

Water for Texas

Texas Water Development Fund State Financing for Water Supply, Wastewater and Flood Control Projects

What is the Texas Water Development Fund, and who can apply?

Loans for planning, designing, and constructing water supply, wastewater, and flood control projects may be obtained from the Texas Water Development Fund, which is administered by the Texas Water Development Board (TWDB) as authorized under Texas Water Code § 17, Subchapter L.

To apply for state financial assistance for these types of 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 2007 State Water Plan.

How can Texas Water Development Fund loans be used?

The Texas Water Development Fund provides financing for acquiring, improving, or constructing water-related projects such as water wells, retail distribution and wholesale transmission lines, pumping facilities, storage reservoirs and tanks, and water treatment plants. The fund provides financing for the purchase of water rights. It also provides financing for wastewater collection and treatment projects and flood control projects.

What loan terms are offered through the Texas Water Development Fund?

The interest rate on a Texas Water Development Fund loan varies depending on market conditions. The lending rate scales are set 0.35 percent above the TWDB's borrowing cost. The lending rates are intended to provide reasonable rates for TWDB customers while covering the TWDB's cost of funds and risk exposure. Current interest rates are available at <http://www.twdb.texas.gov/financial/interest.asp>.

Does the TWDB loan money for planning, preliminary design, and other preconstruction costs?

Using the TWDB's predesign funding option, an eligible applicant may receive a loan commitment on the basis of preliminary engineering, environmental, economic, and social information. Funds for completing detailed planning, including environmental studies, are provided at closing, whereas funds for design, preparation of final plans and specifications, and construction are placed in escrow until needed. The interest rate is locked at closing.

The predesign 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 determinant in the approval of the predesign funding option.

If the predesign 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, tax and/or revenue bonds, and tax and revenue certificates of obligation.

What is the application and approval process?

The application and approval process is twofold:

1. Applicants schedule a preapplication confer-

ence 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. Applicants submit an application for staff review. An application consists of general, fiscal, legal, engineering, and environmental information. A water conservation and drought contingency plan is required for financial assistance greater than \$500,000 as mandated by the Texas Administrative Code Title 31 § 363, Subchapter A. 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 TWDB's overseeing Board.

Where may I get more information?

For more information, contact the TWDB at (512) 463-8491 or visit the Assistance section of the TWDB Web site at <http://www.twdb.texas.gov/financial/programs>.

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