

APPENDIX X
INFRASTRUCTURE FINANCING INFORMATION

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This appendix includes information related to infrastructure financing. The topics included in this appendix are as follows:

- Description of funding programs available to water suppliers
- Questionnaires on infrastructure financing of recommended water management strategies, including information on the TWDB's state participation programs
- Summary of survey responses to questionnaires

The Infrastructure Financing Request (IFR) survey/questionnaire, developed by the TWDB, requested information from water suppliers regarding the amount of desired funding from five specific TWDB financial assistance programs. In addition to these five programs, there are numerous financial assistance programs sponsored by various federal, state and local agencies. These additional programs were not included in the TWDB's IFR survey of water suppliers, but are none the less available to water suppliers in Region C for water supply infrastructure projects, and are therefore being including in this appendix for reference.

For each program discussed below, the purpose of the program, eligible applicants, restrictions on the use of funds, the loan maturity, the interest rate, and the total available funding are reported where available. Water users that are interested in one of these programs should contact the program manager to determine whether additional restrictions apply.

1.0 Market Financing

Market financing through local bank loans and municipal bonds that are repaid through increased fees and revenues are the primary mechanisms for funding municipal infrastructure projects. This funding mechanism places the burden of paying for the capital improvements on the beneficiaries of the project. It also provides for local control in the implementation and timing of the needed improvements. Private and local financing (both taxable and tax-exempt) will continue to be an integral component for financing water infrastructure, especially

for non-municipal users. This is because most non-municipal water users are involved in for-profit activities, and most public water supply infrastructure funding programs are available only to non-profit entities. It will be necessary for many non-municipal users to locate private financing sources.

Service providers have historically used various debt instruments to fund costs that were not covered by governmental assistance. The conventional debt instruments that public entities have used for long-term financing include General Obligation Bonds, Revenue Bonds, Double-Barreled Bonds and Certificates of Obligation. A fifth option is the use of tax-exempt Private Activity Bonds for public-private partnerships.

General Obligation Bonds

General Obligation Bonds (GOs) are secured by the full faith and credit of the city or the issuing taxing authority entity and used for a specific purpose. GOs are secured by the pledge of a city's ad valorem taxing power. One disadvantage of GO bonds is that the approval process usually takes a longer amount of time. The public must authorize the issuance of this bond through an election. In addition, the governmental issuer may have a practical or legal debt limit that they must adhere to. The positive aspects of GOs are that they are considered the most secure type of debt obligation and the issuance process tends to be simpler and less costly.

Revenue Bonds

Revenue Bonds are completely paid for by the revenue received from the provision of a service. Thus, repayment of Revenue Bonds used in the financing of water and wastewater facility improvements is made through the revenue collected from the designated revenue source, i.e. water sales and wastewater treatment. The Service Provider must/should conduct a cost of service and rate design study in which the revenue requirements include not only the operation and maintenance costs for the system, but also the debt service payments and reserve fund deposits for this debt. Revenue Bonds may have any number of reserve fund requirements including debt service reserve fund, construction fund, renewal and replacement

fund, operating fund, insurance fund, and/or arbitrage rebate fund. The Service Provider must also be aware of any coverage requirements required for the issuance of the Revenue Bond. The issuance of Revenue Bonds is limited to the amount of rate increase that the Service Provider is willing to implement.

Double-Barreled Bonds

Double-Barreled Bonds are revenue bonds that are additionally guaranteed by a larger municipal entity. It is considered a hybrid of a Revenue Bond and a General Obligation Bond. The first source of funds for the principal and interest is derived from the designated revenue source, i.e. water sales. If the revenue source does not match the revenue requirement during a specific period of time, then the tax revenue of the larger municipal entity is used to cover the principal and interest requirement. Double-Barreled Bonds have similar advantages and disadvantages to General Obligation Bonds.

Certificates of Obligation

Certificates of Obligation (COs) have different issuance requirements than the General Obligation Bonds but can be used for the same purpose. Certificates of Obligation can either be a tax pledge or a combination of tax and revenue pledges (Combination Tax and Revenue COs). If CO bonds are only backed by tax revenue then they can only be used for limited purposes. However, if it is a Combination Tax and Revenue Bond then it can be used for any lawful purpose.

Tax-exempt Private Activity Bonds for Public-Private Partnerships

Tax-exempt Private Activity Bonds (PAB's) are a financing tool which allows private sector investment in public projects—the benefits of which are interest rates lower than conventional taxable financing, lower delivered cost of service, and a readily available money supply. PAB's have historically been used by public authorities when several criteria are triggered involving private participation in the activity being financed (long-term operations, industrial water supply, private ownership, etc). Currently, federal tax law imposes state bond caps which limit the

ability of local governments to use PAB's as a funding alternative for water and wastewater infrastructure development.

Generally, to access tax-exempt financing for water and wastewater projects for entities other than political subdivisions, the Texas Water Development Board (TWDB), or the public entity itself, must submit an application to the Texas Bond Review Board to reserve a portion of the state's private activity volume cap. Use of tax-exempt bonds as a means of financing water and wastewater projects allows the TWDB to offer more affordable interest rates to borrowers.

Because a municipality's rating on its tax exempt municipal bonds is determined in part by the amount of such bonds outstanding, many municipalities cannot issue an unlimited number of these bonds without risking having their debt rating lowered, which would cause a rise in the interest rates they must pay on the debt they issue. With investments rising, utilities must issue more and more debt. To reduce the risk of having their debt rating lowered, municipalities can use PABs in lieu of government bonds, because on PABs the payback risk is with the private entity that issues the bond, not the municipality. Consequently, municipalities' bond ratings will not be adversely affected. This will give the municipality more flexibility to use its municipal bonds on other important projects.

One way a municipality can use the private sector is through a public-private partnership. A typical model can be for a municipality to sign a contract with a private company to build and/or manage and operate a water utility. All involved with such partnerships want to ensure the lowest costs for the customer, including project financing costs. This has usually meant that traditional tax-exempt municipal bonds are used so that customers benefit from the lower interest rates. However, such government bonds come with certain government imposed limitations. Financing public-private partnerships with PABs will free them from these limitations.

2.0 Texas Water Development Board Programs

Texas Water Development Board (TWDB) programs are targeted towards political subdivisions and non-profit water supply corporations and districts. Two

programs, the Economically Distressed Areas Program (EDAP) and the Colonia Self-Help Program (CSHP), benefit *colonias* and state-designated economically distressed areas. Since Region C does not have any *colonias* or economically distressed counties^{1,2}, these programs would appear to not be applicable. Other programs available to political subdivisions and non-profit water suppliers in Region C include the Drinking Water State Revolving Loan Fund (DWSRF), Clean Water State Revolving Fund Program (CWSRF), Texas Water Development Fund II (DFund), Rural Water Assistance Fund Program (RWAFF), State Participation Program (SPP), the Water Infrastructure Fund (WIF), and the Agricultural Water Conservation Grants and Loan Program.

Five of these TWDB programs that may provide benefits to non-municipal users are the CWSRF, SPP, Agriculture Water Conservation Loans, the RWAFF, and the WIF programs. The CWSRF and the SPP provide assistance for development of wastewater recycling and reuse projects. With the exception of livestock water use, the non-municipal water uses are well suited for wastewater reuse projects. Each of these TWDB programs is discussed below.

Drinking Water State Revolving Loan Fund Program³

The Drinking Water State Revolving Loan Fund (DWSRF) provides low interest loans to finance projects for public drinking water systems. Additional subsidies are available for disadvantaged communities. The purpose of this program is to assist applicants in providing water that meets drinking water regulations or otherwise significantly further the health protection objectives of the Federal Safe Drinking Water Act. Applicants may be a political subdivision of the state, non-profit water supply corporation, privately owned water system or state agency.

