



Region C Water Planning Group

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9 Infrastructure Funding Recommendations

This plan has identified \$23.6 billion in improvements needed by 2070 to meet the projected water demands in Region C. 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. 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 May 2015. 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 strategies surveyed.

9.1 Infrastructure Financing Questionnaires for Recommended Water Management Strategies

The infrastructure financing surveys were sent by post office in July 2015 to all municipal water user groups (WUGs) and wholesale water providers (WWPs) in Region C that had water management strategies with capital costs. Surveys were not sent to entities that had no capital cost strategies in the plan or to split-region-WUGs that are located primarily in other regions. An attempt was made to survey as many as possible of the aggregated WUGs that had capital cost strategies in the plan. These aggregated WUGs included the county-other WUGs and the non-municipal WUGs for each county (manufacturing, mining,

steam electric power, irrigation, and livestock). These surveys were sent to either the county judge or to the water supplier that was providing water through the strategy.

A total of 286 surveys were mailed - 249 to water user groups, 37 to wholesale water providers. Many of the proposed capital improvements recommended in this plan involve one or more of the wholesale water providers. As a result, more than 95 percent of the total Region C plan costs are borne by the wholesale water providers - and over 89 percent is borne by the 11 regional wholesale water providers.

Water User Groups (WUGs)

Of the 249 water user groups surveyed, 48 submitted responses, resulting in an overall 19 percent participation rate in this survey. This is a lower response rate than desired. These 48 responders account for 28 percent of the total capital costs identified by all of the WUGs. Appendix R includes a sample copy of the survey, along with a summary of the survey responses. To help encourage additional input, the Region C Water Planning Group attempted to contact some entities who had the highest capital cost and whose survey response had not been received.

Thirty-seven of the responding water user groups (79 percent) plan to finance 100 percent of the capital costs for improvements identified in the survey without TWDB assistance. The remaining respondents reported being able to pay for a portion of the estimated capital improvements, but would likely apply for one, or more, TWDB funding programs. Summaries of the water user group responses are included in Appendix R. A summary of the survey results for the water user groups is presented in Table 9.1.

Wholesale Water Providers (WWPs)

Fifteen wholesale water providers responded to the financing surveys, resulting in a 41 percent response rate. These 15 responders account for 94 percent of the total capital costs for all WWPs. Four WWPs responded that they intend to secure their own financing for 100 percent of the identified capital improvements, although some stated that they might consider using state funding in the future. The other 11 reported that it is likely they can secure their own financing for a portion of the total capital improvements, but that TWDB funding would also be required.

Summaries of the wholesale water provider responses are included in Appendix R. Table 9.1 provides the financing needs for the wholesale water providers based on the survey results.

Summary

Overall, the TWDB IFR survey received a 22 percent response rate (19 percent of WUGs and 41 percent of WWPs). However, on a monetary basis, the survey respondents accounted for 91 percent of the total

capital costs in Region C (28 percent of WUG costs and 94 percent of WWP costs). 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 approximately \$15.0 billion (67 percent) of the capital costs identified for those entities' water supply infrastructure.

**Table 9.1
Summary of Financing Needs in Region C¹**

	Water User Groups	Wholesale Water Providers	TOTAL
Total Costs of Strategies — All Entities Surveyed	\$1,091,004,000	\$21,130,605,000	\$22,221,609,000
Total Costs of Strategies - IFR Responses	\$310,605,000	\$19,887,021,000	\$20,197,626,000
Amount Likely to be Funded by Planning, Design, Permitting & Acquisitions Funding	\$4,891,000	\$1,520,809,000	\$1,525,700,000
Amount Likely to be Funded by Construction Funding	\$130,836,000	\$13,369,337,000	\$13,500,173,000
Amount from Entities Indicating "Not Applicable" to Project Costs or "Project Completed" ²	\$1,806,000	\$76,000,000	\$77,806,000
Remaining Costs ³	\$953,471,000	\$6,164,459,000	\$7,117,930,000
Amount Respondents Requested from TWDB Programs	\$135,727,000	\$14,890,146,000	\$15,025,873,000
Total Costs of Strategies—Entities Not Responding to IFR Survey	\$780,399,000	\$1,243,584,000	\$2,023,983,000

1. The summary of costs reported in this table reflect survey responses submitted to Region C as of November 9, 2015. The total costs of strategies in this table was as of the date of the Initially Prepared Plan (IPP). Updates to some cost estimates were made between IPP and this final plan so the total cost of projects surveyed is slightly different from the total cost of projects now listed in this final plan.
2. One WUG responded that the project listed in the survey had been completed. One WWP responded that they have already received SWIFT funding in this amount for this project.
3. 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 83rd 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. More detail on SWIFT can be found in Section 5E.3.2 of this report.

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

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