

FY 2006
Drinking Water State Revolving Fund
Intended Use Plan



Prepared By
Texas Water Development Board
P. O. Box 13231
Austin, Texas 78711

FY 2006
Drinking Water State Revolving Fund (DWSRF)
Intended Use Plan (IUP)

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I. INTRODUCTION

The Drinking Water State Revolving Fund (DWSRF) was established by State law in accordance with the Safe Drinking Water Act (Act) Amendments of 1996. The Texas Water Development Board (Board) is the state agency with the authority to manage the loan fund and to make low interest loans to water systems to bring them into compliance with Federal rules. Projects eligible for the loans must comply with certain federal requirements, "cross-cutters", to qualify for the low interest loans. The Texas Commission on Environmental Quality (Commission) is the state primacy agency with the authority to enforce provisions of the Act. The Act also established 'set-aside funds' for administering the loan fund, state program management, technical assistance to small communities, and local assistance and other state programs.

At the program's inception, the Board was authorized to only fund projects proposed by political subdivisions of the State. Texas Senate Bill 1 (SB1), effective September 1, 1997, allowed the Board to extend financial assistance to Disadvantaged Communities, eligible Private applicants and eligible Non-profit/Non-community (NPNC) applicants. Another provision of SB 1 required that after January 1, 2001 all Board funded projects must be consistent with the State Water Plan. The Board is the state agency responsible for ensuring the development of the 16 regional water plans and approving the State Water Plan. All DWSRF projects are reviewed to ensure consistency with the State Water Plan.

The FY 2006 Intended Use Plan (IUP) was prepared by the Board in accordance with the provisions of the Act. The Act requires that each state annually prepare an IUP to describe how it plans to use the DWSRF to meet the Act's objectives. The IUP lists FY 2006 projects eligible for funding and describes the uses of funds for program set-asides and loans to projects, and the criteria and methods of distribution of funds through the DWSRF. Funding for this IUP will include the FY 2006 capitalization grant, its State Match and any amounts remaining from previous years. A table of the sources and uses of funds available to the DWSRF may be found in Attachment A of this IUP.

II. PUBLIC COMMENT and BOARD APPROVAL

The purpose of this IUP is to inform the public and to seek public comment on the proposed uses of funds. The IUP is mailed to stakeholders, placed on the Board Internet site and a notice of public hearing is published in the Texas Register. This year's public hearing was held July 1. Written comments are accepted prior to and after the public hearing. All comments are reviewed and responded to in accordance with federal requirements. Copies of this information will also be provided to all commentators and will be included in the FY 2006 grant application to the Environmental Protection Agency (EPA).

The IUP is submitted to the Board for consideration at its August Board meeting in accordance with the EPA requirement that the IUP be approved prior to the beginning of the state fiscal year (September 1). The Board receives a copy of the IUP along with a summary of the comments received and the Board's responses to those comments. After

Board approval, the approved IUP will be submitted to EPA and those projects above the “funding line”¹ will be informed of the opportunity to submit an application.

III. FY 2006 PROJECT LISTS

This IUP contains an alphabetic listing of 64 projects totaling \$272,071,000 (Table 1) from entities that have indicated a desire to request assistance from the DWSRF during the FY 2006 period. The project list was developed through a survey of all eligible applicants. Eligible applicants submitted projects for large communities (those having populations of 10,000 persons or greater), small communities (those having populations of fewer than 10,000 persons), Disadvantaged Communities and Private or Nonprofit/Non-community (NPNC).

Community Type	Number of Projects	Percentage of Total	Total Dollar Amount of Projects	Percentage of Total
Large Community	7	11%	\$127,050,000	47%
Small Community	57	89%	\$145,021,000	53%
TOTAL	64		\$272,071,000	

Disadvantaged Number of Projects	Percentage of Total	Total Dollar Amount of Projects	Percentage of Total
26	41%	\$114,262,000	42%

The Commission reviewed all projects and ranked eligible projects. The Commission’s rating criteria² include addressing the most serious risks to human health; ensuring compliance with the Act; and making funding available to systems most in need on a per household basis. Eligible construction projects for water systems are listed in priority order in Table 2. There are no eligible source water protection projects. Table 1a lists the construction projects determined to be ineligible for ranking. Fundable DWSRF projects remaining from the FY 2005 IUP are listed in Attachment A.

IV. LONG and SHORT TERM GOALS

The DWSRF program was designed by Congress to provide states flexibility to design a program to meet the needs of local public water systems. The long- and short-term goals presented below provide the basis for the Board's program.

A. Long Term Goals

1. Restore and maintain the chemical, biological, and physical integrity of the State's drinking water by developing a financial and technical program capable of funding all projects annually which pose the most serious risk to public health and compliance with the Act. Progress toward meeting this goal will be documented by discussing the activities conducted during the year to ensure that the worst health problems are being addressed.

This will include the incorporation of environmental benefits measures in conjunction with the EPA workgroup on measures.

2. Maintain the fiscal integrity of the DWSRF and assure a continuous enhancement of the fund for future generations by complying with generally accepted accounting standards and the establishment of a lending rate policy that also provides for long term inflation. Progress toward meeting this goal will be documented by discussion of changes to lending rate policy, loan monitoring activities and default information.
3. Maintain the fund in perpetuity by establishing a lending rate policy that produces sufficient repayment amounts to allow for the growth of funds after payment of debt service on state bonds of which the proceeds will be deposited to the fund. This would be balanced by a concern for the ability of applicants to afford the costs of their projects and with the provision of guidance, as necessary, in the planning and design of efficient and cost-effective projects. Progress toward meeting this goal will be documented by providing information regarding lending rates and status of leveraging.

B. Short-Term Goals:

1. Protect public health by providing funds for the supply of safe drinking water to the citizens of the State of Texas, and by expeditiously providing loans to water systems that are in non-compliance with State and Federal drinking water regulations. Progress toward achieving this measure will be documented by reporting the number of binding commitments and the total dollar volume of assistance for the fiscal year in comparison with previous years. For FY 2006, the Board intends to increase the number of commitments made in FY 2005 by 25%.
2. Ensure compliance with the Act by working with TCEQ to ensure that water systems are in compliance with established standards and to provide all possible technical and financial assistance. Progress toward meeting this measure will be documented by reporting the number of joint TWDB/TCEQ pre-application and follow-up meetings conducted for the fiscal year. For FY 2006, the Board intends to increase the number of pre-application meetings held in FY 2005 by 33%.
3. Assist systems to ensure affordable water by providing an efficient program that can respond to the financial and technical needs of water systems, and by providing financial assistance at affordable interest rates while maintaining the fiscal integrity of the Fund. Progress toward meeting this measure will be documented by reporting the estimated dollar amount of interest savings (over the life of the loan) resulting from binding commitments made during the fiscal year.
4. Support components of the state drinking water and ground water programs by directing the necessary resources toward the State's most

pressing compliance and health needs. Progress toward meeting this goal will be documented by reporting the annual number and dollar amount of commitments made to applicants in the highest ranked portion of the annual priority list.

V. FINANCIAL STATUS OF THE DWSRF

The President's budget for FY 2006 would provide the Board a capitalization grant of approximately \$63,818,500 to be matched by \$12,763,700 in state funds (20% of the capitalization grant) for a total of \$76,582,200. The state match will be made up of a combination of appropriated funds and proceeds from the sale of State General Obligation bonds. The actual amount of FY 2006 funds available will depend upon the Congressional appropriations for this program. The Board intends to apply for the FY 2006 grant upon notification of the availability of funds.

A. Fiscal Year 2005 Funds

The Board has invited applications from applicants sufficient to make binding commitments for all of the FY 2005 Capitalization Grant and State matching funds. However, if not all of the funds are actually committed or otherwise obligated, any funds remaining after Board adoption of the FY 2006 IUP and after the FY 2005 funding cycle has ended will be rolled forward to the FY 2006 IUP. (See Attachment A for a listing of these projects.) As they become available, such funds will be distributed to the project list in accordance with 371.21³ of the Board rules, the funding lines will be adjusted downward and additional applications will be invited. In a similar manner, any FY 2006 funds remaining after the adoption of the FY 2007 IUP after the 2006 funding cycles have ended will be rolled forward to the FY 2007 IUP.

B. Long Term Financial Health of the Fund

The long term financial health of the fund (DWSRF loan account) is ensured by the establishment of the Board's lending rate policy for the DWSRF loan account to preserve the corpus of all capitalization grants and State match funds not utilized for loan forgiveness for Disadvantaged Communities. Assistance for Disadvantaged Communities and for eligible Private and Community/Non-community applicants on the FY 2006 IUP will be made available from a combination of federal grant monies and appropriated State match funds. State appropriated match for the FY 2006 projects on the IUP proposed by these two categories of applicants is an appropriated amount up to \$3,837,234 as the Board cannot use bond proceeds for such borrowers.

Management of the accounts in this fashion is intended to ensure the maximum viability of the DWSRF loan account portfolio. Past experience with the Clean Water SRF indicates that the repayment stream from the loan account, with the lending rate established as described, will still leave capacity to leverage the loan account in the future by depositing the proceeds from sale of State bonds in

excess of the required match, should the Board choose to do so. (The exception is the Disadvantaged Communities part of the DWSRF; to the extent that the funding in this Disadvantaged program is provided below 0% interest, it will reduce the capacity of the program.) The Board is currently developing a capacity model for the DWSRF in anticipation of leveraging the program.

C. Interest Rate Policy

The Board has established an interest rate policy for most DWSRF borrowers in 371.52 of the Board rules⁴ that provides for fixed and variable rates. The Board has considered the criteria set forth below in establishing this rate policy:

- (1) The interest rate required to retire state bonds.
- (2) The interest rate necessary to maintain the buying power of the DWSRF.

The Board offers repayment periods no more than twenty years past construction completion dates to most applicants. The program is designed to provide borrowers with a 120 basis point reduction from the market based on a level debt service schedule. Fixed rates are set five business days prior to the adoption of the political subdivision's bond ordinance or resolution or the execution of the loan agreement and are in effect for 45 days. Variable rates will be set at a rate equal to the actual interest cost by the Board on its outstanding variable rate debt plus the cost of maintaining the variable rate debt. These loans must be converted to long-term fixed rates within 90 days of project completion unless a written extension is received from the executive administrator.

Disadvantaged Community Program interest rates and levels of subsidies are determined by the provisions of §371.24(c)⁵ of the Board rules. Any loan amount subject to forgiveness will not be subject to an interest rate. The repayment period for Disadvantaged Communities may be extended up to 30 years.⁶

Service Area Adjusted Median Household Income	Loan Interest Rates	Principal Forgiveness
Between 75% and 70% of the median State household income	1%	0%
Less than or equal to 70% but greater than 60% of the median State household income	0%	0%
Less than or equal to 60% but greater than 50% of the median State household income	0%	15%
Less than 50% of the median State household income	0%	35%

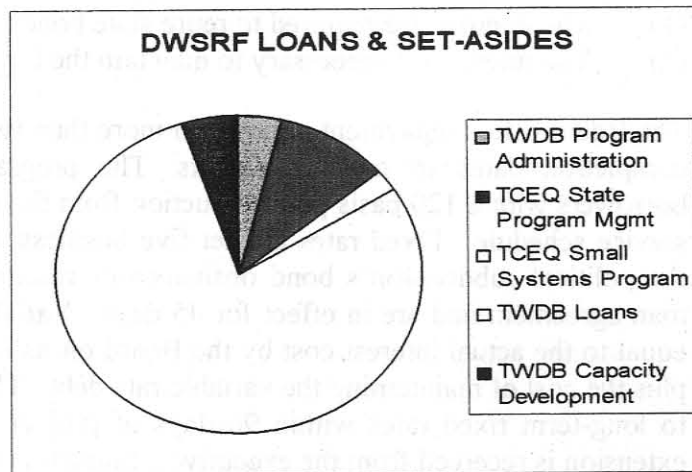
At no time will the aggregate of loan forgiveness exceed 30% of the Capitalization Grant (estimated \$19,145,550 for FY 2006).

