

## 9 Infrastructure Funding Recommendations

This plan has identified approximately \$30 billion in recommended projects sponsored by water providers in Region C. These projects include a wide variety of infrastructure improvements, ranging from water loss control at the local level to large-scale regional transmission systems. An infrastructure financing survey was conducted as part of the regional water planning process to better assess the state's role in financing the identified water projects. Many of the sponsors of these projects will seek funding assistance through programs administered by the TWDB. TWDB funding programs that may be sources of funding for projects in the regional water plans are discussed in **Section 9.2** of this plan.

For this planning cycle, the TWDB developed the infrastructure financing survey to evaluate the amount of state funding that water users are likely to request. Using the results of this survey, this chapter identifies the portion of capital improvements recommended for Region C that may require TWDB financial assistance and identifies the potential TWDB financial categories that will be used. The survey developed by the TWDB included the following three financial categories:

- **Planning, Design, Permitting & Acquisition Funding**
- **Construction Funding**
- **State Participation Funding**

It should be noted that the capital costs contained in the surveys were from the Initially Prepared Plan (IPP) published in March 2020. Between the IPP and this Final

Plan some cost estimates were updated, resulting in a total capital cost of strategies in this final plan that is slightly different than the total capital cost of projects surveyed.

### Section Outline

**Section 9.1** – Infrastructure Financing Questionnaires for Recommended Water Management Strategies

**Section 9.2** – TWDB Funding Mechanisms

### Related Appendices

**Appendix N** – Infrastructure Financing Information

**RWPGs shall assess and quantitatively report on how individual local governments, regional authorities, and other Political Subdivisions in their RWPA propose to finance recommended WMSs and associated WMSPs. The assessment shall also describe what role the RWPG proposes for the state in financing recommended WMSs and associated WMSPs, including proposed increases in the level of state participation in funding for regional projects to meet needs beyond the reasonable financing capability of local governments, regional authorities, and other political subdivisions involved in building water infrastructure. [31 TAC §357.44]**

## 9.1 Infrastructure Financing Surveys for Recommended Water Management Strategies

Infrastructure Financing Surveys were distributed via e-mail to each Region C wholesale water provider or municipal water user group with one or multiple recommended projects in the 2021 Regional Water Plan that might be eligible for state financial assistance. Each survey was prefaced with an explanation of its purpose in identifying the need for financial assistance programs offered by the State of Texas and administered by the TWDB. The surveys listed each recommended project and its total capital cost. Following this basic data, the wholesale water provider or water provider was asked: 1) to enter the portion of the total costs associated with the planning and acquisition phase of the project and the year needed; 2) to enter the portion of the total costs associated with the construction phase of the project and the year needed; and 3) to enter the percent share of the total project capacity that will not be needed within the first 10 years of the project life.

Water providers whose water supply strategies were noted in the regional plan as having zero capital costs were not surveyed. Only water user groups with strategies with a capital cost were surveyed. Non-municipal and municipal county-other water user groups with water supply strategies included in the regional plan were not surveyed, unless there was a specific project sponsor. Surveys were delivered the first week of May 2020 and received until the end of August 2020.

Several entities that were surveyed did not respond. The results of this survey

represent the best effort of the group to complete the survey. To help encourage additional input, a follow-up email and phone call was attempted for water providers who had not responded to the initial survey.

A total of 252 surveys were sent - 222 to water user groups, and 30 to wholesale water providers. Many of the proposed capital improvements recommended in this plan involve one or more of the major water providers. As a result, more than 85 percent of the total Region C plan costs are borne by the major water providers.

### 9.1.1 Water User Groups (WUGs)

Of the 222 water user groups surveyed, 88 submitted responses, resulting in a 40 percent participation rate in this survey. This is a lower response rate than desired; however, it is similar to previous planning cycles.

Summaries of the water user group responses are included in **Appendix N**.