The loans can be used for planning, design and construction of projects to upgrade or replace water infrastructure, purchase additional capacity, and/or purchase land integral to the project. This land could be for the construction of the project or to protect the source water from potential contamination, such as nitrate contamination of a municipal well field.

Applicants to the DWSRF program must submit an information form to the TWDB each year for inclusion in the TWDB's intended use plan for the year. The TCEQ prioritizes potential DWSRF projects and funding is distributed based on the priority rating and applicant's readiness to proceed. Depending on the source of funds, interest rates for mainstream loans vary from 1.2 percent to 1.5 percent below market interest rates and the maximum repayment period is 20 years after completion of construction.

Clean Water State Revolving Fund ⁴

The Clean Water State Revolving Fund Program (CWSRF) provides low-interest loans for planning, design, and construction of wastewater treatment facilities, wastewater recycling and reuse facilities, collection systems, storm water pollution control projects, and implementation of nonpoint source pollution control projects. The applicant for assistance from the CWSRF program must be a political subdivision. Therefore, any reuse project to provide reclaimed water for non-municipal users must also benefit a political subdivision, and the political subdivision must plan, design, and construct the project. A water quality based priority system is used to rank potential applicants and fund projects with the greatest environmental benefits. However, nonprofit water supply corporations are not eligible to receive assistance from the CWSRF, even though they are considered political subdivisions for other TWDB programs.

Applicants to the CWSRF program must submit an information form to the TWDB each year for inclusion in the TWDB's intended use plan for the year. The TWDB identifies priority projects and requests funding applications for these projects. Depending on the source of funds, fixed interest rates vary from 0.70 percent to 1.95 percent below market interest rates, however there is an additional cost-recovery loan origination fee of 1.85 percent which can be financed into the loan. An additional source of funding, the Disadvantaged Communities fund offers a fixed interest rate of 0.0 percent or 1.0 percent to eligible communities.

The maximum repayment period is 30 years after completion of construction. Total loan amounts are limited to \$75 million for the first nine months of the fiscal year.

State Participation Program⁵

Deferred interest loans from the TWDB's State Participation Program may be used for regional systems where the project sponsors are unable to assume debt for an optimally sized facility. The program is intended to promote the "Right Sizing" of projects in consideration of future growth. In return for state participation, the TWDB may acquire ownership interest in the project. The benefits of assistance from the State Participation Program include deferred payments until the customer base grows into the project capacity and no interest on the deferred payments. TWDB will fund up to 80% of costs for new water supply projects and up to 50% of costs for other projects. Remaining costs may be eligible for funding from other TWDB programs.

Applicants must be political subdivisions or water supply corporations that are sponsoring construction of a regional water or wastewater project. Applications are accepted on a first-come, first-served basis. An application must consist of an engineering feasibility report and environmental information, as well as general, fiscal, and legal information. There is also a requirement that the project cannot be reasonably financed without state participation assistance, and that the optimum regional development of the project cannot be reasonably financed without the State participation.

The maximum repayment term for assistance from the State Participation Program is 34 years. While the assistance is not a loan, the purchase requirement is certain as to terms of payment and does include a component of the repurchase cost that includes the interest costs of the TWDB's funds in financing the project. The repayment schedule may be obtained from the TWDB. State Participation Program funding will vary depending on funds received from ongoing participation projects.

Texas Water Development Fund II⁶

The Development Fund II (DFund) is a pure state loan fund (does not receive federal subsidies) used for financing water supply, water quality enhancement, flood control and municipal solid waste. DFund is the more streamlined of the TWDB funding programs. This program provides financing for water supply infrastructure as well as acquisition of water rights. The applicants can be political subdivisions of the state and non-profit water supply corporations with applicable projects.

Interest rates for the loans will vary depending on market conditions. The lending rate scales are set at 0.35 percent above the TWDB's borrowing cost. Repayment periods generally range from 20 to 25 years. System revenues and/or tax pledges are typically required to secure the loans.

Agriculture Water Conservation Grant and Loan Program ⁷

As a result of Senate Bill 1053, passed by the 78th Texas Legislature, the Texas Water Development Board's (TWDB) agricultural water conservation program has been expanded to provide three methods of assistance. The program provides agricultural water conservation loans to political subdivisions and state agencies. The program provides agricultural water conservation loans to individuals. And the program provides agricultural water conservation grants to state agencies and political subdivisions.

Grants may be made available for demonstrations, education, research, technical assistance, and technology transfer. Grants may also be made to political subdivisions for agricultural water conservation projects for purchasing and installing, on either public or private property, metering devices to measure irrigation water use to quantify effects of different water conservation strategies. Any political subdivision such as a city, county, soil and water conservation district, underground water conservation district, or irrigation district can apply.

Under the loan program, the TWDB loans money to borrower and lender districts, such as soil and water conservation districts, irrigation districts and

underground water conservation districts. In turn, these districts make loans to individual borrowers to purchase and install more efficient irrigation equipment on private property for agricultural water conservation purposes. Eligible applicants include soil and water conservation districts, underground water conservation districts or districts authorized to supply water for irrigation. Although only these public entities may apply for funding under this program, the purpose is to encourage lending to individual borrowers. Therefore, non-municipal water users may indirectly benefit from this funding program.

Funds may be used for conservation programs or conservation projects. “A conservation program is: an agricultural water conservation technical assistance program; a research, demonstration, technology transfer, or educational program relation to agricultural water use and conservation; a precipitation enhancement program in an area of the state where the program, in the TWDB's judgment, would be most effective; or other state agency or political subdivision administered conservation programs that provide loans to a person for a conservation project. A conservation project: improves efficiency of water delivery and application on existing irrigation systems; prepares irrigated land for conversion to dry land conditions; prepares dry land for more efficient use of natural precipitation; purchases and installs on public or private property devices designed to indicate the amount of water withdrawn for irrigation purposes; or prepares and maintains land to be used for brush control activities in areas of the state where those activities, in the TWDB's judgment, would be most effective.”

The interest rate to the political subdivision shall be equal to the asking yield for a U.S. Treasury Note with a 12-month maturity on the date rates are set.

*Water Infrastructure Fund*⁸

Using the Water Infrastructure Fund, the TWDB will provide funding at 2 percent below the TWDB's cost of funds for water management strategies recommended in the state or regional water plans. Only political subdivisions are eligible to apply. Therefore, to use funds from this program to implement a

recommended water management strategy for non-municipal users, a political subdivision must lead the project. Repayment periods are a maximum of 20 years. The applicant may defer all interest and principal payments for up to 10 years, or until the end of construction of the project, whichever is sooner. Interest is not accrued during the deferral period and the loan is amortized over the final 10 years.

Funds may be used for eligible projects and for planning and design costs, permitting costs, and other costs associated with state or federal regulatory activities with respect to a project. An eligible project is “any undertaking or work, including planning and design activities and work to obtain regulatory authority, to conserve, mitigate, convey, and develop water resources of the state, including any undertaking or work done outside the state that the board determines will result in water being available for use in or for the benefit of the state.”

The 80th Texas Legislature (2007) appropriated funding to enable issuance of \$440 million in bonds for WIF to fund water plan projects through the biennium. This amount is estimated to meet a portion of the water supply needs identified in the 2007 State Water Plan through 2020. Additional funds will be needed to meet the additional water supply needs through the 2060 planning horizon.