Consolidation Projects also receive principal forgiveness. The amount of principal that will be forgiven will be deducted from the cost of the project before

calculating the amount of financial assistance for the remaining cost of the project.

Applicant	Principal Forgiveness
Acquires another public water system or provides retail service to another public water system	20% of the cost of the project is subject to forgiveness of principal.
If the applicant provides wholesale service to another public water system	15% of the cost of the project is subject to forgiveness of principal.

VI. DESCRIPTION OF THE DWSRF PROJECT FUND (Loan Account)



For FY 2006, 79% (\$50,416,615) of the funds available from the grant will be placed in the loan account. In addition, all prior unspecified funds will be made available in the loan account.

Entities ranked on the IUP priority list can use DWSRF loans for the planning, design and construction of projects to⁷:

- Correct water system deficiencies including water quality, capacity, pressure and water loss;
- Upgrade or replace water systems;
- Provide new or existing water service to other water systems through consolidation projects;
- Purchase capacity in water systems; and
- Implement Source Water Protection projects.

Eligible applicants include:

- Existing community public water systems including political subdivisions, nonprofit water supply corporation and privately owned community water systems;
- Non-profit, non-community, public water systems; and
- State agencies

A. Disadvantaged Community Program

The 1997, 1999, 2001, 2003, and 2005 Texas Legislatures appropriated State match funds for the Disadvantaged Communities Program. Total funding available to Disadvantaged Communities' projects is directly related to the amount of appropriated State match funds available for the Disadvantaged Community Program since the Board cannot forgive loans made with State Match Bond proceeds. For FY 2006 the appropriated match amount is \$3,837,234.

Eligibility - The Board staff determines eligibility for the disadvantaged community loan program. To be eligible to receive reduced interest rates and potential loan forgiveness, the applicant must be either:

1. A political subdivision:
 - (a) that is a disadvantaged community; or
 - (b) for a project serving an area that:
 - (i) is located outside the boundaries of the political subdivision; and
 - (ii) meets the definition of a disadvantaged community; or
2. An owner of a community water system that is ordered by TCEQ to provide service to a disadvantaged community, provided that the financial assistance is for the sole purpose of providing service to a disadvantaged community.

AND,

Meets the definition of a disadvantaged community now or will as a result of a proposed project.

Definition - Disadvantaged community means the service area of a public water system that has an adjusted median household income which is no more than 75% of the median state household income for the most recent year for which statistics are available. There are two methods to determine the adjusted median income.

1. Adjusted median household income =

$$\frac{2000 \text{ Annual Median Household Income} \times \text{current Texas Consumer Price Index}}{2000 \text{ Texas Consumer Price Index}}$$

OR

2. Using data from a survey approved by the executive administrator of a statistically acceptable sampling of customers in the service area completed within the last 12 months⁸. The necessary information will be provided by the board to the applicant during the solicitation process.

AND

1. if the service area is not charged for sewer services, has a household cost factor for water rates that is greater than or equal to 1.0%; or
2. if the service area is charged for water and sewer services, has a Combined Household Cost Factor for water and sewer rates that is greater than or equal to 2.0%.

Household Cost Factor = $\frac{\text{Average Yearly Water Bill}}{\text{Adjusted Median Household Income}}$
Combined Household Factor = $\frac{\text{Average Yearly Water Bill} + \text{Average Yearly Sewer Bill}}{\text{Adjusted Median Household Income}}$
Average Yearly Water Bill = (Average # of persons per household x 2,325 gallons/person/month) x (Proposed Monthly Water rate x 12) PMW = Cost of proposed project less funds received from other sources
Average Yearly Sewer Bill = (Average # of persons per household x 1,279 gallons/person/month) x (Monthly Sewer rate x 12)

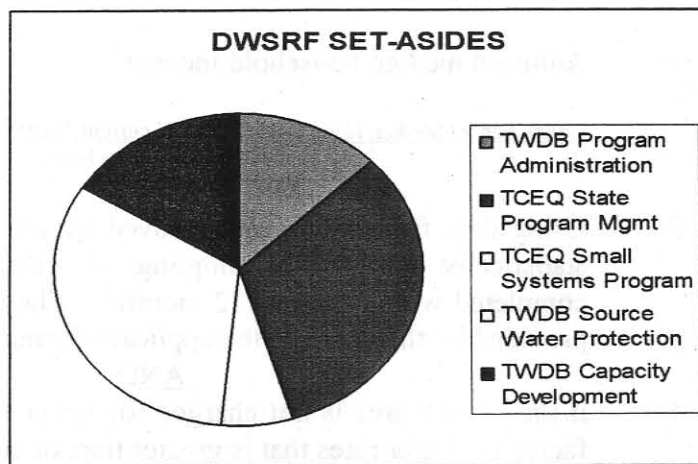
If taxes, surcharges or other fees are used to subsidize the water and/or sewer system, the average annual amount per household should be included in calculating the household cost factor or the combined household cost factor.

B. Consolidation Projects - Any one or more of the following costs of consolidation are eligible for funding:

- system acquisitions;
 - the cost of plant upgrades or expansions specific to providing service to the disadvantaged community;
 - the cost of rehabilitating or replacing the distribution system of an existing water system to bring the system into compliance with drinking water regulations;
 - the provision of wholesale service; and
 - master meters and upgrades needed to receive wholesale service from the consolidating system.

Notwithstanding the provisions of §371.13(a)(4)⁹ of this title (relating to Projects Eligible for Assistance), purchase of existing capacity in the consolidating system are not eligible for funding through the Disadvantaged Community Account of the DWSRF.

VII. DESCRIPTION OF THE NON-DWSRF PROJECT FUND



Set-Aside Accounts Federal regulations allow States to 'set aside' up to 31% of the capitalization grant funds for purposes other than loans to water systems. This IUP sets

aside 21% of the capitalization grant. Attachment B lists the set-asides by grant year, specified and unspecified funds, expenditures and balances.

A. Board Administration of the DWSRF Program

The Act allows a State to set aside funds equal to four percent of its annual capitalization grant for the reasonable costs of administering the DWSRF. Federal regulations governing the DWSRF Program permit a State to reserve its authority to take an amount equal to four per cent of the current year's grant from a future grant to defray the cost of administering the program. Each year, beginning in FY1998, the Board has reserved that authority. Exercising that authority, the Board will draw from the 2006 Capitalization Grant \$2,558,156 an amount equal to four per cent of the 2004 Capitalization Grant. In addition, the Board reserves the authority to set aside an amount equal to four percent of the FY2006 grant from a future grant. The Board has reserved the authority to set aside funds equal to four per cent of prior year's grants capitalization grant from future capitalization grants to defray costs of program administration.

In addition, the Board assesses charges for the purpose of recovering administrative costs and places these funds in a separate account for future administrative expenses. Recipients of loan commitments will be assessed 2.25% of the DWSRF loan amount, excluding the amount of the origination charge. The loan origination charge is a one-time charge that is due and payable at the time of loan closing. The loan origination charge may be financed as a part of the DWSRF loan. Charges collected will be deposited into the Administrative Cost Recovery Fund. Monies deposited into the Administrative Cost Recovery Fund will be used only for administration of the DWSRF program, unless the Board authorizes the transfer of these funds to the DWSRF Program Account. Administrative Cost Recovery monies transferred to the DWSRF Program Account may be used for any purpose for which other funds in the DWSRF Program Account can be used. Monies in the DWSRF Administrative Cost Recovery Fund will be invested in authorized investments as provided by Board order, resolution, or rule. Program activities to be supported by the Administration Account include:

1. Reporting activities - This includes preparing capitalization grant applications, scheduling and conducting public hearings, conducting annual solicitation of projects, preparing and submitting the annual Intended Use Plans (IUP), preparing and submitting biennial reports and annual financial reports and audits, project tracking and reporting, reporting to the EPA information management system and participating in an annual EPA oversight.
2. Payment Processing - This includes loan closings, processing requests for reimbursement, making wire transfers, processing cash draws from the ACH, preparing and submitting annual outlay reports.

3. Pre-Application Activities - This includes contacting systems on the IUP to arrange for pre-application conferences, scheduling and conducting conferences, counseling and providing advice and information on preparation of financial applications, engineering feasibility reports and environmental information documents, assisting in public participation activities, assisting with or conducting coordination with other environmental regulatory agencies.
4. Application Review - This includes conducting engineering, environmental, financial and legal reviews of application materials for assistance, checking for compliance with federal cross-cutters, preparing Board Resolutions (assistance agreements), preparing and presenting agenda items for Board approval of loan commitments.
5. Engineering Review - This includes conducting engineering reviews/approvals of engineering plans and contract documents, reviewing/approving bid documents and checking for compliance with federal cross-cutters, preparing documents for loan closings, authorizing contract award and issuing notices to proceed, in-office monitoring of construction progress and assisting with contractor claims and disputes, reviewing/approving contract change orders and addenda and preparing engineering related project close out documents. Construction Progress Inspection - This includes scheduling and conducting pre-construction project management conferences, assisting loan recipients in setting up construction records, participating in contract pre-construction conferences, scheduling and conducting regular construction progress inspections, preparing inspection reports and follow up letters, assisting in resolution of contractor claims and disputes, conducting contract and project final inspections and preparing close out documents.
6. Portfolio, Audit and Cash & Securities Management - This includes forecasting, preparing and managing TWDB bond sales, external audit monitoring to ensure finance-related legal and contractual compliance and ongoing financial stability of applicants, and managing program cash, securities and related banking and investment activities in compliance with applicable laws, contracts and policies of the Board.
7. Financial Management - This includes processing payments (loan closings, investments, grant payments, making wire transfers, processing cash draws from EPA, administration), preparing Accounting entries to the General Ledger, preparing Reports (Quarterly Federal Cash Transaction Report, Annual Financial Status Report, Annual Financial Report), preparing reconciliations, monitoring the Federal Capitalization Grant, amount reserved for disadvantaged communities, and monitoring the Internal Master Portfolio Management System.

8. Technical Assistance - This includes the provision of technical assistance to public water systems regarding water conservation and other issues of interest. The technical assistance may be provided in the form of printed materials, public service announcements, videotapes and other types of media presentation. Technical assistance also includes collecting and analyzing ground water quality data and providing it to the public. Data may be provided via published reports or printed data, or available in the form of electronic data.

B. Commission Set-Aside Activities for State Program Management

The Board will set aside an amount equal to ten per cent (\$6,381,850) of the FY 2006 grant for the Commission to carry out the following set-aside activities relating to State Program Management.

