Projects are taken to the Board for commitment
- Timeline from Abridged Application to loan closing is under 1 year



# Recap of First Funding Cycle

**“If we build it, will they come?”**

- No one was sure what to expect...ten applicants? A dozen?
- **48** Abridged Applications were received, requesting over **\$5.5 billion!**
- The Texas Water Development Board made commitments to 21 entities to complete 32 water management strategies from the State Water Plan, for a total of **\$3.89 billion!** (Just over \$1 billion in 2015 funding)

# Recap of First Funding Cycle

Round 1 SWIFT Commitments (2015 funding):

Over **\$106.6 million** in savings!

*vs. market-rate loans*

*(about **8.5%**)*

# Round 2 Timeline

**December 1, 2015**

- Abridged application solicitation opens

**February 5, 2016**

- **Abridged applications due**

**Spring 2016**

- Board considers prioritization
- Board identifies capacity, interest rate subsidy amounts, & loan terms
- **Invitations to submit full applications**

**Summer 2016**

- **Entities submit complete applications**
- Board considers and approves applications
- Board authorizes TWDB bond sale

**Fall 2016**

- TWDB Bond Sale

**Winter 2016**

- TWDB Bond Closing
- **Borrowers close loans**





Clean Water  
State Revolving Fund

# CLEAN WATER STATE REVOLVING FUND

## Purpose of the Fund

- Provide assistance for the construction of treatment works
- Implementing a non-point source pollution management program
- Developing and implementing a conservation and management plan for Texas bays and estuaries systems
- Management of stormwater
- Recycling and reuse of treated water
- Other purposes as authorized.

## History

- Created by Congress in 1987, amended by the Water Resources Reform and Development Act of 2014 (WRRDA)

**Texas Water**  
**Development Board**



Clean Water  
State Revolving Fund

# IMPACT

## Financial Use of Fund

- Provides financing for wastewater-related projects at interest rates lower than those offered by commercial markets. Also provides additional subsidies for applicants meeting certain program criteria, such as disadvantaged communities and green projects.

## Financial Impact

- Since 1987, Texas has closed 819 fundings totaling over \$6.9 billion.

# Clean Water State Revolving Fund (CWSRF)

Who can apply?

- Political subdivisions
- Federally recognized tribes
- Political subdivisions or private entities seeking assistance for nonpoint source, estuary management projects, or certain other eligible projects.



Eligible Projects include:

- Wastewater infrastructure,
- Reuse/conservation/stormwater facilities, and
- Conservation, Nonpoint source pollution control



Clean Water  
State Revolving Fund

# ELIGIBILITY CONSIDERATIONS

## Program Requirements

Disadvantaged  
Business  
Enterprise  
(DBE) Good  
Faith Effort  
Procurement  
(equivalency  
funding)

Architectural  
& Engineering  
Procurement  
(equivalency  
funding)

Consistency  
with NEPA  
(all fundings)

Davis-Bacon  
wage rules  
(all fundings)

American  
Iron & Steel  
(all  
treatment  
works  
projects)

Fiscal  
Sustainability  
Plans  
(Loans)

Increased  
Public  
Awareness  
thru  
Signage  
(equivalency  
funding)

# CWSRF Funding Options

Funding Option	Loan Forgiveness	Interest Rate	Loan Origination Fee	Max. Repyt. Period
Bonds/Loans Equivalency (federal requirements)	N/A	155 basis points below market	1.85%*	Up to 30 years
Bonds/Loans Non-Equivalency (state requirements)	N/A	120 basis points below market		
Disadvantaged Community Subsidy	30%, 50%, 70%	155 basis points below market		
Green Project Subsidy	15%	155 or 120 basis pts. below market		

\*Loan origination fee is not assessed on loan forgiveness amount.



## MULTI-YEAR COMMITMENTS

- To assist entities that need to fund large projects over a period of time.
- Commitments up to five years.
- Interest rate reduction (e.g. 120 or 155 basis points for CWSRF and 125 basis points for DWSRF) locked for the five year period.





Clean Water  
State Revolving Fund

## CWSRF COST SAVINGS VS. MARKET

Funding Option	Cost of Funds	CWSRF Amount of \$10,000,000 over 30 yrs.		Savings
		Pymts. – 30 Years	P.V. of Pymts. - 30 Years	
Market – Borrower-AA	3.017%	\$15,278,413	\$11,524,344	
CWSRF	1.950%	\$13,259,531	\$10,000,000	<b>13.2%</b>
<b>Savings Using CWSRF</b>		<b>\$2,018,882</b>	<b>\$1,524,344</b>	

Note: Lending rates current as of November 16, 2015. For illustrative purposes only. CWSRF rates are locked in at closing.