Rural Water Assistance Fund⁹

The Rural Water Assistance Fund (RwAF) provides small rural water utilities with low-cost financing for water and wastewater construction projects. The TWDB offers attractive interest rate loans with short- and long-term finance options at tax exempt rates. Funding through this program gives an added benefit to nonprofit water supply corporations, as construction costs qualify for sales tax exemption.

Eligible applicants include rural political subdivisions which include nonprofit water supply or sewer service corporations, water districts or municipalities serving a population of up to 10,000 persons, municipalities serving a population of up to 10,000 persons, and counties in which no urban area has a population exceeding 50,000 persons. Generally, the program targets Non-profit

Water Supply Corporations with eligible water supply projects and wastewater projects.

The RWAf loans may be used to fund water and wastewater construction projects including, but not limited to line extensions, overhead storage, the purchase of well fields, the purchase or lease of rights to produce groundwater, and wastewater collection. Costs of planning, design, and construction are all eligible for funding. The fund may also be used to enable a rural water utility to obtain water or wastewater service supplied by a larger utility or to finance the consolidation or regionalization of a neighboring utility.

Loans for planning, design, and construction can be funded through the WIF, and are offered at a subsidized interest rate which is 2 percent below the TWDB's cost of funds. Repayment periods are a maximum of 20 years. An applicant may defer all interest and principal payments for up to 10 years, or until the end of construction of the project, whichever is sooner. Interest is not accrued during the deferral period and the loan is amortized over the final 10 years.

3.0 U.S. Department of Agriculture Programs

The U.S. Department of Agriculture administers the Farm Ownership program (through its Farm Service Agency), the Rural Utilities Service, and the Watershed Protection and Flood Prevention Program. Each of these is discussed below.

Farm Ownership Program¹⁰

The Farm Service Agency (FSA) makes direct and guaranteed farm ownership and operating loans to family-size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution, or other lender. FSA loans can be used to purchase land, livestock, equipment, feed, seed, and supplies. These loans can also be used to construct buildings or make farm improvements.

Eligible applicants must be U.S. citizens; must have sufficient education, training, or experience in managing or operating a farm or ranch; must be unable to get credit elsewhere; must not have received debt forgiveness from the Farm Service Agency (with some exceptions); must not be delinquent on any federal debt; and must be the owner or tenant operator of a family farm after the loan closes.

FSA can guarantee loans up to \$1,112,000. The maximum loan guarantee is 95 percent of the loan amount, and the maximum term of the loan is 40 years. The interest rate is negotiated with the lender and must not exceed the rate charged to the lender's average farm customer. Under the Interest Assistance program, the FSA may subsidize 4 percent of the interest rate.

Rural Utilities Service Water and Waste Disposal Loans and Grants¹¹

The Rural Utilities Service Water and Environmental Programs division provides loans, grants, and loan guarantees for drinking water, sanitary sewer, solid waste, and storm drainage facilities in rural areas or in cities of 10,000 people or less. Eligible applicants are public bodies, non-profit organizations, and recognized Native American tribes. Non-municipal water users are not eligible for this program, but these users may be able to work with eligible public bodies, non-profit organizations, or recognized Native American tribes to obtain funding for water supply infrastructure projects.

Direct loans and grants have been set aside for communities along the U.S.-Mexico border designated as "*colonias*;" areas designated Empowerment Zones/Enterprise Communities and Rural Economic Area Partnership Zones; certain projects where at least 50 percent of the users of the facility/project are Native Americans; rural Alaskan villages; and water emergencies and disaster relief.

Loans and grants may be used to construct, repair, modify, expand, or otherwise improve water supply and distribution systems and waste collection and treatment systems, including storm drainage and solid waste disposal facilities; acquire needed land, water sources, and water rights; and pay costs such as legal and engineering fees when necessary to develop the facilities.

Grants may be made for up to 75 percent of eligible project costs. The maximum term of a loan is the lesser of 40 years or the useful life of the facilities being financed. The interest rate may be a poverty rate of 4.5 percent, a market rate, or an intermediate rate, depending on the project.

The Water and Waste Disposal Loan Program had \$790 million available for direct loans and grants in fiscal year 2009. Overall, the Rural Utility Service invested \$2.5 billion in direct and guaranteed loans and grants to rural communities. Additionally, the Rural Utility Service was tasked with deploying \$1.3 billion in of funds by the American Recovery and Reinvestment Act of 2009 (ARRA).

Watershed Protection and Flood Prevention Program¹²

The Watershed Protection and Flood Prevention Program, also known as the Small Watershed Program or the PL566 Program, is operated by the Natural Resources Conservation Service (NRCS). This program provides grants and technical assistance to local sponsoring organizations, state, and other public agencies to voluntarily plan and install watershed-based projects on private lands. Eligible watershed projects include watershed protection; flood prevention; water quality improvements; soil erosion reduction; rural, municipal and industrial water supply; irrigation water management; sedimentation control; fish and wildlife habitat enhancement; creation and restoration of wetlands and wetland functions; groundwater recharge; easements; wetland and floodplain conservation easements; hydropower; and watershed dam rehabilitation.

Eligible applicants include state or local agencies, counties, municipalities, towns or townships, soil and water conservation districts, flood prevention/flood control districts, Native American tribes or tribal organizations, or other governmental subunits. Projects are limited to watersheds containing no more than 250,000 acres. No structure providing more than 12,500 acre-feet of floodwater detention capacity or more than 25,000 acre-feet of total capacity may be included in the plan.

Although only governmental subunits may apply for funding, projects funded under this program are targeted at private land and can be used for rural and industrial water supply. Therefore, this program is indirectly applicable to non-municipal users.

Projects involving more than \$5,000,000 of federal assistance or involving a single structure having a storage capacity of more than 2,500 acre-feet require approval from Congress. Other plans are approved administratively. Typical projects entail \$3.5 million to \$5 million in federal assistance.

4.0 Texas Department of Agriculture Programs

The Texas Department of Agriculture administers the Texas Capital Fund Infrastructure Development Program. Funding from this source may be used for water supply infrastructure improvements. In addition, the Texas Agricultural Finance Authority (TAFA), a public authority within the Texas Department of Agriculture, administers the following finance programs: the Interest Rate Reduction Program, the Agricultural Loan Guarantee Program, the Young Farmer Interest Rate Reduction Program, and the Young Farmer Grant Program. The TAFA provides financial assistance through eligible lending institutions to creditworthy individuals and businesses, and encourages private commercial lending at below market rates, to eligible applicants for eligible projects.

The Texas Capital Fund Infrastructure Development Program, the Interest Rate Reduction Program, and the Agricultural Loan Guarantee Program specifically mention use of funds for water supply infrastructure projects. The Young Farmer Interest Rate Reduction Program and the Young Farmer Grant Program do not specifically mention water supply infrastructure projects, but the rules are very general, and this use of funds may be acceptable. At the very least, funding from these programs may allow non-municipal water users to shift funds from other uses to water supply infrastructure projects. Each of these programs is reviewed below.

Texas Capital Fund Infrastructure Development Program¹³

The Texas Capital Fund Infrastructure Development Program is an economic development tool designed to provide financial resources to non-entitlement communities. Funds from this program can be utilized for the public infrastructure needed to assist a business that commits to create and/or retain permanent jobs, primarily for low and moderate-income persons. This program encourages new business development and expansions.