1. Administration of the state PWSS program - 1452(g)(2)(A) - \$4,008,884
 - a. Maintenance and functional expansion of the integrated data system for the Public Drinking Water Section and the Utilities & Districts Section.
 - b. Conduct Surface Plant Comprehensive Performance Evaluations (CPE) in order to increase the number of surface water treatment plants that are in compliance with current federal regulations and prepare the plants for implementation of the Interim Enhanced Surface Water Treatment Rule.
 - c. Perform an additional number of inspections, sanitary surveys, and complaint responses.
 - d. Develop, issue and manage contracts with professional services vendors to collect water samples for chemical quality from PWS entry points as designated in a sampling schedule established by TCEQ.
2. Administer & provide technical assistance through source water protection programs - 1452(g)(2)(B) - \$756,724
 - a. Develop, issue and manage contracts with professional services vendors and/or other agencies to establish source water protection programs
 - b. Enter into joint funding agreement with USGS to establish baseline pesticide levels in public drinking water sources for source water assessment model.
3. Develop and implement a capacity development strategy - 1452(g)(2)(C) \$1,616,242

Develop, issue and manage contracts with technical assistance vendors to conduct capacity assessments and provide assistance to PWSs to improve

their financial, managerial and technical capacities including prioritized public water systems, applicants for Drinking Water State Revolving Fund (DWSRF or SRF) funding, referrals, candidates for consolidation, and other systems as directed by TCEQ.

C. Commission Set-Aside Activities for Small Systems Technical Assistance \$1,276,370

An additional two per cent will be set aside for the Commission to provide technical assistance to small systems under 1452(g)(2) of the SDWA.

Develop, issue and manage contracts with professional service vendors to conduct engineering feasibility studies, facility evaluations and reports, financial audits, environmental reviews, cost estimates, technical assistance and project coordination for small public water systems.

D. Source Water Protection and Capacity Development Set-Aside Funds - \$3,190,925

Up to fifteen (15) per cent of each grant may be set aside for Source Water Protection and Capacity Development projects. No eligible Source Water Protection projects were submitted for FY 2006. However, the Board reserves the right to request up to five percent of the FY 2006 grant for capacity development activities.

VIII. CRITERIA AND METHOD FOR DISTRIBUTION OF LOAN FUNDS

A. IUP Priority Ranking Process

Board and Commission staff develops the DWSRF information packet that is distributed to all eligible water systems. Potential applicants complete the information based on the type of project - for public water systems or source water protection and for disadvantaged community status and/or consolidation. Only participants in the Commission's Source Water Protection (SWP) program are eligible to apply for source water protection funds. The solicitation letter for FY 2006 was dated November 29, 2004 with a response deadline of February 7, 2005. The required information¹⁰ consists of:

- a description of the proposed project;
- county map showing location of service area;
- estimated total project cost (certified by registered professional engineer if costs are \$100,000 or greater)
- estimated project schedule;
- population currently served by the applicant; and
- additional information as necessary to establish the priority rating scores for source water protection projects.

In addition to the required information listed above, applicants were to provide information concerning ground water and surface water vulnerability, and their ability to implement Best Management Practices.

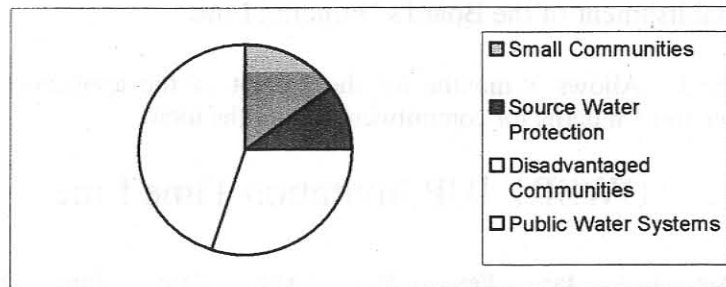
B. Priority Ranking

The Commission does the priority ranking for both water system projects and source water protection projects according to the rating process developed by that agency. A list of the rating factors is included as Appendix B. The text of the rules governing the rating process¹¹ is included in Appendix B. Each eligible project submitted by the February 7, 2005 deadline is listed in priority order on Table 2.

C. Tie Breaking Procedure

In the event of ties in the ratings, priority will be given to the project serving the smaller total population based on information maintained by the Commission¹².

D. Funds Analysis - Funds for Water Systems¹³



The Executive Administrator will determine the amount of funds available and will assign all reserves. The remaining funds will be applied to the list of projects for water system improvements designated to receive funding in the IUP.

To the extent eligible applicants are available and rank within the funds available:

- a minimum of 15% of available funds will be made available to small communities (systems serving populations less than 10,000).
- an amount up to thirty percent of the capitalization grant will be made available to projects proposed by Disadvantaged Communities. It should be noted that “funds equal to thirty percent” of the grant are not set aside for these borrowers; rather, this is a funding limit established by the SDWA.
- An amount no more than ten per cent of the grant can be reserved for source water protection projects. The FY 2006 amount estimated for this category of projects is \$6,300,000 based on the President’s FY 2006 budget proposal. No eligible Source Water Protection projects were submitted for FY 2006.

- In the event that small community projects above the funding line do not equal 15% of the funds available, the Executive Administrator may bypass projects for systems serving populations of 10,000 or greater to include additional small community projects above the funding line. Bypass of large community projects¹³ is used only to ensure that a minimum of 15% of total dollars credited to the Fund is made available to small communities' systems.
- In addition, prior to Board consideration the Commission will conduct a review of each applicant's financial, managerial, and technical capability (FMT). Projects for applicants that receive FMT approval may be presented to the Board for consideration.

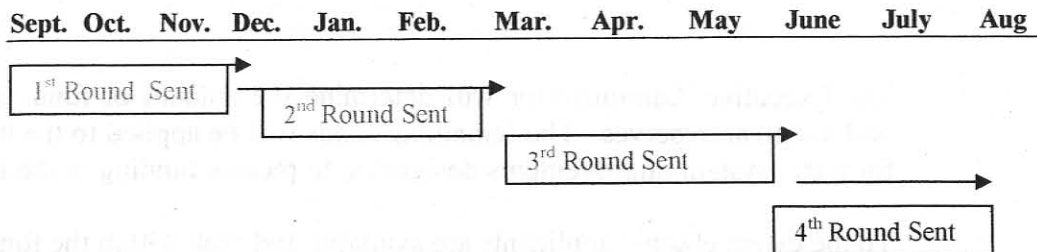
E. Fund Distribution - Funds for Water Systems

After the Executive Administrator has determined the amount of funds available and the Priority Listing is reviewed to ensure small and disadvantaged communities are represented according to Board Rules¹⁴, a "funding line" is established. All applicants within the available amount of funds will be notified and invited to submit applications within three months of the date of the invitation letter. The Board funding cycle reflects the requirements of the Board Rules that refer to a "funding line".

STEP 1 - Establishment of the Board's "Funding Line"

Funding Cycle I: Allows 3 months for the receipt of the application from date of invitation letter and 3 months for commitment (6 months total).

DWSRF IUP Invitation Time Line



The term "funding line" refers to the point on the ranked list where all funds available for loans would be expended. Note that an actual funding "line" does not appear on Table 2 which lists projects in ranking order.

Applications for assistance may be submitted at any time after notification of the availability of funds and will be funded on a first-come, first-served basis. Funds shall be committed to a project designated to receive assistance upon Board approval of the application. The Board funding cycle allows for a maximum of four funding cycles per IUP year with additional "cycles", if a project formally declines and monies become available for the next project(s) in ranked order.

The 'funding line' will be adjusted downward (1) if a project above the line declines or fails to submit a timely application, (2) a potential applicant above the funding line submits written notification that it does not intend to submit an application, (3) in the event that funds remain from FY 2005 to be distributed to the FY 2006 project list or (4) according to the State's allocation of the FY 2006 federal appropriation for the DWSRF program. Also note that each application will be reviewed for project eligibility and, as appropriate, for eligibility for Disadvantaged Communities' subsidies prior to consideration by the Board. Funding applications will be accepted only for projects consistent with the applicant's Intended Use Plan information.

STEP 2 - "Funding Line" Adjustment

The Executive Administrator shall notify such additional potential applicants in writing and will invite the submittal of applications. Potential applicants receiving such notice will be given three months to submit an application and six months from the date of notification to receive a loan commitment.

STEP 3 - Re-Ranking After Six Months

If, six months after the date of notification, all available funds are not committed, the Executive Administrator will return any applications which have not received loan commitments and move all projects for which no applications or incomplete applications were submitted to the bottom of the prioritized list, where they will be placed in priority order. Any funds remaining that exceed the amount needed to fund complete applications will be made available for the next fiscal year (however, at no time will funds available for Disadvantaged Communities exceed thirty per cent of a year's capitalization grant.)

F. Fund Distribution - Source Water Protection Projects¹⁵

After the Executive Administrator has determined the amount of funds available for source water protection projects a line will be drawn not to exceed the funds available for loans for source water protection projects. Projects above the line are eligible for assistance. The Board's Executive Administrator shall notify in writing all applicants above the funding line of the availability of funds and will invite the submittal of applications. All applicants are required to submit applications and to receive funding commitments within six months of notification by the Executive Administrator.

Applications for assistance may be submitted at any time after notification of the availability of funds and will be funded on a first-come, first-served basis. Funds shall be committed to a projected designated to receive assistance upon Board approval of the application.

If funds which have been reserved for source water protection projects are unused after all applicants have been provided an opportunity to submit an application, such funds may be made available for other projects pursuant to §371.21 of the Board rules (relating to Criteria and Methods for Distribution of Funds for Water System Improvements).

G. Funding Shortage

Applications which are ready for scheduling for board action at the time a fund shortage occurs will be presented in order of their priority ranking in accordance with §371.23(g)¹⁶ of the Board rules. Funds will be made available to applicants in priority order until all available funds have been utilized. If a tie for commitment of funding exists among applicants with identical rating scores, the applications will then be funded based on the time of receipt of a complete application for assistance.

To the extent eligible projects are available and rank above the funding line, funds will be made available to projects proposed by private and Community/ Non-community Water Systems. All private and Community/ Non-community Water Systems projects have been ranked and are included on the priority list.

