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



# **CLEAN WATER STATE REVOLVING FUND**

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

The Clean Water State Revolving Fund (CWSRF) provides loans at interest rates lower than the market to political subdivisions with the authority to own or operate a wastewater system in Texas. The CWSRF also includes Tier III (federal) and Disadvantaged Communities funds that provide even lower interest rates for those meeting the respective criteria.

Although nonprofit water supply corporations are considered political subdivisions for various other TWDB programs, they are not eligible to receive assistance from the CWSRF.

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

Loans can be used for the planning, design and construction of wastewater treatment facilities, wastewater recycling and reuse facilities, collection systems, stormwater pollution control, nonpoint source pollution control, and estuary management projects.

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

The CWSRF offers fixed and variable rate loans at subsidized interest rates. The maximum repayment period for a CWSRF loan is 30 years from the completion of project construction. A cost-recovery loan origination fee of 1.85% is imposed to cover administrative costs of operating the CWSRF. Applicants have the option to finance the origination fee in their loan or to pay it at closing. An additional interest rate subsidy is offered to those financing the origination fee. Total loan amounts are limited to \$75,000,000 for the first nine months of the fiscal year.

Interest rates vary according to the type of financing selected and are locked in at closing:

- Tier II (state) funds offer a net long-term fixed interest rate of 0.95% below the market rate for those applicants financing the origination fee. For applicants who pay the origination fee from other sources, the interest rate is 0.70% below the market rate.
- Short-term, variable rates are also available. Variable rates are available during the construction period but must convert to a long-term, fixed rate loan within 90 days of the completion of project construction. The variable interest rates are generally about 2% below the above-described fixed rates, or up to 2.95% below the market rate. Borrowers have the option to convert to long-term, fixed rate financing at any time prior to project completion.
- Tier III (federal) funds offer a net long-term fixed interest rate of 1.95% below the market rate.
- Disadvantaged Communities funds offer an interest rate of 0% or 1% to eligible communities with populations up to 25,000.

A limited amount of funding is available each year to applicants who qualify as disadvantaged communities.



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

### **Pre-application**

Each year, the TWDB notifies all known potential entities of the availability of funding and timelines for the upcoming cycle. Prospective loan applicants are asked to submit project information that describes the applicant's existing wastewater facilities, facility needs, the nature of the project being considered, and project cost estimates. This information is used to rate each proposed project and place them in priority order in the Intended Use Plan (IUP). Projects are ranked in priority order in one of seven different categories: six population categories and one nonpoint source estuaries management category. Available funds are distributed among these categories and funding lines are drawn. Entities above the funding lines are invited to submit applications. All applicants are encouraged to schedule a pre-application conference that will guide them through the CWSRF application process. Funding lines are redrawn as necessary and subsequent invitations are sent to prospective applicants.

### **Application and Commitment**

Applications consist of an engineering feasibility report and environmental information and contain certain general, fiscal and legal information. The timeframe for submittal of an application is the first business day of the month preceding the month during which the applicant desires TWDB Board consideration (e.g., due November 1 for Board consideration in December). Applications for loans are considered for approval by the TWDB Board at its monthly public meetings.

### **Loan Closing Option**

The CWSRF offers a pre-design funding option, whereby an eligible applicant may receive a loan commitment based on preliminary engineering, environmental, economic, and social information. Pre-design funding allows for the release of funds for completion of detailed planning and environmental studies at closing. Funds for design, preparation of final plans and specifications, and construction are placed in escrow at closing to be released when needed.

If the pre-design funding option is not used, prior to closing the applicant must develop plans and specifications, obtain all necessary permits, and bid the project in order to determine the exact amount needed for funding.

Applicants generally receive a two-year loan commitment. All TWDB loans are monitored for the life of the outstanding debt to ensure compliance with all requirements and to maintain the funds sound financial condition.

## **ARE THERE ANY SPECIAL REQUIREMENTS?**

- Applicants for loans greater than \$500,000 must adopt a water conservation and drought contingency plan (a statutory requirement).
- Tier III (federal) loans require compliance with various federal requirements. Included in these requirements: a National Environmental Policy Act-type environmental review, and compliance with the TWDB's Disadvantaged Business Enterprise (DBE) program. The DBE program requires applicants and prime contractors to follow six affirmative steps in procurement: (1) include qualified SMWBE's on solicitation lists; (2) solicit potential DBE's, whenever they are potential sources; (3) reduce contract size/quantities, when economically feasible, to permit maximum participation of DBE's; (4) establish delivery schedules to encourage participation by DBE's; (5) use the services and assistance of the Small Business Administration, Minority Business Development Agency, and the U.S. Department of Commerce, as appropriate; and (6) require all prime contractors to follow steps 1-5 when awarding subcontracts or sub-agreements.
- The document entitled "DBE State Revolving Fund Program Guidance Document for the Utilization of Small, Minority, and Women-Owned Business Enterprises in Procurement" describes the program in detail and is available online at: [http://www.twdb.state.tx.us/publications/forms\\_manuals/SRF052\\_SMWBEGuidance.pdf](http://www.twdb.state.tx.us/publications/forms_manuals/SRF052_SMWBEGuidance.pdf). If you don't have access to the Internet or for specific questions regarding the required procurement steps, please contact Otis Williams at (512) 463-1878. TWDB staff is available to assist applicants in determining the scope of investigation required, preparing reports, and coordinating with environmental regulatory agencies.

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

For more information, contact the Texas Water Development Board at (512) 463-8510. Additional information on the CWSRF and other agency programs is also available on the TWDB web site:

[www.twdb.state.tx.us/assistance/financial/financial\\_main.asp](http://www.twdb.state.tx.us/assistance/financial/financial_main.asp).

CWSRF 0408L

### **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)*