Funds may be used for public infrastructure such as water and sewer lines/facilities, road/street improvements, natural gas lines, electric, telephone, and fiber optic lines, harbor/channel dredging, purchase of real estate related to infrastructure, drainage channels and ponds, pre-treatment facilities, traffic signals and signs, and railroad spurs

The program is only available to non-entitlement city or county governments. Non-entitlement cities/counties do not receive Community Development funding from the U.S. Department of Housing and Urban Development and typically include cities with a population of less than 50,000 and counties of less than 200,000. There are over 1,200 eligible cities and counties in the state. Awarded cities and counties receive funds to make public infrastructure and/or real estate improvements to support a specific business that is expanding or beginning operations in the applicant's jurisdiction. Businesses or individuals may not directly submit applications. Projects must demonstrate project feasibility and financial capability. Projects are evaluated by using a scoring system based on community need, jobs, and economic impact.

The minimum award is \$50,000 and the maximum is \$1,000,000 inclusive of administration costs. Awards of more than \$750,000 require a greater level of job creation/retention and matching funds, and are limited to two (2) per year. The award may not exceed fifty percent (50%) of the total project cost. A minimum equity injection of ten percent (10%) of the total project cost by the business is required.

Interest Rate Reduction Program¹⁴

The TAFAs provide financial assistance through eligible lending institutions to creditworthy individuals and businesses by encouraging private commercial lending at below market rates, to eligible applicants for eligible projects. An eligible applicant is a person who proposes to use the proceeds of a loan in a manner that will help accomplish the state's goal of fostering the creation and expansion of enterprises based on agriculture in this state. An eligible lender must be a financial institution that makes commercial loans, is a depository of state funds and agrees to comply with the requirements of the Interest Rate Reduction (IRR) Program.

Loan proceeds under the program may be used for any agriculture-related operating expense, including the purchase or lease of land or fixed asset acquisition or improvement, or for any enterprise based on agriculture as identified in the application. A loan under this program may also be applied to existing debt only when required by the lender to finance the expansion of an eligible project. Eligible water conservation equipment includes: underground pipe; in-line valves; pipe increasers/reducers; gate valves; fittings and bushings; flow meters and accessories; complete circular watering systems; drip irrigation systems complete with installation; and any other equipment which can be identified and verified as water conservation equipment for use within the state. Eligible water conservation projects include: brush control projects, stock tank renovation or construction; dam renovation or construction; or any other project that can be identified as a water conservation project.

The maximum amount of a loan under this program is \$500,000. Typically, IRR loans offer interest rates lower than current market rates. The Comptroller of Public Accounts sets the deposit interest rate but such rate may not drop below the floor rate of 1.5%. The IRR Program is an interest rate buy down and not a guaranteed loan program.

Agricultural Loan Guarantee Program¹⁵

The TAFA provides financial assistance through loan guarantees to lenders for eligible applicants who wish to establish or enhance their farm and/or ranch operation or establish an agriculture-related business. An applicant must provide evidence that the applicant's farm, ranch or agriculture-related business to be financed is or will be located within the State of Texas, provide evidence they are a United States citizen and a resident of the State of Texas, and provide a plan to the lender for the proposed operation that includes a budget for the proposed operation indicating how the loan proceeds will be used.

Financing received under this program may be used to provide working capital for operating a farm, ranch, or agriculture related business, including the lease of facilities, the purchase of machinery and equipment, or for any other agriculture-related business purpose, including the purchase of real estate, as identified in the plan. The TAFA may provide a guarantee to an eligible applicant based on a tiered structure. A guarantee shall not exceed:

- 1) \$250,000 or 90%, whichever is less
- 2) \$500,000 or 80%, whichever is less
- 3) \$750,000 or 70%, whichever is less

The guarantee shall not exceed a maximum of 10 years or the useful life of the assets being financed. Interest rates are determined by the lender and approved by the TAFA. An applicant may be eligible for an interest rebate, which reimburses the applicant. The rate reduction per eligible borrower shall not exceed three percentage points or cause the rate to go below a 5% floor, or a maximum of \$5,000 in any one calendar year.

Young Farmer Interest Rate Reduction Program¹⁶

An eligible applicant is a person who is 18 years of age but younger than 46 years of age and proposes to use the proceeds of a loan in a manner that will help accomplish the state's goal of fostering the creation and expansion of enterprises based on agriculture in this state. An eligible lender must be a financial institution

that makes commercial loans, is a depository of state funds and agrees to comply with the requirements of the Young Farmer Interest Rate Reduction (YFIRR) Program.

Loan proceeds under the program may be used for any agriculture-related operating expense, including the purchase or lease of land or fixed asset acquisition or improvement, or for any enterprise based on agriculture as identified in the application. A loan under this program may also be applied to existing debt only when required by the lender to finance the expansion of an eligible project.

The maximum amount of a loan under this program is \$500,000. Typically, YFIRR loans offer interest rates lower than current market rates. The Comptroller of Public Accounts sets the deposit interest rate but such rate may not drop below the floor rate of .5%. The YFIRR Program is an interest rate buy down and not a guaranteed loan program.

Young Farmer Grant Program¹⁷

The purpose of the Young Farmer Grant program is to provide financial assistance in the form of dollar-for-dollar matching grant funds between \$5,000 and \$10,000, to those persons 18 years or older but younger than 46 years of age that are engaged or will be engaged in creating or expanding an agricultural business in Texas.

Financing received under this program may be used to provide operating expenses such as seed, fertilizer and fuel. It can also be used to purchase livestock, feed, and associated costs which may include lease of land and any other costs associated with an agriculture operation. Capital purchases that exceed \$5,000 will not be eligible.

The TAFE Young Farmer Grant is a competitive grant, and recipients are selected by the TAFE Board of Directors after a review of all applications.

5.0 U.S. Department of Commerce Economic Development Administration Public Works Program¹⁸

The United States Economic Development Administration (EDA) Public Works Program “empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment.” In particular, water and sewer systems for industrial use are eligible for funding. Eligible applicants include units of state and local government, Native American tribes, economic development districts, public and private non-profit organizations, universities, and other institutions of higher learning.

Although non-municipal water users are not strictly eligible for funding, projects funded under this program are targeted at industrial and commercial development and can be used for public works facilities to support this development. Therefore, this program is indirectly applicable to non-municipal users.

Projects must be consistent with the Comprehensive Economic Development Strategy (CEDS) approved by the EDA for the project area. Applicants must develop a pre-application for review by the EDA that shows how the project will address economic development needs and objectives outlined in the CEDS. Upon approval of the pre-application, applicants will be invited to submit a full application.

Public Works Program grants generally require a 50 percent match from applicant contributions, state and local grants and loans, general obligation bonds, and other public and private contributions.

6.0 U.S. Small Business Administration Programs

Among other programs, the U.S. Small Business Administration (SBA) offers the 7a Loan Guaranty Program and the Certified Development Company (504) Program. The 7a Loan Guaranty Program does not specifically mention financing for water supply infrastructure projects, but the rules are very general, and this use

may be acceptable. At the very least, funding from the 7a Loan Guaranty Program may allow non-municipal water users to shift funds from other uses to water supply infrastructure projects.

7a Loan Guaranty Program¹⁹

The 7(a) Loan Program is SBA's primary program to help start-up and existing small businesses obtain financing when they might not be eligible for business loans through normal lending channels. SBA itself does not make loans, but rather guarantees a portion of loans made and administered by commercial lending institutions.

7(a) loans are the most basic and most commonly used type of loans. They are also the most flexible, since financing can be guaranteed for a variety of general business purposes, including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), lease-hold improvements, and debt refinancing (under special conditions). Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets.

SBA offers several different types of 7(a) loans. One program that may be helpful to small communities is the Small/Rural Lender Advantage (S/RLA) initiative, which is designed to accommodate the unique loan processing needs of small community/rural-based lenders by simplifying and streamlining loan application process and procedures, particularly for smaller SBA loans. It is part of a broader SBA initiative to promote the economic development of local communities, particularly those facing the challenges of population loss, economic dislocation, and high unemployment.