ATTACHMENT A
Sources and Uses of Funds

CONFIDENTIAL
Source and file of bank

**FY 2006 INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND
Statement of Sources and Uses of Capital for Loans**

SOURCES

	Fiscal Year	Federal Grant	State Match	Sub Total	TOTAL
1. Grant Funds & State Match					
	1997 - - 2004	486,325,300	97,265,060	583,590,360	
	2005	63,818,500	12,763,700	76,582,200	
	2006*	<u>63,818,500</u>	<u>12,763,700</u>	<u>76,582,200</u>	
		613,962,300	122,792,460	736,754,760	736,754,760
2. Projected Interest Income from Loans					
Loan Interest (4/28/05)		9,286,350			
3. Principal Repayments (4/28/05)		14,925,000		24,211,350	
4. Investment Earnings		411,407		411,407	
5. Transfer from TCEQ State Management Program Set-asides		3,964,880		3,964,880	
				<u>28,587,637</u>	28,587,637
TOTAL SOURCES					765,342,397

FY 2005 Loan Applications Pending	
Caddo Lake WSC	\$ 220,000
Josephine	1,010,000
Stanton	815,000
Fruitvale WSC	1,110,000
Brazoria	1,000,000
Diboll	5,700,000
E. Cedar Creek	730,000
Pharr	19,340,000
Farmersville	1,885,000
Coleman	1,985,000
Harris Co P1	110,000
E. Tawakoni	1,205,000
Birome WSC	805,000
Aledo	5,765,000
Richland Hills	3,540,000
Nacogdoches	11,520,000
Fort Worth	64,520,000
Surfside Beach	1,910,000
San Juan	1,080,000
TOTAL	\$124,250,000

USES:

1. Set-Asides

A. Texas Commission on Environmental Quality

FY 1997 Source Water Delineation & Assessment	2,500,000	
FY 1998 - 2004 State Management Program	37,981,854	
FY 2002 - 2004 Technical Assistance	4,783,666	
FY 2005 State Program Management	6,381,850	
FY 2005 Technical Assistance	1,276,370	
FY 2006* State Program Management	6,381,850	
FY 2006* Technical Assistance	1,276,370	
		(60,581,960)

B. Texas Water Development Board Program Administration

From FY 1997 - 2004 Grants	13,245,624	
FY 2005	2,552,740	
FY 2006*	2,552,740	(18,351,104)

C. Source Water Protection Projects

FY 1999	5,661,220	
FY 2000	473,780	(6,135,000)

2. Loan Commitments for Water Systems

Commitments through 4/30/05	472,614,941	
FY 2005 Applications Pending	124,250,000	
		(596,864,941)

3. Additional Uses

A. Match/Debt Service Payments			(2,280,706)
Current Principal	1,185,000		
Current Interest	1,095,706		
Total	2,280,706		

B. Estimated Debt Service

Total Uses **(684,213,711)**

Balance Estimated for Loans to FY 2006 Projects for Water Systems **\$52,541,049**

* FY 2006 Grant amount is an estimate based on the President's budget.

THE UNIVERSITY OF TEXAS AT AUSTIN
OFFICE OF THE CHIEF INFORMATION OFFICER

1000 Red River Street, Austin, TX 78701-2001
Phone: 512/475-1234

Item	Description	Quantity	Unit Price	Total Price
1	Office Supplies	100	\$1.00	\$100.00
2	Printing Services	500	\$2.00	\$1,000.00
3	IT Support	200	\$5.00	\$1,000.00
4	Software Licenses	50	\$20.00	\$1,000.00
5	Travel Expenses	10	\$100.00	\$1,000.00
6	Professional Fees	5	\$200.00	\$1,000.00
7	Equipment	10	\$100.00	\$1,000.00
8	Utilities	12	\$83.33	\$1,000.00
9	Insurance	1	\$1,000.00	\$1,000.00
10	Other	1	\$1,000.00	\$1,000.00

Item Description: Office Supplies
Quantity: 100
Unit Price: \$1.00
Total Price: \$100.00

Item Description: Printing Services
Quantity: 500
Unit Price: \$2.00
Total Price: \$1,000.00

Item Description: IT Support
Quantity: 200
Unit Price: \$5.00
Total Price: \$1,000.00

Item Description: Software Licenses
Quantity: 50
Unit Price: \$20.00
Total Price: \$1,000.00

Item Description: Travel Expenses
Quantity: 10
Unit Price: \$100.00
Total Price: \$1,000.00

Item Description: Professional Fees
Quantity: 5
Unit Price: \$200.00
Total Price: \$1,000.00

Item Description: Equipment
Quantity: 10
Unit Price: \$100.00
Total Price: \$1,000.00

Item Description: Utilities
Quantity: 12
Unit Price: \$83.33
Total Price: \$1,000.00

Item Description: Insurance
Quantity: 1
Unit Price: \$1,000.00
Total Price: \$1,000.00

Item Description: Other
Quantity: 1
Unit Price: \$1,000.00
Total Price: \$1,000.00

Item Description: Office Supplies
Quantity: 100
Unit Price: \$1.00
Total Price: \$100.00

Item Description: Printing Services
Quantity: 500
Unit Price: \$2.00
Total Price: \$1,000.00

Item Description: IT Support
Quantity: 200
Unit Price: \$5.00
Total Price: \$1,000.00

Item Description: Software Licenses
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Total Price: \$1,000.00

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Quantity: 100
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Total Price: \$100.00

Item Description: Printing Services
Quantity: 500
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Total Price: \$1,000.00

Item Description: IT Support
Quantity: 200
Unit Price: \$5.00
Total Price: \$1,000.00

Item Description: Software Licenses
Quantity: 50
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Item Description: Insurance
Quantity: 1
Unit Price: \$1,000.00
Total Price: \$1,000.00

Item Description: Other
Quantity: 1
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Total Price: \$1,000.00

Item Description: Office Supplies
Quantity: 100
Unit Price: \$1.00
Total Price: \$100.00

Item Description: Printing Services
Quantity: 500
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Total Price: \$1,000.00

Item Description: IT Support
Quantity: 200
Unit Price: \$5.00
Total Price: \$1,000.00

Item Description: Software Licenses
Quantity: 50
Unit Price: \$20.00
Total Price: \$1,000.00

Item Description: Travel Expenses
Quantity: 10
Unit Price: \$100.00
Total Price: \$1,000.00

Item Description: Professional Fees
Quantity: 5
Unit Price: \$200.00
Total Price: \$1,000.00

Item Description: Equipment
Quantity: 10
Unit Price: \$100.00
Total Price: \$1,000.00

Item Description: Utilities
Quantity: 12
Unit Price: \$83.33
Total Price: \$1,000.00

Item Description: Insurance
Quantity: 1
Unit Price: \$1,000.00
Total Price: \$1,000.00

Item Description: Other
Quantity: 1
Unit Price: \$1,000.00
Total Price: \$1,000.00

Item Description: Office Supplies
Quantity: 100
Unit Price: \$1.00
Total Price: \$100.00

Item Description: Printing Services
Quantity: 500
Unit Price: \$2.00
Total Price: \$1,000.00

Item Description: IT Support
Quantity: 200
Unit Price: \$5.00
Total Price: \$1,000.00

Item Description: Software Licenses
Quantity: 50
Unit Price: \$20.00
Total Price: \$1,000.00

Item Description: Travel Expenses
Quantity: 10
Unit Price: \$100.00
Total Price: \$1,000.00

Item Description: Professional Fees
Quantity: 5
Unit Price: \$200.00
Total Price: \$1,000.00

Item Description: Equipment
Quantity: 10
Unit Price: \$100.00
Total Price: \$1,000.00

Item Description: Utilities
Quantity: 12
Unit Price: \$83.33
Total Price: \$1,000.00

Item Description: Insurance
Quantity: 1
Unit Price: \$1,000.00
Total Price: \$1,000.00

Item Description: Other
Quantity: 1
Unit Price: \$1,000.00
Total Price: \$1,000.00

ATTACHMENT B

Set-Aside Expenditures and Balances

ATTACHMENT B

Final Report on the Investigation of the

DWSRF Set-Aside Expenditures and Balances as of 5/31/05

Grant Year	Grant Amount	Maximum Allowed Administration Set- Aside (4%)	TWDB Administration Unspecified	TWDB Administration Specified	TWDB Administration Expenditures	TWDB Administration Balance
1997	\$ 70,153,800	\$ 2,806,152	\$ -	\$ 2,806,152	\$ 2,806,152	\$ -
1998	\$ 54,014,400	\$ 2,160,576	\$ 2,160,576	\$ -	\$ -	\$ -
1999	\$ 56,612,200	\$ 2,264,488	\$ 103,912	\$ 2,160,576	\$ 2,160,576	\$ -
2000	\$ 58,836,500	\$ 2,353,460	\$ 2,353,460	\$ -	\$ -	\$ -
2001	\$ 59,079,800	\$ 2,363,192	\$ 98,704	\$ 2,264,488	\$ 2,264,488	\$ -
2002	\$ 62,023,700	\$ 2,480,948	\$ 127,488	\$ 2,353,460	\$ 1,337,819	\$ 1,015,641
2003	\$ 61,651,000	\$ 2,466,040	\$ 102,848	\$ 2,363,192	\$ -	\$ 2,363,192
2004	\$ 63,953,900	\$ 2,558,156	\$ 77,208	\$ 2,480,948	\$ -	\$ 2,480,948
2005	\$ 63,818,500	\$ 2,552,740	\$ 86,700	\$ 2,466,040	\$ -	\$ 2,466,040
2006*	\$ 63,818,500	\$ 2,552,740	\$ (5,416)	\$ 2,558,156	\$ -	\$ 2,558,156
Totals	\$ 613,962,300	\$ 24,558,492	\$ 5,105,480	\$ 19,453,012	\$ 8,569,035	\$ 10,883,977

Grant Year	Grant Amount	Maximum Allowed Set- Aside (15%)	TWDB 1452(k) Unspecified	TWDB 1452(k) Specified	TWDB 1452(k) Expenditures	TWDB 1452(k) Balance
1997	\$ 70,153,800	\$ 7,015,380.0	\$ 7,015,380.0			\$ -
1998	\$ 54,014,400	\$ 5,401,440.0	\$ 5,401,440.0			\$ -
1999	\$ 56,612,200	\$ 5,661,220.0	\$ -	\$ 5,661,220	\$ 180,000	\$ 5,481,220
2000	\$ 58,836,500	\$ 5,883,650.0	\$ 5,409,870.0	\$ 473,780		\$ 473,780
2001	\$ 59,079,800	\$ 5,907,980.0	\$ 5,907,980.0			\$ -
2002	\$ 62,023,700	\$ 6,202,370.0	\$ 6,202,370.0			\$ -
2003	\$ 61,651,000	\$ 6,165,100.0	\$ 6,165,100.0			\$ -
2004	\$ 63,953,900	\$ 6,395,390.0	\$ 6,395,390.0			\$ -
2005	\$ 63,818,500	\$ 6,381,850.0	\$ 6,381,850.0			\$ -
2006*	\$ 63,818,500	\$ 6,381,850.0	\$ 6,381,850.0	\$ 3,190,925		\$ 3,190,925
Totals	\$ 613,962,300	\$ 61,396,230.0	\$ 55,261,230.0	\$ 9,325,925	\$ 180,000	\$ 9,145,925

Grant Year	Grant Amount	SPM (10%) Maximum Set Aside	TCEQ SPM Unspecified	TCEQ SPM Specified	TCEQ SPM Expenditures	TCEQ SPM Balance
1997	\$ 70,153,800	\$ 7,015,380	\$ -	\$ -		
1998	\$ 54,014,400	\$ 5,401,440	\$ 526,440	\$ 4,875,000	\$ 4,875,000	\$ -
1999	\$ 56,612,200	\$ 5,661,220	\$ 1,155,488	\$ 4,505,732	\$ 4,505,732	\$ -
2000	\$ 58,836,500	\$ 5,883,650	\$ 1,377,918	\$ 4,505,732	\$ 4,505,732	\$ -
2001	\$ 59,079,800	\$ 5,907,980	\$ 7,980	\$ 5,900,000	\$ 5,747,609	\$ 152,391
2002	\$ 62,023,700	\$ 6,202,370	\$ 302,370	\$ 5,900,000	\$ 4,599,725	\$ 1,300,275
2003	\$ 61,651,000	\$ 6,165,100	\$ 265,100	\$ 5,900,000	\$ 4,232,271	\$ 1,667,729
2004	\$ 63,953,900	\$ 6,395,390	\$ -	\$ 6,395,390	\$ -	\$ 6,395,390
2005	\$ 63,818,500	\$ 6,381,850	\$ -	\$ 6,381,850	\$ -	\$ 6,381,850
2006*	\$ 63,818,500	\$ 6,381,850	\$ -	\$ 6,381,850	\$ -	\$ 6,381,850
Totals	\$ 613,962,300	\$ 61,396,230	\$ 3,635,296	\$ 50,745,554	\$ 28,466,069	\$ 22,279,485

