

**TEXAS  
WATER  
DEVELOPMENT  
BOARD**

**P.O. Box 13231,  
Capitol Station  
Austin, TX  
78711-3231**

**Phone: 512.463.7847  
FAX: 512.475.2053**

**URL Address:  
<http://www.twdb.state.tx.us>**

**Email Address:  
[info@twdb.state.tx.us](mailto:info@twdb.state.tx.us)**

**Texas Natural Resources  
Information System (TNRIS)  
<http://www.tnr.is.state.tx.us>**

**StratMap  
<http://www.stratmap.org>**

**Borderlands Information Center  
(BIC)  
<http://www.bic.state.tx.us>**

**Water Information Integration and  
Dissemination  
(TWDB WIID System)  
<http://wiid.twdb.state.tx.us/>**

**Texas Water Information  
Network (TxWIN)  
<http://www.txwin.net>**

**Water Smart  
<http://www.watersmart.org>**

# **DRINKING WATER STATE REVOLVING FUND**

## **WHAT IS THE DWSRF PROGRAM AND WHO CAN APPLY?**

The Drinking Water State Revolving Fund (DWSRF) provides loans at interest rates lower than the market offers to finance projects for public drinking water systems that facilitate compliance with primary drinking water regulations or otherwise significantly further the health protection objectives of the federal Safe Drinking Water Act (SDWA). Projects must also be consistent with the 2002 State Water Plan. Applicants may be political subdivisions of the state, nonprofit water supply corporations, privately-owned water systems and state agencies.

## **HOW CAN DWSRF LOANS BE USED?**

Loans can be used for the planning, design and construction of projects to upgrade or replace water supply infrastructure, to correct exceedances of SDWA health standards, to consolidate water supplies and to purchase capacity in water systems. DWSRF loan proceeds can also be used to purchase land integral to the project.

Under the Source Water Protection Program, an applicant may apply for a loan to purchase land or conservation easements, if the purpose of the purchase is to protect the source water of a public water system from contamination and to ensure compliance with national primary drinking water regulations.

## **WHAT LOAN TERMS WILL BE OFFERED THROUGH THE DWSRF?**

The DWSRF offers a net long-term interest lending rate of 1.2 percent below the rate the borrower would receive on the open market at the time of loan closing. The maximum repayment period for most DWSRF loans is 20 years from the completion of construction. A limited amount of funding is available each year at even greater subsidies to applicants which qualify as "disadvantaged communities." Disadvantaged communities may also receive a 30-year loan term.

A cost-recovery loan origination charge is imposed to cover the administrative costs of operating the DWSRF, but an additional interest rate subsidy is offered to offset the charge.

## **WHAT IS THE APPLICATION AND APPROVAL PROCESS?**

### **Pre-application:**

Prospective loan applicants are asked to submit a brief DWSRF Information Form to the Texas Water Development Board (TWDB) each year for inclusion in an Intended Use Plan (IUP) developed for that year. The Information Form describes the applicant's existing water facilities, additional facility needs and ➤



the nature of projects being considered for meeting those needs and project cost estimates. It also provides information to establish "disadvantaged community" status. The Texas Commission on Environmental Quality (TCEQ) prioritizes potential DWSRF loan applicants' projects using information contained in their files. Loan funds are distributed based upon the priority rating and an applicant's readiness to proceed.

TWDB staff will notify prospective applicants of their priority rating and will encourage them to schedule a pre-planning conference for guidance in preparing the engineering, planning, environmental, financial and water conservation portions of the DWSRF application.

#### **Application and Commitment:**

The applicant must submit an engineering feasibility report and environmental information, as well as general, fiscal and legal application information to the appropriate TWDB regional project manager for staff review. These application materials must be submitted by the first business day of the month preceding the month during which the applicant desires Board consideration. The applicant is encouraged to meet with TWDB staff for assistance in the preparation of the application and to discuss the terms of the loan.

Completed applications for DWSRF loans are considered by the Board at its monthly public meeting usually held in Austin on the third Wednesday of each month.

#### **Loan Closing Options:**

Using the TWDB's pre-design funding option, an eligible applicant receives a loan commitment based on preliminary engineering, environmental, economic and social information. Because the DWSRF program is a reimbursement program due to U.S. Environmental Protection Agency requirements, DWSRF loans are closed in installments. The interest rate is locked in at the first installment loan closing. Approved applications typically receive a two-year commitment. The applicant's ability to repay the loan is the major determining factor in the approval for using the pre-design funding option.

If the pre-design funding option is not used, the applicant must develop plans and specifications and have them approved, obtain all necessary permits and open bids prior to closing the first installment of the loan.

#### **FUNDING AND MONITORING:**

Prior to loan closing, the applicant submits a final bond ordinance or resolution to the TWDB for review and approval. The applicant's bond counsel arranges for the approval of the debt by the Attorney General's office and the financial adviser schedules a closing date for the exchange of debt for loan money. The applicant and TWDB staff monitor the project during the construction process. Loans are monitored by TWDB staff for the life of the outstanding debt to ensure compliance with the bond indenture requirements and the maintenance of a sound financial condition.

#### **ARE THERE ANY SPECIAL CONSIDERATIONS?**

- Applicants for loans greater than \$500,000 must adopt a water conservation and drought contingency plan (a statutory requirement).
- A National Environmental Policy Act type environmental review is required by the SDWA. TWDB staff is available to assist applicants in determining the scope of investigation required, preparing reports and coordinating with environmental regulatory agencies. TWDB archeologists may also assist applicants by conducting necessary archeological surveys, when appropriate, and securing regulatory agency approval.
- Applicants will need to make good faith efforts to obtain Minority and Women Business Enterprises participation through its procurement for construction, materials and service, including contracts for professional services.

#### **WHERE MAY I GET MORE INFORMATION?**

For more information, contact the Texas Water Development Board at 512/463-7853. Additional information on the DWSRF and other programs is also available on the TWDB web site at [www.twdb.state.tx.us/assistance/financial/financial\\_main.asp](http://www.twdb.state.tx.us/assistance/financial/financial_main.asp)

DWSRF0604

#### **Our Mission**

*Provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas.*

#### **EQUAL OPPORTUNITY EMPLOYER**

*The Texas Water Development Board does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services, programs or activities.  
1-800-RELAY TX (for the hearing impaired)*