SBA can guarantee as much as 85 percent on loans of up to \$150,000 and 75 percent on loans of more than \$150,000. 7(a) loans have a maximum loan amount of \$2 million. SBA's maximum exposure is \$1.5 million. Thus, if a business receives an SBA-guaranteed loan for \$2 million, the maximum guaranty to the lender will be \$1.5 million or 75 percent. SBAExpress loans have a maximum guaranty set at 50

percent. The American Recovery and Reinvestment Act signed into law February 17, 2009, authorized a temporary increase in SBA's guaranty percentage to up to 90% on guaranty loans, except those processed under SBAExpress, through the end of calendar year 2009, or until the funds appropriated for this provision are exhausted, whichever comes first.

Maximum loan maturities have been established: 25 years for real estate and equipment, and terms for a working capital or inventory loan should be appropriate to the borrower's ability to repay up to 10 years.

The maximum maturity of loans used to finance fixed assets other than real estate will be limited to the economic life of those assets, in no instance to exceed 25 years. The 25-year maximum will generally apply to the acquisition of land and buildings or the refinancing of debt incurred in their acquisition. Where business premises are to be constructed or significantly renovated, the 25-year maximum would be in addition to the time needed to complete construction.

Certified Development Company (504) Program²⁰

The Certified Development Company (CDC) Program offers businesses long-term, fixed-rate financing for major fixed assets, such as land and buildings. A CDC is a non-profit corporation formed for the purpose of economic development. There are approximately 270 CDCs nationwide, each covering a specific geographic area. CDCs that serve portions of Region C include the Central Texas Certified Development Company, the Dallas Business Finance Corporation, the East Texas Regional Development Company, Inc., Alliance Lending Corporation in Fort Worth, the Greater East Texas Certified Development Company, and the North Texas Certified Development Corporation²¹.

Proceeds from loans may be used for the following purposes: purchasing land and improvements, including existing buildings; grading, street improvements, utilities, parking lots and landscaping; construction of new facilities, or modernizing, renovating or converting existing facilities; or purchasing long-term machinery and equipment. Eligible businesses must have a tangible net worth of less than \$7.5

million and an average net income of less than \$2.5 million after taxes for the preceding two years. In general, the business must also create or retain one job for every \$65,000 provided by the SBA—except for small manufacturers, which must create or retain one job for every \$100,000 provided by the SBA.

A typical project includes “a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped.” Loan maturities of 10 and 20 years are available. Interest rates are pegged to an increment above the current market rate for 5-year and 10-year U.S. Treasury issues.

7.0 Texas Department of Economic Development Programs

The Texas Department of Economic Development offers several financing programs, including the Industry Development Loan Program, Texas Industrial Revenue Bond Program, and the Texas Leverage Fund. Other programs are also available, but these appear to be the most general in scope. None of these programs specifically target water supply infrastructure projects, but each could allow non-municipal water users to shift other funds to water supply infrastructure projects. Each of the above programs is reviewed below.

*Texas Industry Development Loan Program*²²

The main objective of Texas Industry Development (TID) Loan Program is to support projects that will stimulate the creation of jobs, and can be used for a variety of purposes including community infrastructure/economic development. The TID program provides variable rate, low-cost loans for loans above \$5,000,000. The term of the loan cannot extend beyond the useful life of the assets, or bond maturity in 2025.

Texas Industrial Revenue Bond Program²³

The Texas Industrial Revenue Bond Program provides tax-exempt bond financing for land and depreciable property for industrial and manufacturing projects. Cities, counties, and conservation and reclamation districts may form non-profit industrial development corporations or authorities to issue taxable and tax-exempt bonds for eligible projects in their jurisdictions.

Texas Leverage Fund²⁴

The Texas Leverage Fund offers additional financing to communities that have passed the economic development sales tax. Eligible applicants must be Industrial Development Corporations and may serve municipalities, businesses, or nonprofit entities. The fund does not specifically mention financing for water or wastewater projects, but the rules are very general, and this use may be acceptable. At the very least, this fund may allow municipalities to shift funds from other uses to water or wastewater projects. The maximum loan amount is no more than \$5 million, and interest rates are given as the Wall Street Journal prime floating rate. Maximum life on the loans is 15 years.

Texas Enterprise Zone Program²⁵

The Texas Enterprise Zone Program encourages job creation and capital investment in areas of economic distress using state and local incentives. With the exception of Wise County, enterprise zones have been created in every county in Region C. Qualified businesses must be nominated for the program by a city or county that governs the enterprise zone. A qualified business must be active within an enterprise zone, and 25 percent of its new employees must live in the jurisdiction of the governing body or be economically disadvantaged. State incentives may include refunds of state sales taxes or use taxes, franchise tax benefits, or franchise tax economic development credits. The Enterprise Zone program also requires that the governing body offer at least one local financial incentive.

8.0 United States Army Corps of Engineers Assistance

The United States Army Corps of Engineers (USACE) has traditionally been involved in large-scale flood damage reduction projects through the construction of reservoirs. In Region C, there are nine USACE-operated reservoirs. The USACE offers federal financing opportunities through partnering and constructing projects with a federal purpose. Examples of such projects include new reservoir construction and wastewater reuse projects. The USACE can participate in multipurpose reservoir projects through their existing flood damage reduction, ecosystem restoration and water supply authorities. The cost sharing agreements for reservoir projects may vary with the local sponsor and ability to pay. Generally, under current policies the total non-federal interest should be a minimum of 35 percent of the project for flood control, 35 percent for the ecosystem restoration portion of the project and 100 percent for water supply. Reservoir projects that are primarily for water supply will require Congressional authorization to benefit from Corps assistance.

Water supply through reuse could be sponsored with the USACE through the ecosystem restoration authority. The purpose of this authority is to improve ecosystem functions to produce environmental benefits. The proposed reuse projects in Region C that utilize constructed wetlands could potentially qualify under this authority. For ecosystem restoration projects, the federal contribution is 65 percent for that portion of the project.

9.0 Local Economic Development Incentives

More than 30 local economic development agencies in Region C²⁶ offer incentives for businesses to locate in certain areas. Incentives may include tax abatements, electric rate discounts, economic development grants, sales tax rebates, permit/development fee waivers, and infrastructure cost participation. The level of the incentives is generally predicated on the number of jobs that the business will create, the average wage and the gross payroll generated, the amount of capital investment, and the new taxes generated by the project. Economic development incentives that are not specifically targeted toward water supply infrastructure

projects may still allow a potential water user to shift other funds to water supply infrastructure projects.

10.0 Bureau of Reclamation Programs²⁷

WaterSMART is the Bureau of Reclamation's program for working to achieve a sustainable water strategy to meet the Nation's water needs. WaterSMART grants and Title XVI funding are available under the WaterSMART program to help fund water conservation and water reuse projects.

In 2010, the Bureau of Reclamation issued Grants that will use \$12.8 million in federal funding to construct projects that seek to save water, increase energy efficiency and improve environmental conditions while addressing water demands. Through these new WaterSMART Water and Energy Efficiency Grant projects, federal funding will be leveraged to complete more than \$54 million in water management and delivery improvements. Proposals were received from water districts, municipalities and native American Tribes.

The Title XVI program is focused on identifying and investigating opportunities to reclaim and reuse wastewaters and naturally impaired ground and surface water in the 17 Western States and Hawaii. Title XVI is budgeted for by the Bureau of Reclamation's regional offices and includes funding for planning studies and the construction of water recycling projects, on a project specific basis, in partnership with local governmental entities. The Bureau of Reclamation is currently developing funding criteria for a fiscal year 2011 Title XVI funding opportunity.