Grant Year	Grant Amount	SSTA Maximum Allowed Set- Aside (2%)	TCEQ SSTA Unspecified	TCEQ SSTA Specified	TCEQ SSTA Expenditures	TCEQ SSTA Balance
1997	\$ 70,153,800	\$ 1,403,076	\$ 1,403,076	\$ -		\$ -
1998	\$ 54,014,400	\$ 1,080,288	\$ 1,080,288	\$ -		\$ -
1999	\$ 56,612,200	\$ 1,132,244	\$ 1,132,244	\$ -		\$ -
2000	\$ 58,836,500	\$ 1,176,730	\$ 1,176,730	\$ -		\$ -
2001	\$ 59,079,800	\$ 1,181,596	\$ 1,181,596	\$ -		\$ -
2002	\$ 62,023,700	\$ 1,240,474	\$ -	\$ 1,240,474	\$ 279,343	\$ 961,131
2003	\$ 61,651,000	\$ 1,233,020	\$ 53,020	\$ 1,180,000		\$ 1,180,000
2004	\$ 63,953,900	\$ 1,279,078	\$ 99,078	\$ 1,180,000		\$ 1,180,000
2005	\$ 63,818,500	\$ 1,276,370	\$ -	\$ 1,276,370		\$ 1,276,370
2006*	\$ 63,818,500	\$ 1,276,370	\$ -	\$ 1,276,370		\$ 1,276,370
Totals	\$ 613,962,300	\$ 12,279,246	\$ 6,126,032	\$ 6,153,214	\$ 279,343	\$ 5,873,871

TABLE 1

Alphabetical Listing of All Projects Received

Drinking Water State Revolving Fund

FY 2006 Intended Use Plan

Table 1 - Revised June 30, 2005

Alphabetical Listing of all Projects

RANK	Entity	Disadvantaged	Consolidation	SWP	Loan Amount	Population	Owner Type	Combined Factor	Description	Projected Start Date	County
27	Ackerly WSC				\$100,000	230	W	3.38	Treatment to address arsenic.	3/1/2006	Dawson
31	Avery	X			\$410,000	777	M	2.25	Pump station & distribution improvements to address pressure deficiency.	10/1/2007	Red River
55	Brazoria				\$1,000,000	3,849	M	0.25	Distribution improvements to address pressure deficiencies.	1/1/2007	Brazoria
20	Caney Creek MUD		X		\$1,370,000	3,000	D	2.25	Service extension and infrastructure replacement	12/1/2005	Matagorda
3	Cisco	X			\$2,770,000	3,890	M	12.88	Treatment plant, storage tank & distribution improvements to address disinfection by-product violations, pressure deficiencies & inadequate Disinfection.	2/1/2007	Eastland
15	Cockrell Hill				\$1,875,000	4,443	M	7.25	New elevated storage & distribution improvements to address microbiological violations, pressure deficiency & water loss.	4/1/2006	Dallas
30	Coleman	X	X		\$2,100,000	5,127	M	2.7	New Transmission Line	9/1/2007	Coleman
62	Combined Consumers SUD				\$920,000	8,730	D	0	Treatment plant & distribution plant improvements.	6/1/2006	Hunt
50	Commerce	X	X		\$1,800,000	7,791	M	0.9	Distribution improvements to address water loss & wholesale capacity.	10/1/2007	Hunt
28	Cottonwood Shores				\$2,250,000	877	M	3.37	New wells & treatment plant improvements to address disinfection by-products.	1/1/2006	Burnet
29	Danny Boy Mobile Home Park				\$95,000	69	P	2.93	Interconnect with alternate water supply to address arsenic, iron & manganese.		El Paso
40	Diboll	X			\$6,500,000	5,145	M	1.25	New well field to address production deficiency.	11/1/2006	Angelina
34	Donna	X			\$1,385,000	15,000	M	2	New elevated storage & distribution improvements to address pressure deficiencies.	1/1/2006	Hidalgo
5	Duval Co CRD	X			\$1,805,000	1,978	D	11.52	New Filtration System	9/1/2005	Duval
26	East Tawakoni				\$1,370,000	775	M	3.85	New Elevated Tank	4/1/2007	Rains
14	Edgewood	X			\$585,000	1,420	M	7.47	Treatment plant improvements to address disinfection by-product violations & new elevated storage tank.	10/1/2007	Van Zandt
16	El Paso Co Tornillo WID	X			\$455,000	3,176	D	6.41	Treatment to address arsenic & iron.	9/1/2005	El Paso
2	Emory		X		\$12,295,000	2,661	M	19.23	New water treatment plant, new elevated storage tank & distribution improvements to address pressure deficiencies & water loss.	4/1/2007	Rains
41	Farmersville		X		\$2,045,000	3,744	M	1.13	New pump station, new elevated storage tank & distribution improvements to address production & disinfection deficiencies.	10/1/2007	Collin
12	Flatonia	X			\$660,000	2,200	M	8.05	Treatment to address arsenic violations & emergency power to address pressure deficiency.	8/1/2008	Fayette
23	G&W WSC				\$195,000	978	W	4.16	Treatment to address arsenic violation.		Grimes
51	Golden WSC				\$820,000	2,907	W	0.38	Distribution improvements to address pressure deficiencies.	4/1/2007	Wood
53	Greater Texoma UA - Val Alstyne				\$3,120,000	2,565	D	0.25	Interconnection, new pump station & distribution improvements to address flouride SMCL.	10/1/2007	Grayson
6	Groesbeck	X			\$1,025,000	4,400	M	11.17	Treatment plant improvements to address disinfection by-product violations.	6/1/2006	Limestone
60	Hidalgo Co MUD # 1				\$5,870,000	4,800	D	0	Treatment plant & distribution improvements.	1/1/2006	Hidalgo
17	Jim Wells Co FWSD # 1	X			\$565,000	1,557	D	6.22	New Filtration System	6/1/2005	Jim Wells
48	Jonah Water SUD				\$8,000,000	12,282	D	1	Interconnection to address flouride & pressure deficiencies.	1/1/2006	Williamson
61	Kaufman				\$615,000	6,450	M	0	Refrubish storage tank.	3/1/2006	Kaufman

Drinking Water State Revolving Fund

FY 2006 Intended Use Plan

Table 1 - Revised June 30, 2005

Alphabetical Listing of all Projects

RANK	Entity	Disadvantaged	Consolidation	SWP	Loan Amount	Population	Owner Type	Combined Factor	Description	Projected Start Date	County
37	King Creek WSC				\$535,000	231	W	1.25	New well, disinfection, storage, booster pumps, pressure tank & distribution improvements to address pressure & production deficiencies.	4/1/2006	Bosque
32	Kosse	X			\$1,020,000	505	M	2	New well to address pressure deficiencies.	6/1/2006	Limestone
10	Lake Livingston WSSSC		X		\$7,985,000	5,289	W	8.72	Distribution System Rehabilitation	2/1/2007	Polk
42	Lamar WSC				\$305,000	600	W	1	Rehabilitate disinfection equipment to address disinfection deficiency.	3/1/2006	Aransas
38	Lee Co FWSD I				\$1,050,000	400	P	1.25	Distribution improvements to address pressure deficiency and water loss.		Lee
8	Loop WSC				\$425,000	350	W	9.82	New well & reverse osmosis treatment to address arsenic & fluoride violations.	7/1/2005	Gaines
35	Los Fresnos	X			\$10,325,000	4,509	M	1.5	Plant Expansion	3/1/2006	Cameron
9	Lyford	X			\$10,430,000	2,133	M	9.56	Treatment plant & distribution improvements to address disinfection by-product violations & water loss.	1/1/2007	Willacy
39	Malakoff	X			\$525,000	2,405	M	1.25	Distribution improvements to address water loss.	10/1/2007	Henderson
13	Marlin	X			\$12,600,000	6,600	M	8	Elevated Storage Tank, New Mains	7/1/2006	Falls
7	Midland				\$35,320,000	98,045	M	10.54	Treatment plant improvements to address Arsenic, chloride and TDS violations.	1/1/2007	Midland
44	Montgomery Co MUD # 15				\$1,315,000	1,410	D	1	Distribution improvements to address pressure deficiencies.	1/1/2006	Montgomery
59	Montgomery Co UD # 4				\$1,640,000	3,309	D	0	Pump station improvements.	1/1/2006	Montgomery
63	Nacogdoches		X		\$11,460,000	29,914	M	0	Pump station, ground storage & distribution improvements.	1/1/2007	Nacogdoches
56	New Caney MUD				\$2,445,000	8,823	D	0.25	Distribution improvements to address pressure deficiencies.	3/1/2006	Montgomery
43	Point	X			\$1,095,000	971	M	1	New ground storage & distribution improvements.	4/1/2007	Rains
22	Point Comfort				\$2,010,000	1,296	M	4.35	Distribution improvements to address pressure deficiency.	5/1/2005	Calhoun
54	Possum Kingdom WSC				\$1,625,000	3,605	W	0.25	Treatment plant expansion to address production deficiency.	11/1/2006	Palo Pinto
64	Reno				\$505,000	2,767	M	0	Distribution improvements.	10/1/2007	Lamar
19	Ricardo WSC		X		\$2,295,000	2,200	W	5.95	New transmission line to address disinfection by-product violations.	1/1/2007	Kleberg
1	Richland SUD	X			\$5,745,000	764	D	25.19	New transmission and storage to address radionuclide violations.		McCulloch
24	Rio Grande City	X	X		\$29,125,000	12,990	M	4.13	New treatment plant & distribution improvements to address production deficiencies & water loss.	10/1/2005	Starr
49	Round Rock				\$11,235,000	77,104	M	1	Transmission & distribution improvements to address pressure deficiencies.	12/1/2005	Williamson
47	Stanton	X			\$935,000	2,556	M	1	Water treatment plant improvements.	9/1/2005	Martin
21	Suburban MHP 2				\$99,000	120	P	4.36	New well or interconnection to address radionuclide violations.	3/1/2005	Harris
58	Timberlane Water System Inc				\$70,000	120	P	0	New well, new storage tank & pump station improvements		Sabine
52	Trenton				\$1,885,000	655	M	0.25	Distribution improvements to address water loss.	5/1/2007	Fannin
45	Upper Leon River MWD	X			\$3,166,000	1,800	D	1	Treatment plant & distribution improvements.	7/1/2007	Comanche
46	Victoria Co WCID # 1				\$2,515,000	2,223	D	1	Emergency power & distribution improvements to address pressure deficiencies.	7/1/2006	Victoria
36	Water Association of Northlake				\$100,000	66	P	1.25	Well, pump station, and distribution improvements to address pressure & production deficiencies.	3/1/2005	Denton