Clean Water  
State Revolving Fund

# RATING CRITERIA

## Publically- Owned Treatment Works

(CWA §212  
projects)

- Addressing Enforcement Issues
- Impacts to Water Quality
- Serving Unserved Areas
- Regionalization
- Reduction/Prevention of System Overflows
- Affordability
- Effective Management



Clean Water  
State Revolving Fund

# RATING CRITERIA

## Non-Point Source

(CWA §319  
projects)

## Estuary Management Projects

(CWA §320  
projects)

- Addressing Public Health Issues
- Groundwater Protection
- Improvements to Impaired Water Bodies



Clean Water  
State Revolving Fund

# RATING CRITERIA

## Other Criteria (All Applicants & Projects)

- Manage, Reduce, Treat, or Recapture Stormwater
- Implement the reuse or recycling of wastewater and/or stormwater
- Effective Management
- Projects Undertaken by Financially Disadvantaged Communities

# Drinking Water State Revolving Fund

## Purpose of the Fund

- Provides financing to public drinking water systems for projects that facilitate compliance with primary drinking water regulations or otherwise significantly further the health protection objectives of the Safe Drinking Water Act.

## History

- Authorized by the Safe Drinking Water Act and established in 1997; administered by the Texas Water Development Board in collaboration with TCEQ.



# Impact

Since SFY 1997



## Commitments

- 364 projects totaling approximately \$1.6 billion

## Closings

- 357 projects totaling approximately \$1.4 billion



# Drinking Water State Revolving Fund

## Existing public water systems

- Community water systems
- Private water systems
- Nonprofit, non-community water systems



## Projects may include

- Water system improvements
- Purchase or consolidation of a system
- Restructuring
- Land acquisition
- Source water protection

# Eligibility Considerations

## Program Requirements

Disadvantaged  
Business Enterprise  
(DBE) Good Faith  
Effort Procurement

Consistency with  
NEPA/Federal  
Crosscutters

Davis-Bacon  
Wages

American Iron  
& Steel  
(for public water  
systems)

# Funding Options

Funding Option	Principal Forgiveness	Interest Rate	Origination Fee	Max. Repyt. Period
Bonds/Loans	N/A	125 basis points below market	2.25%	Up to 30 years (for bonds)
Disadvantaged Community	30%, 50%, 70%	125 basis points below market	2.25%*	Up to 30 years
Subsidized Green	15%	125 basis points below market	2.25%*	Up to 30 years (for bonds)
Very Small System	100%	N/A	N/A	N/A
Urgent Need	100%	N/A	N/A	N/A

# Cost Savings

## DWSRF vs. Market

Funding Option	Cost of Funds	DWSRF Amount of \$10,000,000 over 30 yrs.		Savings
		Pymts. – 30 Years	P.V. of Pymts. - 30 Years	
Market – Borrower-AA	3.017%	\$15,278,413	\$11,559,211	
DWSRF	1.928%	\$13,225,450	\$10,000,000	<b>13.5%</b>
<b>Savings Using DWSRF</b>		<b>\$2,052,963</b>	<b>\$1,559,211</b>	

Note: Lending rates current as of November 16, 2015. For illustrative purposes only. DWSRF rates are locked in at closing.

# Rating Criteria

## Public Water System Projects

- Health and Compliance
- Secondary Compliance

## Source Water Protection Projects

- Groundwater System Vulnerability
- Surface Water System Vulnerability

## All Projects

- Effective Management
- Disadvantaged Community

# State Programs

Agricultural Water  
Conservation Loans  
& Grants

Economically  
Distressed Areas  
Program (EDAP)

Rural Water  
Assistance Fund  
(RWAF)

State Participation  
Program (SP)

Texas Water  
Development Fund  
(DFund)

State Water  
Implementation  
Fund for Texas  
(SWIFT)

*Key words: variety & flexibility*

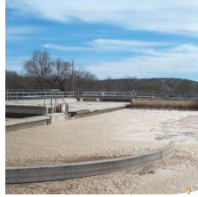
# Project Types

## Water



- Wells
- Distribution systems
- Distribution & transmission lines
- System acquisition
- Pumping facilities
- Storage reservoirs & tanks
- Water treatment plants
- Purchase of water rights
- Meter replacement
- Desalination
- Well field acquisition

## Wastewater



- Sewer treatment plants
- Collection systems
- Lift stations
- System acquisition
- System rehabilitation
- Non-point source pollution abatement
- Trunk lines
- Re-use projects

## Flood Control



- Storm water retention basins
- Stream channel enlargement
- Bridge modification/reconstruction
- Floodplain acquisition
- Relocation of residents from floodplain
- Beach re-nourishment
- Flood warning systems
- Coastal erosion control
- Flood management plan development

# Special Requirements

- ✓ U.S. Iron & Steel
- ✓ Water conservation & drought contingency plans required for assistance greater than \$500,000
- ✓ Historically Underutilized Business (HUB) reporting for SWIFT
- ✓ Water supply projects must be consistent with the State Water Plan
- ✓ Review of legislative requirements regarding water loss limit thresholds



# Other TWDB Programs

Visit [www.twdb.texas.gov](http://www.twdb.texas.gov) to find information about other TWDB programs:

- Flood Protection Planning Assistance
- FEMA Flood Mitigation Assistance
- FEMA Severe Repetitive Loss Funding
- Groundwater Conservation District Loan Program
- Ag Conservation Loans

# Let's Stay in Touch



[facebook.com/twdbboard](https://facebook.com/twdbboard)



[@twdb](https://twitter.com/twdb)

**Texas Water Development Board**

**[www.twdb.texas.gov](http://www.twdb.texas.gov)**

# Contact

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