11.0 Texas Department of Rural Affairs

Small Town Environment Program (STEP)²⁸

The Texas Department of Rural Affairs (TDRA) administers the Small Towns Environment Program (STEP). Communities may apply for STEP by invitation from TDRA only. The STEP program promotes using local resources to solve water and wastewater problems. Funds are provided through the Community Development

Block Grant program and are generally available to rural counties with a non-metropolitan population under 200,000 and cities with less than 50,000 people that are not eligible to participate in the entitlement portion of the federal Community Block Grant Program. Water and wastewater projects are eligible under the national program's objectives to a) benefit low- and moderate-income persons and b) meet community needs that represent an immediate threat to the health and safety of the residents of the community. The maximum grant available is \$350,000.

Renewable Energy Demonstration Pilot Program²⁹

The TDRA designates Community Development Block Grant funds for its Renewable Energy Demonstration Pilot Program (REDPP). Individual grants are limited to \$500,000. These grants can be used to help eligible rural communities install their own renewable energy projects, such as using wind turbines or solar panels to power water and/or wastewater treatment facilities. Eligible applicants include rural city or counties that can demonstrate that 51 percent or more of the residents benefitting from these projects meet low- to moderate-income limits set by the U.S. Department of Housing and Urban Development.

Desalination Fund³⁰

The TDRA designates grant funds for its Desalination Fund program. Individual grants are limited to \$750,000, although the TDRA reserves the option to award up to \$1,500,000 to applicants demonstrating additional merit and need. These grants can be used to help eligible rural communities utilize wind turbines to help provide electricity for desalination of brackish groundwater.

¹ “Economically Distressed Area Program,” Texas Water Development Board, available online at <http://www.twdb.state.tx.us/publications/shells/EDAP.pdf>, August 2010.

² “County-Level Unemployment and Median Household Income for Texas,” 2008, Economic Research Service, U.S. Department of Agriculture, available online at <http://www.ers.usda.gov/data/unemployment/RDList2.asp?ST=TX>, August 2010.

³ “Drinking Water State Revolving Fund Program,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/dwsrf.asp, August 2010.

⁴ “Clean Water State Revolving Fund Program,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/cwsrffund.asp, August 2010.

⁵ “State Participation Program,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/StateParticipation.asp, August 2010.

⁶ “Texas Water Development Fund II,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/DfundII.asp, August 2010

⁷ “Agricultural Water Conservation Loan Program,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/awcfund.asp, August 2010.

⁸ “Water Infrastructure Fund,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/WIF.asp August 2010.

⁹ “Rural Water Assistance Fund,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/RWAF.asp, August 2010.

¹⁰ “Farm Loan Programs,” Farm Service Agency, U.S. Department of Agriculture, available online at <http://www.fsa.usda.gov/dafl/default.htm>, August 2010.

¹¹ “Fiscal Year 2009: Water and Environmental Programs,” Rural Utilities Service, U.S. Department of Agriculture, available online at <http://www.usda.gov/rus/water/docs/FY%202009%20Annual%20Report.pdf> August 2010.

¹² “NRCS Watershed Program,” Natural Resources Conservation Service, U.S. Department of Agriculture, available online at <http://www.nrcs.usda.gov/programs/watershed/index.html>, August 2010.

¹³ “Texas Capital Fund Infrastructure Development Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/agr/program_render/0,1987,1848_6054_0_0,00.html?channelId=6054 August 2010.

¹⁴ “Interest Rate Reduction Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/agr/program_render/0,1987,1848_6057_0_0,00.html?channelId=6057 August 2010.

¹⁵ “Agricultural Loan Guarantee Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/agr/program_render/0,1987,1848_6058_0_0,00.html?channelId=6058 August 2010.

¹⁶ “Young Farmer Interest Rate Reduction Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/agr/program_render/0,1987,1848_34684_0_0,00.html?channelId=34684 4 August 2010.

¹⁷ “Young Farmer Grant Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/agr/program_render/0,1987,1848_6059_0_0,00.html?channelId=6059 August 2010.

¹⁸ “Investment Programs,” Economic Development Administration, U.S. Department of Commerce, available online at <http://www.eda.gov/AboutEDA/Programs.xml>, August 2010.

¹⁹ “Basic 7(a) Loan Program,” U.S. Small Business Association, available online at <http://www.sba.gov/financialassistance/borrowers/guaranteed/7alp/index.html> August 2010.

²⁰ “Certified Development Company (504) Loan Program,” U.S. Small Business Administration, available online at <http://www.sba.gov/financialassistance/borrowers/guaranteed/CDC504lp/index.html> August 2010.

²¹ “Certified Development Companies for SBA 504 Program – TX,” U.S. Small Business Administration, available online at

http://www.sba.gov/idc/groups/public/documents/tx_san_antonio/tx_sa_certdevcomp-tx.pdf
August 2010.

²² “Industry Development Loan Program,” Texas Department of Economic Development, available online at http://governor.state.tx.us/ecodev/financial_resources/loan_assistance/ August 2010.

²³ “Industrial Revenue Bonds,” Texas Department of Economic Development, available online at http://governor.state.tx.us/ecodev/financial_resources/loan_assistance/ August 2010.

²⁴ “Texas Leverage Fund,” Texas Department of Economic Development, available online at http://governor.state.tx.us/ecodev/financial_resources/loan_assistance/ August 2010.

²⁵ “Texas Enterprise Zone Program,” Window on State Government, Comptroller of Public Accounts, Available online at http://www.window.state.tx.us/taxinfo/enterprise_zone/ez_program.html
August 2010.

²⁶ “Texas Economic Development Directory”, available online at <http://www.ecodevdirectory.com/texas.htm>, August 2010.

²⁷ “WaterSMART,” United States Bureau of Reclamation, Department of the Interior, available online at <http://www.usbr.gov/WaterSMART/index.html>, August 2010.

²⁸ “Small Towns Environment Program (STEP),” Texas Department of Rural Affairs, available online at [http://www.orca.state.tx.us/index.php/Community+Development/Grant+Fact+Sheets/Texas+Small+Towns+Environment+Program+\(STEP\)+Fund](http://www.orca.state.tx.us/index.php/Community+Development/Grant+Fact+Sheets/Texas+Small+Towns+Environment+Program+(STEP)+Fund) August 2010.

²⁹ “Renewable Energy Demonstration Pilot Program (REDPP),” Texas Department of Rural Affairs, available online at

[http://www.orca.state.tx.us/index.php/Community+Development/Grant+Fact+Sheets/Renewable+Energy+Demonstration+Pilot+Program+\(REDPP\)](http://www.orca.state.tx.us/index.php/Community+Development/Grant+Fact+Sheets/Renewable+Energy+Demonstration+Pilot+Program+(REDPP)), September 2010.

³⁰ “Desalination Fund,” Texas Department of Rural Affairs, available online at <http://www.tdra.state.tx.us/index.php/Community+Development/Grant+Fact+Sheets/Desalination+Fund>, September 2010.

Infrastructure Financing Survey Report

24: CEDAR HILL

As part of the regional and state water planning process, regional water planning groups recommend water supply projects for each of their respective regions. The purpose of this survey is gather information from your organization regarding how you plan to finance water supply projects recommended for the 2012 state water plan, and determine whether you intend to use financial assistance programs offered by the State of Texas and administered by the Texas Water Development Board (TWDB).