Drinking Water State Revolving Fund

FY 2006 Intended Use Plan

Table 1 - Revised June 30, 2005

Alphabetical Listing of all Projects

RANK	Entity	Disadvantaged	Consolidation	SVP	Loan Amount	Population	Owner Type	Combined Factor	Description	Projected Start Date	County
57	Weatherford		X		\$30,525,000	21,900	M	0.25	Treatment plant expansion to address production deficiency.	6/1/2005	Parker
33	Winnsboro	X			\$1,290,000	3,589	M	2	Distribution improvements to address pressure deficiency.	6/1/2007	Wood
4	Wolfe City	X			\$2,120,000	1,689	M	12.53	New water treatment plant to address microbiological & disinfection by-product violations.	10/1/2007	Hunt
18	Woodsboro				\$525,000	1,750	M	5.97	Blending & treatment to address arsenic, chloride & TDS.	6/1/2006	Refugio
25	Wortham	X			\$1,000,000	1,080	M	4.08	Treatment plant improvements to address disinfection by-product violations.	6/1/2006	Freestone
11	Zapata County Water Works	X			\$14,826,000	8,889	C	8.18	Treatment plant expansion & distribution improvements to address disinfection by-products & pressure deficiencies.	1/1/2006	Zapata
					\$272,071,000						

Drinking Water State Revolving Fund

FY 2006 Intended Use Plan

Table 1 a

Alphabetical Listing of Ineligible Projects

Blueberry Hills MHE						255		0.25	Distribution improvements to address pressure deficiency. / No Engineer seal		
Brazoria Co Detention Center					\$105,000	1,160	C	9.96	Blending project to address arsenic. / No Engineer seal		
Country Villa MHC						70		4.82	Incomplete form		
Grassland WSC						75		9.77	No cost estimate / no disadvantaged funding sheet		
Levelland						12,866		1	Interconnection & pump station improvements to address chloride, sulfate, TDS, iron & manganese. / No engineer seal.		
PB & SC WSC						1,977		0	No project estimate / no project description.		
Tepoa WS									No project estimate		
TX Ent						30		7.48	No project estimate		
West End WSC						2,010		4.96	Arsenic filtration to address arsenic violation. / no Engineer seal		

Table 1
 Description of the study
 (continued)

Study	Year	Location	Sample size (n)	Age range (years)	Gender	Study design	Outcome
1	2010	USA	100	18-25	Male	Experimental	...
2	2011	USA	150	18-30	Male	Experimental	...
3	2012	USA	200	18-35	Male	Experimental	...
4	2013	USA	250	18-40	Male	Experimental	...
5	2014	USA	300	18-45	Male	Experimental	...
6	2015	USA	350	18-50	Male	Experimental	...
7	2016	USA	400	18-55	Male	Experimental	...
8	2017	USA	450	18-60	Male	Experimental	...
9	2018	USA	500	18-65	Male	Experimental	...
10	2019	USA	550	18-70	Male	Experimental	...
11	2020	USA	600	18-75	Male	Experimental	...

The following text describes the methodology and results of the study. It details the experimental procedures, the data collection process, and the statistical analysis performed. The study aims to investigate the effects of the intervention on the target population.

The study was conducted over a period of 10 years, from 2010 to 2020. The participants were recruited from various sources, including universities, community centers, and online platforms. The sample size increased over time, starting from 100 in 2010 and reaching 600 in 2020. The age range of the participants also expanded, from 18-25 years in 2010 to 18-75 years in 2020.

The experimental design involved a series of controlled conditions. Each year, the participants were subjected to a specific intervention, and their responses were recorded. The data was then analyzed using statistical methods to determine the significance of the findings.

The results of the study indicate a positive correlation between the intervention and the outcome. As the sample size and age range increased, the effectiveness of the intervention also improved. These findings suggest that the intervention is beneficial for a wider range of individuals.

In conclusion, the study provides valuable insights into the effects of the intervention. The consistent results over the 10-year period support the hypothesis that the intervention has a positive impact on the target population.

TABLE 2

Ranked List of Eligible Construction Projects

TABLE 1

Ranked List of Eligible Countries and Regions

Drinking Water State Revolving Fund

FY 2006 Intended Use Plan

Table 2 - Revised June 30, 2005

Ranking List of all Projects

RANK	Entity	Disadvantaged Consolidation SWP	Loan Amount	Population	Owner Type	Combined Factor	Description	Projected Start Date	County
1	Richland SUD	X	\$5,745,000	764	D	25.19	New transmission and storage to address radionuclide violations.		McCulloch
2	Emory	X	\$12,295,000	2,661	M	19.23	New water treatment plant, new elevated storage tank & distribution improvements to address pressure deficiencies & water loss.	4/1/2007	Rains
3	Cisco	X	\$2,770,000	3,890	M	12.88	Treatment plant, storage tank & distribution improvements to address disinfection by-product violations, pressure deficiencies & inadequate Disinfection.	2/1/2007	Eastland
4	Wolfe City	X	\$2,120,000	1,689	M	12.53	New water treatment plant to address microbiological & disinfection by-production violations.	10/1/2007	Hunt
5	Duval Co CRD	X	\$1,805,000	1,978	D	11.52	New Filtration System	9/1/2005	Duval
6	Groesbeck	X	\$1,025,000	4,400	M	11.17	Treatment plant improvements to address disinfection by-product violations.	6/1/2006	Limestone
7	Midland		\$35,320,000	98,045	M	10.54	Treatment plant improvements to address Arsenic, chloride and TDS violations.	1/1/2007	Midland
8	Loop WSC		\$425,000	350	W	9.82	New well & reverse osmosis treatment to address arsenic & fluoride violations.	7/1/2005	Gaines
9	Lyford	X	\$10,430,000	2,133	M	9.56	Treatment plant & distribution improvements to address disinfection by-product violations & water loss.	1/1/2007	Willacy
10	Lake Livingston WSSSC	X	\$7,985,000	5,289	W	8.72	Distribution System Rehabilitation	2/1/2007	Polk
11	Zapata County Water Works	X	\$14,826,000	8,889	C	8.18	Treatment plant expansion & distribution improvements to address disinfection by-products & pressure deficiencies.	1/1/2006	Zapata
12	Flatonia	X	\$660,000	2,200	M	8.05	Treatment to address arsenic violations & emergency power to address pressure deficiency.	8/1/2008	Fayette
13	Marlin	X	\$12,600,000	6,600	M	8	Elevated Storage Tank, New Mains	7/1/2006	Falls
14	Edgewood	X	\$585,000	1,420	M	7.47	Treatment plant improvements to address disinfection by-product violations & new elevated storage tank.	10/1/2007	Van Zandt
15	Cockrell Hill		\$1,875,000	4,443	M	7.25	New elevated storage & distribution improvements to address microbiological violations, pressure deficiency & water loss.	4/1/2006	Dallas
16	El Paso Co Tornillo WID	X	\$455,000	3,176	D	6.41	Treatment to address arsenic & iron.	9/1/2005	El Paso
17	Jim Wells Co FWSD # 1	X	\$565,000	1,557	D	6.22	New Filtration System	6/1/2005	Jim Wells
18	Woodsboro		\$525,000	1,750	M	5.97	Blending & treatment to address arsenic, chloride & TDS.	6/1/2006	Refugio
19	Ricardo WSC	X	\$2,295,000	2,200	W	5.95	New transmission line to address disinfection by-product violations.	1/1/2007	Kleberg
20	Caney Creek MUD	X	\$1,370,000	3,000	D	4.5	Service extension and infrastructure replacement	12/1/2005	Matagorda
21	Suburban MHP 2		\$99,000	120	P	4.36	New well or interconnection to address radionuclide violations.	3/1/2005	Harris

Drinking Water State Revolving Fund

FY 2006 Intended Use Plan

Table 2 - Revised June 30, 2005

Ranking List of all Projects

RANK	Entity	Disadvantaged	Consolidation	SWP	Loan Amount	Population	Owner Type	Combined Factor	Description	Projected Start Date	County
22	Point Comfort				\$2,010,000	1,296	M	4.35	Distribution improvements to address pressure deficiency.	5/1/2005	Calhoun
23	G&W WSC				\$195,000	978	W	4.16	Treatment to address arsenic violation.		Grimes
24	Rio Grande City	X	X		\$29,125,000	12,990	M	4.13	New treatment plant & distribution improvements to address production deficiencies & water loss.	10/1/2005	Starr
25	Wortham	X			\$1,000,000	1,080	M	4.08	Treatment plant improvements to address disinfection by-product violations.	6/1/2006	Freestone
26	East Tawakoni				\$1,370,000	775	M	3.85	New Elevated Tank	4/1/2007	Rains
27	Ackerly WSC				\$100,000	230	W	3.38	Treatment to address arsenic.	3/1/2006	Dawson
28	Cottonwood Shores				\$2,250,000	877	M	3.37	New wells & treatment plant improvements to address disinfection by-products.	1/1/2006	Burnet
29	Danny Boy Mobile Home Park				\$95,000	69	P	2.93	Interconnect with alternate water supply to address arsenic, iron & manganese.		El Paso
30	Coleman	X	X		\$2,100,000	5,127	M	2.7	New Transmission Line	9/1/2007	Coleman
31	Avery	X			\$410,000	777	M	2.25	Pump station & distribution improvements to address pressure deficiency.	10/1/2007	Red River
32	Kosse	X			\$1,020,000	505	M	2	New well to address pressure deficiencies.	6/1/2006	Limestone
33	Winnsboro	X			\$1,290,000	3,589	M	2	Distribution improvements to address pressure deficiency.	6/1/2007	Wood
34	Donna	X			\$1,385,000	15,000	M	2	New elevated storage & distribution improvements to address pressure deficiencies.	1/1/2006	Hidalgo
35	Los Fresnos	X			\$10,325,000	4,509	M	1.5	Plant Expansion	3/1/2006	Cameron
36	Water Association of Northlake				\$100,000	66	P	1.25	Well, pump station, and distribution improvements to address pressure & production deficiencies.	3/1/2005	Denton
37	King Creek WSC				\$535,000	231	W	1.25	New well, disinfection, storage, booster pumps, pressure tank & distribution improvements to address pressure & production deficiencies.	4/1/2006	Bosque
38	Lee Co FWSD 1				\$1,050,000	400	P	1.25	Distribution improvements to address pressure deficiency and water loss.		Lee
39	Malakoff	X			\$525,000	2,405	M	1.25	Distribution improvements to address water loss.	10/1/2007	Henderson
40	Diboll	X			\$6,500,000	5,145	M	1.25	New well field to address production deficiency.	11/1/2006	Angelina
41	Farmersville		X		\$2,045,000	3,744	M	1.13	New pump station, new elevated storage tank & distribution improvements to address production & disinfection deficiencies.	10/1/2007	Collin
42	Lamar WSC				\$305,000	600	W	1	Rehabilitate disinfection equipment to address disinfection deficiency.	3/1/2006	Aransas
43	Point	X			\$1,095,000	971	M	1	New ground storage & distribution improvements.	4/1/2007	Rains
44	Montgomery Co MUD # 15				\$1,315,000	1,410	D	1	Distribution improvements to address pressure deficiencies.	1/1/2006	Montgomery
45	Upper Leon River MWD	X			\$3,166,000	1,800	D	1	Treatment plant & distribution improvements.	7/1/2007	Comanche

