

363.1304. Prioritization Criteria

The executive administrator will prioritize applications based on the following point system:

- (a) Projects will be evaluated on the criteria provided in subsections (b) through (e) below. The points for subsections (b) through (e) will be summed up to a maximum score for these criteria of 50 points.
- (b) Projects that either directly, or in conjunction with other recommended water management strategies in accordance with §357.10 of this title (relating to Regional Water Planning), will serve, in total, when the project water supply volume is fully operational:
 - (1) at least 10,000 population, 6 points; or
 - (2) at least 250,000 population, 12 points; or
 - (3) at least 500,000 population, 18 points; or
 - (4) at least 750,000 population, 24 points; or
 - (5) at least 1,000,000 population, 30 points; or
 - (6) less than 10,000 population, zero points.
- (c) Projects that will serve a diverse urban and rural population:
 - (1) serves one or more urban populations and one rural population, 10 points, and
 - (2) for each additional rural population served, 4 points up to a maximum of 30 points; or
 - (3) serves only an urban population, or only a rural population, zero points.
- (d) As specified in the application, projects which provide regionalization:
 - (1) serves additional entities other than the applicant, 5 point per each political subdivision served for a maximum of 30 points; or
 - (2) serves only applicant, zero points.
- (e) Projects that meet a high percentage of the water supply needs of the water users to be served calculated from those served and needs that will be met during the first decade the project becomes operational, based on state water plan data:
 - (1) at least 50 percent of needs met, 10 points; or
 - (2) at least 75 percent of needs met, 20 points; or
 - (3) at least 100 percent of needs met, 30 points; or
 - (4) less than 50 percent of needs met, zero points.
- (f) Projects will receive additional points of the project's score on each of the criteria of subsections (g) through (j) below.

- (g) Local contribution to be made to implement the project, including federal funding, and including up-front capital, such as funds already invested in the project or cash on hand and/or in-kind services to be invested in the project, provided that points will not be given for a prior loan through the Board that included a loan forgiveness component:
- (1) other funding at least 10 percent of total project cost, 1 point; or
 - (2) other funding at least 20 percent of total project cost, 2 points; or
 - (3) other funding at least 30 percent of total project cost, 3 points; or
 - (4) other funding at least 40 percent of total project cost, 4 points; or
 - (5) other funding at least 50 percent of total project cost, 5 points; or
 - (6) other funding less than 10 percent of total project cost, zero points.
- (h) Financial capacity of the applicant to repay the financial assistance provided:
- (1) applicant's household cost factor is less than or equal to 1 percent, 2 points; or
 - (2) applicant's household cost factor is greater than 1 percent but not more than 2 percent, 1 point; or
 - (3) applicant's household cost factor is greater than 2 percent, zero points.
- (i) Projects which address an emergency need:
- (1) applicant, or entity to be served by the project, is included on the list maintained by the Commission of local public water systems that have a water supply that will last less than 180 days without additional rainfall, or is otherwise affected by a Commission emergency order, and drought contingency plan has been implemented by the applicant or entity to be served, 3 points; plus
 - (2) water supply need is anticipated to occur in an earlier decade than identified in the most recent state water plan, 1 point; plus
 - (3) applicant has used or applied for federal funding for emergency, 1 point; or
 - (4) none of the above, zero points.
- (j) Projects which are ready to proceed:
- (1) preliminary planning and/or design work (30 percent of project total) has been completed or is not required for the project, 3 points; plus
 - (2) applicant is able to begin implementing or constructing the project within 18 months of application deadline, 3 points; plus
 - (3) applicant has acquired all water rights associated with the project or no water rights are required for the project, 1 point; plus
 - (4) applicant has secured funding for the project from other sources, 1 point; or
 - (5) none of the above, zero points.
- (k) Entities that have demonstrated water conservation or projects which will achieve water conservation, including preventing the loss of water:

(1) for municipal projects, applicant has already demonstrated significant water conservation savings, as determined by comparing the highest rolling four-year average total gallons per capita per day within the last thirty years to the average total gallons per capita per day for the most recent 4-year period based on board water use data; or significant water conservation savings will be achieved by implementing the proposed project, as determined by comparing the conservation to be achieved by the project with the average total gallons per capita per day for most recent four-year period:

- (A) 2 to 5.9 percent total gallons per capita per day reduction, 2 points; or
- (B) 6 to 9.9 percent total gallons per capita per day reduction, 4 points; or
- (C) 10 to 13.9 percent total gallons per capita per day reduction, 6 points; or
- (D) 14 to 17.9 percent total gallons per capita per day reduction, 8 points; or
- (E) 18 percent or greater total gallons per capita per day reduction, 10 points;
- or
- (F) Less than 2 percent total gallons per capita per day reduction, zero points.