The TWDB has several funding programs for water projects identified in the 2012 state water plan. Funds are targeted toward: 1) construction of water supply projects, 2) planning and design and permitting for projects that have long development time frames meaning that construction would require 5-10 years of planning, design and permitting, and 3) projects that would be built with excess capacity intended to meet future water needs. These programs offer various attractive financing options such as subsidized interest rates, deferral of principal and interest during planning, design and permitting phase, partial deferral of interest and principal for those portions of the project which are optimally sized for future needs. Additionally, grant funding is available for those service areas which qualify as rural or economically disadvantaged. More information on these financial assistance programs (i.e., the Water Infrastructure Fund, the State Participation Fund, and the Economically Disadvantaged Areas Program) can be found at the TWDB website at:

http://www.twdb.state.tx.us/assistance/financial/financial_main.asp

Your cooperation and responses to these questions are crucial in helping the state in ensuring that our communities and our citizens have adequate water supplies. If you have any questions related to the financial programs offered by the TWDB or about the survey questions, please contact Rick Shaffer by phone at (817)354-0189 or by email at rshaffer@cpyi.com. If you have any computer or technology related problems with the survey, please contact Wendy Barron by phone at (512) 936-0886 or by email at wendy.barron@twdb.state.tx.us.

Section 1: Project Financing Information

For project(s) identified in the State Water Plan, the TWDB has funding available for different aspects of a project. The different programs available are:

- WIF-Deferred offers subsidized interest and deferral of principal and interest for up to 10 years for planning, design and permitting costs.
- WIF-Construction offers subsidized interest for all construction costs, including planning, acquisition, design, and construction.
- State Participation funding offers partial interest and principal deferral for the incremental cost of project elements which are designed and built to serve needs beyond 10 years.
- Rural areas funding offers grants and 0% interest loans for service areas which are not in a Metropolitan Statistical Area (MSA) and in which the population does not exceed 5,000. The service area must also meet the EDAP eligibility criteria.
- Economically Distressed Areas Program (EDAP) offers funding through grants and loans for service areas within a project which meet the EDAP eligibility criteria. Eligibility for the TWDB's EDAP requires that the median household income of the area to be served by the proposed project be less than 75 percent of the Texas median household income (\$39,927), as shown in the 2000 Census. EDAP eligibility also requires adoption of Model Subdivision rules by the appropriate planning entities.

Infrastructure Financing Survey Report

•State Participation funding offers partial interest and principal deferral for the incremental cost of project elements which are designed and built to serve needs beyond 10 years.

If you are interested in receiving funds from the above programs, please complete the remainder of the survey.

Please enter only the amounts you wish to receive from TWDB program in the Project Costs fields and do not enter a specific project cost more than once.

Section 2: Projects

For each of the project(s) listed below, please enter only the amounts you wish to receive from TWDB programs in the 'Cost' field and the earliest date you wish to receive these amounts. In addition, the total amount entered into all five categories cannot exceed the total cost of the project. Each of the five categories corresponds to a funding program available at the TWDB. Each of the funding programs and categories are described below.

•Planning, design, permitting: Enter costs into the 'Planning, design, permitting' category if you want to participate in the WIF-Deferred program. The WIF-Deferred program offers subsidized interest and deferral of principal and interest for up to 10 years for planning, design and permitting costs.

•Acquisition and construction: Enter costs into the 'Acquisition and construction' category if you want to participate in the WIF-Construction program. The WIF-Construction program offers subsidized interest for all construction costs, including planning, acquisition, design, and construction.

•Excess Capacity: Enter costs into the 'Excess capacity' category if you want to participate in the State Participation program. State Participating funding offers partial interest and principal deferral for the incremental cost of project elements which are designed and built to serve needs beyond 10 years.

•Rural: Enter costs into the 'Rural' category if you want to participate in the Rural areas funding program. Rural areas funding offers grants and 0% interest loans for service areas which are not in a Metropolitan Statistical Area (MSA) and in which the population does not exceed 5,000. The service area must also meet the EDAP eligibility criteria.

•Disadvantaged: Enter costs into the 'Disadvantaged' category if you want to participate in the Economically Distressed Areas Program (EDAP). EDAP offers funding through grants and loans for service areas within a project which meet the EDAP eligibility criteria. Eligibility for the TWDB's EDAP requires that the median household income of the area to be served by the proposed project be less than 75 percent of the Texas median household income (\$39,927), as shown in the 2000 Census. EDAP eligibility also requires adoption of Model Subdivision rules by the appropriate planning entities.

137 - MUNICIPAL CONSERVATION-BASIC		\$31,256.00
Planning, design, permitting	Cost: <input type="text"/>	Year: <input type="text"/>
Acquisition and construction	Cost: <input type="text"/>	Year: <input type="text"/>
Excess Capacity	Cost: <input type="text"/>	Year: <input type="text"/>

Infrastructure Financing Survey Report

Rural	Cost: <input type="text"/>	Year: <input type="text"/>
Disadvantaged	Cost: <input type="text"/>	Year: <input type="text"/>
	Total: <input type="text"/>	

177 - MUNICIPAL CONSERVATION-EXPANDED		\$31,256.00
Planning, design, permitting	Cost: <input type="text"/>	Year: <input type="text"/>
Acquisition and construction	Cost: <input type="text"/>	Year: <input type="text"/>
Excess Capacity	Cost: <input type="text"/>	Year: <input type="text"/>
Rural	Cost: <input type="text"/>	Year: <input type="text"/>
Disadvantaged	Cost: <input type="text"/>	Year: <input type="text"/>
	Total: <input type="text"/>	

307 - SUPPLEMENTAL WELLS		\$2,336,000.00
Planning, design, permitting	Cost: <input type="text"/>	Year: <input type="text"/>
Acquisition and construction	Cost: <input type="text"/>	Year: <input type="text"/>
Excess Capacity	Cost: <input type="text"/>	Year: <input type="text"/>
Rural	Cost: <input type="text"/>	Year: <input type="text"/>
Disadvantaged	Cost: <input type="text"/>	Year: <input type="text"/>
	Total: <input type="text"/>	

