

**TEXAS  
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**Texas Natural Resources  
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<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>**

# **STATE FINANCING FOR WATER SUPPLY, WASTEWATER AND FLOOD CONTROL PROJECTS**

## **WHAT STATE FINANCIAL ASSISTANCE CAN THE TEXAS WATER DEVELOPMENT BOARD PROVIDE FOR WATER SUPPLY, WASTEWATER AND FLOOD CONTROL PROJECTS AND WHO CAN APPLY?**

Loans for the planning, design and construction of water supply, wastewater and flood control projects may be obtained from the Texas Water Development Fund (TWDF).

To apply for state financial assistance for water supply, water and wastewater treatment, and flood control projects, the applicant must be a political subdivision of the state or a nonprofit water supply corporation. Political subdivisions include cities, counties, districts and river authorities. Water supply projects must be consistent with the 2002 State Water Plan.

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

The TWDF provides financing for the acquisition, improvement or construction of such water-related projects as water wells, retail distribution and wholesale transmission lines, pumping facilities, storage reservoirs and tanks, and water treatment plants. It also provides financing for the purchase of water rights. The TWDF also provides financing for wastewater collection and treatment projects and flood control projects.

## **WHAT LOAN TERMS ARE OFFERED THROUGH THE TWDF?**

The interest rate on a TWDF loan varies depending on market conditions. The lending rate scales are set 0.35 percent above the Texas Water Development Board's (TWDB) borrowing cost. The lending rates are intended to provide reasonable rates for its customers while covering the TWDB's cost of funds and risk exposures. Current interest rates are available at [www.twdb.state.tx.us](http://www.twdb.state.tx.us). Repayment periods generally range from 20 to 25 years.

## **DOES THE TWDB LOAN MONEY TO COMPLETE PLANNING, PRELIMINARY DESIGN AND OTHER PRE-CONSTRUCTION COSTS?**

Using the TWDB's pre-design funding option, an eligible applicant may receive a loan commitment based on preliminary engineering, environmental, economic and social information. Funds for completing detailed planning, including environmental studies, are provided at closing, while funds for design, preparation of final plans and specifications, and construction are



placed in escrow until needed. The interest rate is locked in at closing.

The pre-design funding option is available for most water supply and treatment, and wastewater projects. As with other TWDB loan programs, 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 loan.

### **WHAT REVENUE SOURCE(S) CAN A BORROWER USE TO REPAY A TWDB LOAN?**

The TWDB accepts general obligation bonds, revenue bonds and tax and revenue certificates of obligation.

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

- (1) Schedule a pre-application conference to discuss the project's eligibility. For tax-exempt borrowers, the applicant, the applicant's financial advisor and the applicant's consulting engineer must attend this conference.
- (2) Submit an application for staff review. An application consists of general, fiscal, legal, engineering and environmental information; a water conservation and drought contingency plan will be required for financial assistance greater than \$500,000 (a statutory requirement). A complete application is due on the first business day of the month preceding the month during which the application is to be considered by the TWDB.
- (3) The TWDB usually meets in Austin on the third Wednesday of each month to consider applications for financial assistance. If the application is approved, the TWDB will extend a two-year loan commitment.
- (4) If using the pre-design funding option, the applicant must submit the following documents prior to the loan commitment:
  - Complete general, legal, and fiscal information described above (same as required by present rules);
  - A preliminary engineering feasibility report including a description of the problem and/or need, a description of the proposed project, alternatives considered, population and flow projections, a proposed work plan and schedule, area maps, and estimated project costs;
  - If the loan is for more than \$500,000, provide a draft Water Conservation Plan;
  - A discussion of known permitting, social, or environmental issues that may become involved in the evaluation of project alternatives and in the implementation of the proposed project;
  - Contracts for engineering services; and
  - Additional information as may be required by the Executive Administrator.
- (5) TWDB staff monitors the project during the construction process.
- (6) 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.

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

For more information, contact the Texas Water Development Board at 512/463-7853.