Drinking Water State Revolving Fund

FY 2006 Intended Use Plan

Table 2 - Revised June 30, 2005

Ranking List of all Projects

RANK	Entity	Disadvantaged Consolidation SWP	Loan Amount	Population	Owner Type	Combined Factor	Description	Projected Start Date	County
46	Victoria Co WCID # 1		\$2,515,000	2,223	D	1	Emergency power & distribution improvements to address pressure deficiencies.	7/1/2006	Victoria
47	Stanton	X	\$935,000	2,556	M	1	Water treatment plant improvements.	9/1/2005	Martin
48	Jonah Water SUD		\$8,000,000	12,282	D	1	Interconnection to address flouride & pressure deficiencies.	1/1/2006	Williamson
49	Round Rock		\$11,235,000	77,104	M	1	Transmission & distribution improvements to address pressure deficiencies.	12/1/2005	Williamson
50	Commerce	X X	\$1,800,000	7,791	M	0.9	Distribution improvements to address water loss & wholesale capacity.	10/1/2007	Hunt
51	Golden WSC		\$820,000	2,907	W	0.38	Distribution improvements to address pressure deficiencies.	4/1/2007	Wood
52	Trenton		\$1,885,000	655	M	0.25	Distribution improvements to address water loss.	5/1/2007	Fannin
53	Greater Texoma UA - Val Alstyne		\$3,120,000	2,565	D	0.25	Interconnection, new pump station & distribution improvements to address flouride SMCL.	10/1/2007	Grayson
54	Possum Kingdom WSC		\$1,625,000	3,605	W	0.25	Treatment plant expansion to address production deficiency.	11/1/2006	Palo Pinto
55	Brazoria		\$1,000,000	3,849	M	0.25	Distribution improvements to address pressure deficiencies.	1/1/2007	Brazoria
56	New Caney MUD		\$2,445,000	8,823	D	0.25	Distribution improvements to address pressure deficiencies.	3/1/2006	Montgomery
57	Weatherford	X	\$30,525,000	21,900	M	0.25	Treatment plant expansion to address production deficiency.	6/1/2005	Parker
58	Timberlane Water System Inc		\$70,000	120	P	0	New well, new storage tank & pump station improvements		Sabine
59	Montgomery Co UD # 4		\$1,640,000	3,309	D	0	Pump station improvements.	1/1/2006	Montgomery
60	Hidalgo Co MUD # 1		\$5,870,000	4,800	D	0	Treatment plant & distribution improvements.	1/1/2006	Hidalgo
61	Kaufman		\$615,000	6,450	M	0	Refrubish storage tank.	3/1/2006	Kaufman
62	Combined Consumers SUD		\$920,000	8,730	D	0	Treatment plant & distribution plant improvements.	6/1/2006	Hunt
63	Nacogdoches	X	\$11,460,000	29,914	M	0	Pump station, ground storage & distribution improvements.	1/1/2007	Nacogdoches
64	Reno		\$505,000	2,767	M	0	Distribution improvements.	10/1/2007	Lamar
			\$272,071,000						

Inventory of the U.S. National Archives
1900-1909
List of Documents

Document Number	Description	Date	Location
100-100001	[Faint text]	1900	[Faint text]
100-100002	[Faint text]	1901	[Faint text]
100-100003	[Faint text]	1902	[Faint text]
100-100004	[Faint text]	1903	[Faint text]
100-100005	[Faint text]	1904	[Faint text]
100-100006	[Faint text]	1905	[Faint text]
100-100007	[Faint text]	1906	[Faint text]
100-100008	[Faint text]	1907	[Faint text]
100-100009	[Faint text]	1908	[Faint text]
100-100010	[Faint text]	1909	[Faint text]

APPENDIX A
Priority Guidance

ALBERT
GROTH

FY 2006
Texas Public Drinking Water SRF Priority Guidance

Combined Rating Factor

Health and Compliance Factors

Primary Compliance Factors

Microbiological Factors **(TCV=s)+(ACV=s)+(TT)-1**

The sum of the total coliform MCL violations, acute coliform MCL violations, and the treatment technique violations (including all exceedances of the 0.5 NTU standard), disregarding one violation.

Chronic Chemical **Result/MCL**

The compliance result above the MCL for any chronic exposure chemical, divided by the MCL level.

Acute Chemical **(Result/MCL) X 3**

Three times the compliance result above the MCL for Nitrate or Nitrite, Divided by the MCL level.

Carcinogen **(Result/MCL) X 2**

Two times the compliance result above the MCL for any carcinogenic chemical, divided by the MCL level.

Lead / Copper **(Greater of (Pb90/0.015) or (Cu90/1.3)) X 2**

Two times the greater of The 90th percentile lead level divided by the lead action level or the 90th percentile copper level divided by the copper action level.

Filtration **12 points**

12 points awarded to any system with one or more sources identified as surface water or groundwater under the direct influence of surface water for which no filtration is provided.

Population Factor

Population	Factor
0-100	0
101-1,000	1
1,001-10,000	2
10,001-100,000	3
100,001-	4

The population factor should be added to the sum of the other Primary compliance factors to determine the overall compliance rating.

Secondary Compliance Factors

Secondary Chemical **(Result/MCL) X 0.5**

One half the compliance result above the MCL for any secondary chemical violation for sulfate, chloride, and total dissolved solids, divided by the MCL level. (Max of 1 pt.)

Physical Deficiency Factor

A rating based on the confirmed existence of physical deficiencies within the water system. This rating will be used to prioritize systems with no other Health and Compliance Factors or Affordability Factors.

Deficiency	pts	Deficiency	pts
Pressure <20 psi	1.0	Production <85%	.25
No disinfection	1.0	Storage < 85%	.25
Pressure >20 & <35 psi	.20	Water Loss >25%	.25
Other Secondary MCLs	.20		

Consolidation Factor

Sum of all factors for each system which will be consolidated.

One half the sum of all factors for each system which will be provided wholesale water.

Tie Breaker

Equal Combined rating factors will be ranked in descending order according to population

SOURCE WATER PROTECTION SRF PRIORITY GUIDANCE

SYSTEM VULNERABILITY - 6 points

Ground Water - The well is vulnerable if there is insufficient thickness of clay or similar earth materials between the ground surface and top of the water producing aquifer. Geologic protection is defined as the presence of one layer of clay 30 feet thick or thicker or the presence of thinner clay layers whose cumulative thickness is 100 feet thick or thicker. Other criteria which will be considered in determining vulnerability include Nitrate (N) > 2 mg/l, selected vulnerable aquifer (aquifers with rapid flow), and confirmed organic chemical detection. These definitions were created for and are used in the Waiver Program for Phases II and V National Primary Drinking Water Regulations. This program was approved by ISOPIA. All community and non transient/non community public water systems have been evaluated using these criteria.

Surface Water - All surface water in Texas is obtained through water flowing within watersheds. A watershed is defined as the contributing area of water to a surface water body such as a river or reservoir. Some watersheds in Texas are enormous. Watersheds of this size can only be addressed with gross, regional recommendations for source water protection. Smaller watersheds will be awarded higher points because source water protection efforts can be more effectively focused. Small watersheds where individual landowners and businesses can be contacted and convinced that their efforts may have a direct impact to the drinking water quality of a specified water system are ideal source water protection candidates. A small watershed is defined as approximately 20 square miles or less with known geographic limits plotted on USGS 7.5 minute topographic maps. Additional points may be awarded to those systems who have confirmed organic chemical detections.

Ability to Implement Best Management Practices - 3 points

Two points will be awarded to systems who have the ability and authority to implement land use controls including but not limited to ordinances and land acquisition. One point will be awarded to those systems who have the ability to implement other non-land use controls such as public education, contingency planning, and conducting toxic and/or hazardous waste collection events. One point will be awarded to those systems who plug abandoned wells within the delineated source water protection area. For those systems who have confirmed siting and/or well construction problems listed on the most recent TCEQ sanitary survey, one point may be awarded for proposals which will correct these problems.

Affordability Factor (from TWDB) - 1 point

One point if the service area lies within a census tract which average income is 25% less or the unemployment rate is 25% more than the state average.

WATER QUALITY IMPROVEMENT PROJECT - 4 points

The project will be implemented in a phased manner. The first phase will focus on the construction of the treatment plant. This phase is expected to be completed within 18 months. The second phase will involve the installation of the distribution network. This phase is expected to be completed within 24 months. The third phase will involve the implementation of the water conservation program. This phase is expected to be completed within 36 months. The fourth phase will involve the implementation of the public awareness program. This phase is expected to be completed within 48 months.

The project will be implemented in a phased manner. The first phase will focus on the construction of the treatment plant. This phase is expected to be completed within 18 months. The second phase will involve the installation of the distribution network. This phase is expected to be completed within 24 months. The third phase will involve the implementation of the water conservation program. This phase is expected to be completed within 36 months. The fourth phase will involve the implementation of the public awareness program. This phase is expected to be completed within 48 months.

Water Quality Improvement Project - 3 points

The project will be implemented in a phased manner. The first phase will focus on the construction of the treatment plant. This phase is expected to be completed within 18 months. The second phase will involve the installation of the distribution network. This phase is expected to be completed within 24 months. The third phase will involve the implementation of the water conservation program. This phase is expected to be completed within 36 months. The fourth phase will involve the implementation of the public awareness program. This phase is expected to be completed within 48 months.

Water Quality Improvement Project - 1 point

One point for the service area lies within a catchment that is currently experiencing a high unemployment rate is 25% more than the state average.

APPENDIX B

Board Rules Referenced in the Intended Use Plan

APPENDIX B

TABLE B.1. Summary of the findings of the study

**FY 2006 INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND**

Superscript numbers in the text of the Intended Use Plan refer to sections of the Board rules governing the Drinking Water State Revolving Fund. Included in this section is an index showing the superscript numbers and the pertinent sections of the rules. Although it is not cited in the text of the Intended Use Plan, §371.2, Definition of Terms, is included for the purpose of clarifying terms used in the rules.

IUP Page Number	Superscript Number	Rule Cited	Rule Found on Appendix B Page
2	1	§371.21(b)	56
2	2	§371.19	52
4	3	§371.21	56
5	4	§371.52	61
5	5	§371.24(c)	59
5	6	§371.24(e)	59
6	7	§371.13	51
7	8	§371.24(b)(7)	58
8	9	§371.13(a)(4)	51
12	10	§371.20(b)(1)	55
13	11	§371.19	52
13	12	§371.21	56
13	13	§371.21	56
14	14	§371.21(c)	56
15	15	§371.23	57
16	16	§371.23(g)	58

CHAPTER 371
DRINKING WATER STATE REVOLVING FUND
Readopted September 22, 2004 pursuant to Government Code §2001.039
Amended Effective April 4, 2005
SUBCHAPTER A. INTRODUCTORY PROVISIONS
Texas Administrative Code Sections 371.1 - 371.3

These rules are adopted under the authority of Texas Water Code, Sections 6.101 and 15.605, which requires the board to adopt rules necessary to carry out the powers and duties of the board provided by the Texas Water Code.

§371.1. Scope of Rules. These sections, adopted pursuant to the Texas Water Code, §6.101, shall govern applications for financial assistance from the Drinking Water State Revolving Fund (DWSRF).

§371.2. Definitions of Terms. The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Words defined in the Texas Water Code, Chapter 15 and not defined here shall have the meanings provided by Chapter 15.