### 9.1.2 Wholesale, Major and Regional Water Providers

Of the 30 wholesale water providers surveyed, 18 submitted responses (6 of which were major and/or regional water providers) resulting in a 60 percent response rate. This is a lower response rate than desired; however, it is similar to previous planning cycles.

Summaries of the wholesale water provider responses are included in **Appendix N**.

### 9.1.3 Summary

Overall, the TWDB IFR survey received a 42 percent response rate (40 percent of WUGs and 60 percent of WWP). However, on a monetary basis, the survey respondents accounted for a large percent of the total capital costs in Region C. Based on the survey responses, from both WUGs and WWPs, the water users in Region C are likely to request financial assistance from the

TWDB to pay for over \$24.7 billion (83 percent) of the capital costs identified for those entities' water supply infrastructure.

**Table 9.1** provides a summary of the financing needs for the Region based on the survey results. More detailed information on individual responses can be found in **Appendix N**.

**Table 9.1 Summary of Financing Needs in Region <sup>a</sup>**

	<b>TOTAL</b>
<b>Total Costs of Strategies - All Entities Surveyed</b>	<b>\$29,931,548,000</b>
<b>Amount Respondents Requested from TWDB Programs</b>	<b>\$24,716,486,000</b>
<b>Amount Likely to be Funded by Planning, Design, Permitting &amp; Acquisitions Funding</b>	\$5,042,123,000
<b>Amount Likely to be Funded by Construction Funding</b>	\$19,674,363,000
<b>Remaining Costs <sup>a</sup></b>	<b>\$5,215,062,000</b>

<sup>a</sup> The remaining costs likely would be funded either by cash reserves, bonds, loans, or other programs.

## 9.2 TWDB Funding Mechanisms

To help implement water management strategies, there are numerous funding programs available through Texas Water Development Board (TWDB). **Table 9.2** shows the potential TWDB funding sources. The primary means of funding for projects in the regional and state water plan is expected to be TWDB’s new SWIFT program (State Water Implementation Fund for Texas).

In the 83<sup>rd</sup> Regular Session, the Texas Legislature (2013), via the passage of House Bill 4, outlined the structure and administration of SWIFT, including a prioritization process for projects and the

creation of a legislative advisory committee. SWIFT supports low-cost financing of water projects in the State Water Plan through the issuance of bonds with subsidized interest rates, longer repayment terms, incremental repayment terms, and deferral periods. The TWDB will solicit abridged applications for SWIFT assistance up to twice a year. The abridged applications will then be prioritized for funding consideration. The TWDB anticipates selling bonds for each round of funding through the SWIFT.

Detailed information on funding programs offered by the TWDB can be found here: <https://www.twdb.texas.gov/financial/programs/>

**Table 9.2 Summary of Texas Water Development Board Funding Programs**

Program	Type	Eligible Water Supply Projects
<b>State Water Implementation Fund for Texas</b>	Loans	Projects must be in the state water plan.
<b>Drinking Water State Revolving Fund</b>	Loans	Water supply and source water protection
<b>Water Development Fund Program</b>	Loans	Planning, acquisition and construction of water related infrastructure
<b>Clean Water State Revolving Fund Program</b>	Loans	Wastewater recycling and reuse facilities
<b>State Participation Program</b>	Loans	Regional water, wastewater recycling and reuse facilities. Projects must be in water plan.
<b>Agriculture Water Conservation Loan</b>	Loans	Install efficient irrigation equipment on private property
<b>Water Infrastructure Fund</b>	Loans	Water management strategies recommended in state or regional water plans
<b>Rural Water Assistance Fund</b>	Loans	Development or regionalization of rural water supplies
<b>Economically Distressed Area Program</b>	Grants, Loans	Water and sewer service to economically distressed areas. Projects must be in water plan.
<b>Regional Facility Planning Grant Program</b>	Grant	Studies and analyses of regional water supply and wastewater facility needs