Section 3: Contact Information

1. Name: _____
2. Phone Number: _____
3. Email: _____

Infrastructure Financing Survey Report

4. Comments

**Table X-1
Summary of Infrastructure Financing Survey Results**

Entity Name	WWP?	County	Estimate of Total Funds Requested from TWDB	WIF- Deferred	WIF- Construction	Excess Capacity	Rural	Dis-advantaged
ALEDO		PARKER	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ALLEN		COLLIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ANNA		COLLIN	\$ 1,381,000	\$ 0	\$ 1,381,000	\$ 0	\$ 0	\$ 0
ARGYLE WSC	Yes	DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ARLINGTON	Yes	TARRANT	\$ 38,500,000	\$ 4,500,000	\$ 34,000,000	\$ 0	\$ 0	\$ 0
ATHENS		HENDERSON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AUBREY		DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
AURORA		WISE	\$ 1,512,000	\$ 250,000	\$ 750,000	\$ 250,000	\$ 250,000	\$ 12,000
AZLE		TARRANT	\$ 20,892,000	\$ 2,000,000	\$ 18,892,000	\$ 0	\$ 0	\$ 0
BARTONVILLE WSC	Yes	DENTON	\$ 6,016,000	\$ 616,000	\$ 5,000,000	\$ 400,000	\$ 0	\$ 0
BEDFORD		TARRANT	\$ 1,200,000	\$ 100,000	\$ 1,100,000	\$ 0	\$ 0	\$ 0
BENBROOK		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
BOLIVAR WSC	Yes	DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
BONHAM		FANNIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CARROLLTON		DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CELINA		COLLIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
COMBINE WSC		KAUFMAN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CORSICANA	Yes	NAVARRO	\$ 24,450,000	\$ 350,000	\$ 24,100,000	\$ 0	\$ 0	\$ 0
CRANDALL		KAUFMAN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DALLAS	Yes	DALLAS	\$ 2,707,686,615	\$ 194,095,980	\$ 2,513,590,635	\$ 0	\$ 0	\$ 0
DENISON		GRAYSON	\$ 20,686,000	\$ 486,000	\$ 20,200,000	\$ 0	\$ 0	\$ 0
DENTON	Yes	DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EAST CEDAR CREEK								
FWSD	Yes	HENDERSON	\$ 26,116,000	\$ 18,846,000	\$ 7,270,000	\$ 0	\$ 0	\$ 0
ENNIS	Yes	ELLIS	\$ 45,011,642	\$ 2,555,642	\$ 42,456,000	\$ 0	\$ 0	\$ 0
EULESS		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EUSTACE		HENDERSON	\$ 1,048,559	\$ 43,000	\$ 500,000	\$ 235,559	\$ 270,000	\$ 0
EVERMAN		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FARMERS BRANCH		DALLAS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FORT WORTH	Yes	TARRANT	\$ 254,000,000	\$ 24,000,000	\$ 230,000,000	\$ 0	\$ 0	\$ 0
FRISCO		COLLIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GAINESVILLE	Yes	COOKE	\$ 55,046,000	\$ 1,546,000	\$ 14,000,000	\$ 19,500,000	\$ 20,000,000	\$ 0
GARLAND	Yes	DALLAS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND PRAIRIE	Yes	DALLAS	\$ 42,013,751	\$ 4,199,375	\$ 37,814,376	\$ 0	\$ 0	\$ 0
GRAPEVINE		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Table X-1 Continued

Entity Name	WWP?	County	Estimate of Total Funds Requested from TWDB	WIF- Deferred	WIF- Construction	Excess Capacity	Rural	Dis-advantaged
GREATER TEXOMA UTILITY AUTHORITY	Yes	N/A	\$ 190,292,250	\$ 8,292,250	\$ 0	\$ 182,000,000	\$ 0	\$ 0
HOWE		GRAYSON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
HUDSON OAKS		PARKER	\$ 7,523,000	\$ 205,000	\$ 4,000,000	\$ 1,318,000	\$ 0	\$ 2,000,000
IRVING		DALLAS	\$ 194,825,000	\$ 20,000,000	\$ 174,825,000	\$ 0	\$ 0	\$ 0
KELLER		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
KENNEDALE		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LAKE WORTH		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LEONARD		FANNIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LEWISVILLE		DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
LINDSAY		COOKE	\$ 1,380,000	\$ 280,000	\$ 1,100,000	\$ 0	\$ 0	\$ 0
LITTLE ELM		DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MABANK		KAUFMAN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MANSFIELD	Yes	TARRANT	\$ 10,000	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0
MARILEE SUD		COLLIN	\$ 1,500,000	\$ 250,000	\$ 1,250,000	\$ 0	\$ 0	\$ 0
MCKINNEY		COLLIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MELISSA		COLLIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MESQUITE		DALLAS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MIDLOTHIAN	Yes	ELLIS	\$ 50,489,000	\$ 4,075,000	\$ 40,414,000	\$ 6,000,000	\$ 0	\$ 0
MT. PEAK SUD		ELLIS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MUENSTER		COOKE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MUSTANG SUD	Yes	DENTON	\$ 3,500,000	\$ 500,000	\$ 3,000,000	\$ 0	\$ 0	\$ 0
NORTH RICHLAND HILLS	Yes	TARRANT	\$ 24,216,058	\$ 6,750,000	\$ 14,550,658	\$ 2,915,400	\$ 0	\$ 0
NORTH TEXAS MUNICIPAL WATER DISTRICT	Yes	N/A	\$ 4,981,088,500	\$ 537,730,620	\$ 4,200,771,800	\$ 242,586,080	\$ 0	\$ 0
NORTHLAKE		DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
OAK POINT		DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
OVILLA		ELLIS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PILOT POINT		DENTON	\$ 4,002,000	\$ 102,000	\$ 3,900,000	\$ 0	\$ 0	\$ 0
RICHLAND HILLS		TARRANT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ROANOKE		DENTON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ROCKETT SUD	Yes	ELLIS	\$ 38,460,000	\$ 2,000,000	\$ 36,460,000	\$ 0	\$ 0	\$ 0
RUNAWAY BAY		WISE	\$ 2,735,000	\$ 250,000	\$ 1,585,000	\$ 900,000	\$ 0	\$ 0

Table X-1 Continued

Entity Name	WWP?	County	Estimate of Total Funds Requested from TWDB	WIF- Deferred	WIF- Construction	Excess Capacity	Rural	Dis-advantaged
SARDIS-LONE ELM WSC		ELLIS	\$ 4,992,000	\$ 1,000,000	\$ 3,992,000	\$ 0	\$ 0	\$ 0
SAVOY		FANNIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SHERMAN	Yes	GRAYSON	\$ 179,952,000	\$ 7,382,000	\$ 101,285,000	\$ 71,285,000	\$ 0	\$ 0
SOUTH GRAYSON WSC		GRAYSON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOUTHMAYD		GRAYSON	\$ 2,108,316	\$ 212,000	\$ 96,316	\$ 400,000	\$ 0	\$ 1,400,000
SW FANNIN CO. SUD		FANNIN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TARRANT REGIONAL WATER DISTRICT	Yes	N/A	\$ 914,424,000	\$ 0	\$ 914,424,000	\$ 0	\$ 0	\$ 0
TEAGUE		FREESTONE	\$ 2,992,800	\$ 250,000	\$ 320,000	\$ 0	\$ 1,024,000	\$ 1,398,800
TERRELL	Yes	KAUFMAN	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOM BEAN		GRAYSON	\$ 600,000	\$ 50,000	\$ 550,000	\$ 0	\$ 0	\$ 0
TRINITY RIVER AUTH.	Yes	N/A	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TROPHY CLUB		DENTON	\$ 3,094,000	\$ 774,000	\$ 1,548,000	\$ 772,000	\$ 0	\$ 0
TWO WAY SUD		GRAYSON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
UPPER TRINITY REGIONAL WATER DISTRICT	Yes	N/A	\$ 1,284,167,000	\$ 141,832,000	\$ 434,882,000	\$ 707,453,000	\$ 0	\$ 0
VIRGINIA HILL WSC		HENDERSON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
WALNUT CREEK SUD	Yes	PARKER	\$ 1,100,000	\$ 1,100,000	\$ 0	\$ 0	\$ 0	\$ 0
WAXAHACHIE	Yes	ELLIS	\$ 58,134,000	\$ 2,000,000	\$ 28,226,000	\$ 27,908,000	\$ 0	\$ 0
WEATHERFORD	Yes	PARKER	\$ 47,622,000	\$ 350,000	\$ 47,272,000	\$ 0	\$ 0	\$ 0
WHITESBORO		GRAYSON	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
WILMER		DALLAS	\$ 2,977,000	\$ 50,000	\$ 2,927,000	\$ 0	\$ 0	\$ 0
WISE COUNTY WSD	Yes	N/A	\$ 14,540,000	\$ 1,750,000	\$ 12,790,000	\$ 0	\$ 0	\$ 0
WOODBINE WSC		COOKE	\$ 900,000	\$ 150,000	\$ 350,000	\$ 100,000	\$ 100,000	\$ 200,000
Total			\$ 11,263,183,491	\$ 990,932,867	\$ 8,981,572,785	\$ 1,264,023,039	\$ 21,644,000	\$ 5,010,800