(2) for municipal projects, applicant has achieved the water loss threshold established by 31 TAC §358.6, as demonstrated by most recently submitted water loss audit:

- (A) less than the threshold, 5 points; or
- (B) at or above the threshold, zero points.

(3) for agricultural projects, significant water efficiency improvements will be achieved by implementing the proposed project, as determined by the projected percent improvement:

- (A) 1 to 1.9 percent increase in water use efficiency, 1 point; or
- (B) 2 to 5.9 percent increase in water use efficiency, 3 points; or
- (C) 6 to 9.9 percent increase in water use efficiency, 6 points; or
- (D) 10 to 13.9 percent increase in water use efficiency, 9 points; or
- (E) 14 to 17.9 percent increase in water use efficiency, 12 points; or
- (F) 18 percent or greater increase in water use efficiency, 15 points; or
- (G) less than 1 percent increase in water use efficiency, zero points.

(l) Priority assigned by the applicable regional water planning group within the project sponsor's primary planning region:

- (A) top 80 percent of regional project ranking, 3 points; or
- (B) top 60 percent of regional project ranking, 6 points; or
- (C) top 40 percent of regional project ranking, 9 points; or
- (D) top 20 percent of regional project ranking, 12 points; or
- (E) top 10 percent of regional project ranking, 15 points; or
- (F) less than 80 percent of regional project ranking, zero points.

(m) If two or more projects receive the same priority ranking, priority will be assigned based on the relative score(s) from §363.1304(k) of this title. If after considering the

relative scores of the projects based on the criteria of §363.1304(k) of this title, then priority will be assigned based on the relative score(s) from §363.1304(i) of this title.

§363.1305. Use of Funds

- (a) The board may use the funds for financial assistance to political subdivisions as follows:
 - (1) to make loans at or below market interest rates, but not lower than 50 percent of the board's market rate.
 - (2) to make loans with terms not to exceed the lesser of:
 - (A) the expected useful life of the facility; or
 - (B) 30 years.
 - (3) to defer loan repayments, including deferral of principal and interest or accrued interest under criteria developed by the board;
 - (4) to make loans with incremental repurchase terms for an acquired facility, including terms for no initial repurchase payment followed by progressively increasing incremental levels of interest payment, repurchase of principal and interest, and ultimate repurchase of the entire state interest in the facility using simple interest calculations; or
 - (5) a combination of the financing outlined in subsections (1)-(4).
- (b) The board may make funding available under subsection (a) of this section only for implementation of water plan projects.

§363.1306. Interest Rates for Loans

- (a) For loans from the SWIFT and SWIRFT, the following procedures will be used to set interest rates.
 - (1) The executive administrator will set interest rates under this section for loans on a date that is at least five business days prior to the political subdivision's anticipated adoption of the ordinance or resolution authorizing its bonds and not more than 45 days before the anticipated closing of the loan from the board. After 45 days from the establishment of the interest rate of a loan, rates will be reconsidered, and may be extended only with the approval of the executive administrator.
 - (2) For loans from the fund, the executive administrator will set the interest rates in accordance with the following:
 - (A) To the extent that the source of funding is provided from bond proceeds, the lending rate scale(s) will be determined as provided under §363.33(b) of this title (relating to Interest Rates for Loans and Purchase of board's Interest in State Participation Projects).
 - (B) The loan interest rate will be determined based on a debt service schedule acceptable to the executive administrator. The executive administrator will identify the appropriate scale for the borrower and identify the market rate for the maturity due in each year. The executive administrator will reduce the market rate by a subsidy to be determined by the board and thereby identify a proposed loan interest rate for each maturity. The proposed loan interest rate will be applied