- (1) Act - The federal Safe Drinking Water Act, as amended 1996, and its subsequent amendments or successor provisions.
- (2) Administrative costs - All reasonable and necessary costs of administering any aspect of the DWSRF program, including administrative costs associated with servicing debt obligations of recipients of DWSRF financial assistance.
- (3) Administrator - The chief officer of the Environmental Protection Agency appointed by the President of the United States.
- (4) Affiliated interest or affiliate -
 - (A) any person or corporation owning or holding directly or indirectly 5.0% or more of the voting securities of an eligible private applicant;
 - (B) any person or corporation in any chain of successive ownership of 5.0% or more of the voting securities of an eligible private applicant;
 - (C) any corporation 5.0% or more of the voting securities of which is owned or controlled directly or indirectly by an eligible private applicant;
 - (D) any corporation 5.0% or more of the voting securities of which is owned or controlled directly or indirectly by any person or corporation that owns or controls directly or indirectly 5.0% or more of the voting securities of any eligible private applicant or by any person or corporation in any chain of successive ownership of 5.0% of those eligible private applicant securities;
 - (E) any person who is an officer or director of an eligible private applicant or of any corporation in any chain of successive ownership of 5.0% or more of voting securities of an eligible private applicant;
 - (F) any person or corporation that the commission, after notice and hearing, determines actually exercises any substantial influence or control over the policies and actions of an eligible private applicant or over which an eligible private applicant exercises such control or that is under common control with an eligible private applicant, such control being the possession directly or indirectly of the power to direct or cause the direction of the management and policies of another, whether that power is established through ownership or voting of securities or by any other direct or indirect means; or
 - (G) any person or corporation that the commission, after notice and hearing, determines is exercising substantial influence over the policies and action of the eligible private applicant in conjunction with one or more persons or corporations with which they are related by ownership or blood relationship, or by action in concert, that together they are affiliated within the meaning of this section, even though no one of them alone is so affiliated.
- (5) Applicant - An eligible NPNC, public, or private applicant which files an application with the board for financial assistance or associated actions.
- (6) Application for assistance - All the information required for submittal in: §371.32 of this title (relating to Required Application Information), §371.35 of this title (relating to Required Environmental Review and Determinations), §371.36 of this title (relating to Required DWSRF Engineering Feasibility Report), and §371.37 (relating to Required Water Conservation Plan), or §371.38 of this title (relating to Pre-Design Funding Option) for those applicants choosing the pre-design funding option.

- (7) Authorized representative - The signatory agent of the applicant authorized and directed by the applicant's governing body to make application for assistance and to sign documents required to undertake and complete the project, on behalf of the applicant.
- (8) Board - The Texas Water Development Board.
- (9) Bonds - All bonds, notes, certificates, book-entry obligations, and other obligations issued or authorized to be issued by any political subdivision.
- (10) Building - The erection, acquisition, alteration, remodeling, improvement or extension of a water project.
- (11) Capitalization grant - Federal grant assistance awarded to the state for capitalization of the Drinking Water State Revolving Fund.
- (12) Closing - The time at which the requirements for loan closing have been completed pursuant to §371.71 of this title (relating to Loan Closing) and an exchange of debt for funds to either the applicant, an escrow agent bank, or a trust agent has occurred.
- (13) Commission - The Texas Commission on Environmental Quality.
- (14) Commitment - An action of the board evidenced by a resolution approving a request for financial assistance from the fund.
- (15) Community water system - A public water system that:
- (A) serves at least 15 service connections used by year-round residents of the area served by the system; or
 - (B) regularly serves at least 25 year-round residents.
- (16) Consolidation - Any one of the following activities:
- (A) a public water system acquiring another public water system;
 - (B) a public water system providing retail service to another public water system;
 - (C) a public water system providing wholesale service, which may include operation of the system, to another public water system; or
 - (D) an applicant owning two or more water systems that are not physically interconnected.
- (17) Construction - Any one or more of the following activities:
- (A) preliminary planning to determine the feasibility of a water project;
 - (B) engineering, architectural, environmental, legal, title, fiscal, and economic or other pertinent studies;
 - (C) surveys, designs, plans, working drawings, specifications, procedures;
 - (D) building or the inspection or supervision thereof; and
 - (E) activities authorized under §371.14 of this title (relating to Other Authorized Activities).
- (18) Construction fund - A dedicated source of funds, created and maintained by the applicant at an official depository, or a designated depository approved by the executive administrator, used solely for the purposes of construction of a project as approved by the board.
- (19) Contaminant - Any physical, chemical, biological, or radiological substance or matter in water.
- (20) Contract documents - The engineering description of the project including engineering drawings, maps, technical specifications, design reports, instructions and other contract conditions and forms that are in sufficient detail to allow contractors to bid on the work.
- (21) Corporation - A nonprofit water supply corporation created and operating under Texas Water Code Chapter 67.
- (22) Cost-effectiveness determination - A determination based on engineering, environmental, and financial analyses that a proposed project or component part will result in the minimum total monetary (resources) costs over time, but without overriding adverse social, economic and environmental considerations.
- (23) Debt - All bonds issued or to be issued by any political subdivision.

- (24) Delivery - The time at which payment is made by the board to the loan recipient against the purchase price of the loan recipient's debt and at which the board takes possession of the instruments evidencing the loan recipient's debt. Delivery may occur simultaneously with a release of funds, or without release of funds pursuant to an escrow agreement.
- (25) DWSRF - Drinking Water State Revolving Fund, a program of financial assistance administered by the board for water projects pursuant to the Act and Texas Water Code, Chapter 15.
- (26) Eligible applicant - A collective reference to NPNC, private, and public applicants.
- (27) Eligible NPNC applicant - A nonprofit organization that operates a public water system that is not a community water supply system.
- (28) Eligible private applicant - Any legal entity that owns and operates a community water system that is not an eligible public applicant or a nonprofit organization as those terms are defined herein.
- (29) Eligible public applicant - A political subdivision as defined pursuant to Texas Water Code, Chapter 15.
- (30) Environmental determination - A finding by the executive administrator regarding the potential environmental impacts of a proposed project and describing what mitigative measures, if any, the applicant will be required to implement as a condition of financial assistance.
- (31) Environmental information document - A written analysis prepared by the applicant describing the potential environmental impacts of a proposed project, sufficient in scope to enable the executive administrator to prepare an environmental assessment to allow an environmental determination to be made by the executive administrator.
- (32) Environmental review - The process whereby an evaluation is undertaken by the board, consistent with the National Environmental Policy Act and other federal, state, and local laws and requirements, to determine whether a proposed project may have significant impacts on the environment and therefore require the preparation of an environmental impact statement, as detailed in §371.35 of this title (relating to Required Environmental Review and Determinations).
- (33) EPA - The Environmental Protection Agency.
- (34) Escrow - The transfer of funds to a custodian of the funds which will act as the escrow agent or trust agent.
- (35) Escrow agent - The third party appointed to hold the funds which are not eligible for release to the loan recipient.
- (36) Escrow agent bank - The financial institution which has been appointed to hold the funds which are not eligible for release to the loan recipient.
- (37) Executive administrator - The executive administrator of the board or a designated representative.
- (38) Financial assistance - Loans by the board from the DWSRF to eligible applicants.
- (39) Fund - The DWSRF created pursuant to the Texas Water Code, Subchapter J, Chapter 15.
- (40) Funding year - The particular federal fiscal year (October 1 - September 30) for which funds are made available to the DWSRF.
- (41) Intended use plan - A plan identifying the intended uses of the amount of funds available through the DWSRF for financial assistance and administrative costs for each fiscal year as described in the Act, §1452.
- (42) Lending rate - Interest rate assessed to loan applicants for loans through the DWSRF.
- (43) Market interest rates - Interest rates comparable to those attained for municipal securities in an open market offering.
- (44) Municipality - A city, town, or other public body created by or pursuant to State law, or an Indian Tribe.

- (45) Nonprofit organization - Any legal entity that is recognized as a tax exempt organization by the Texas Comptroller of Public Accounts pursuant to 34 Texas Administrative Code, Chapter 3, Subchapter O.
- (46) Nonprofit noncommunity (NPNC) water system - A public water system that is not a community water system and that is owned and operated by a nonprofit organization.
- (47) Population - That number of people who reside within the territorial boundaries of or receive wholesale or retail water service from the applicant based upon data that is acceptable to the executive administrator and which includes the following:
- (A) information in the DWSRF engineering feasibility report or latest official census for an incorporated city; or
 - (B) information on the population for which the project is designed, where the applicant is not an incorporated city or town.
- (48) Pre-design commitment - A commitment by the board prior to completion of planning or design pursuant to §371.38 of this title (relating to Pre-Design Funding Option).
- (49) Primary drinking water regulation - A regulation promulgated by EPA which:
- (A) applies to public water systems;
 - (B) specifies contaminants which, in the judgment of the administrator, may have any adverse effect on the health of persons;
 - (C) specifies for each such contaminant either:
 - (i) a maximum contaminant level, if, in the judgment of the administrator, it is economically and technologically feasible to ascertain the level of such contaminant in water in public water systems, or
 - (ii) if, in the judgment of the administrator, it is not economically or technologically feasible to so ascertain the level of such contaminant, each treatment technique known to the administrator which leads to a reduction in the level of such contaminant sufficient to satisfy the requirements of the Act, §300f; and
 - (D) contains criteria and procedures to assure a supply of drinking water which dependably complies with such maximum contaminant levels; including quality control and testing procedures to insure compliance with such levels and to insure proper operation and maintenance of the system, and requirements as to:
 - (i) the minimum quality of water which may be taken into the system; and
 - (ii) siting for new facilities for public water systems.
- (50) Priority list - A list of projects, ranked according to priority order, for which DWSRF assistance may be requested.
- (51) Project - The scope of work describing a construction endeavor for which financial assistance is sought.
- (52) Project engineer - The engineer or engineering firm retained by the applicant to provide professional engineering services during the planning, design, and/or construction of a project.
- (53) Public water system -
- (A) In General. The system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least 15 service connections or regularly serves at least 25 individuals. Such term includes:
 - (i) any collection, treatment, storage, and distribution facilities under control of the operator of such system and used primarily in connection with such system; and
 - (ii) any collection or pretreatment storage facilities not under such control which are used primarily in connection with such system.
 - (B) Connections. A connection to a system that delivers water by a constructed conveyance other than a pipe shall not be considered a connection, if:
 - (i) the water is used exclusively for purposes other than residential uses (consisting of drinking, bathing, and cooking, or other similar uses);
 - (ii) the administrator or the commission determines that alternative water to achieve the equivalent level of public health protection provided by the applicable national primary drinking water regulation is provided for residential or similar uses for drinking and cooking; or
 - (iii) the administrator or the commission determines that the water provided for residential or similar uses for drinking, cooking, and bathing is centrally treated or treated at the point

- of entry by the provider, a pass-through entity, or the user to achieve the equivalent level of protection provided by the applicable national primary drinking water regulations.
- (C) Irrigation districts. An irrigation district in existence prior to May 18, 1994, that provides primarily agricultural service through a piped water system with only incidental residential or similar use shall not be considered to be a public water system if the system or the residential or similar users of the system comply with subparagraphs (B)(ii) and (B)(iii) of this paragraph.
 - (D) Transition period. A water supplier that would be a public water system only as a result of modifications made shall not be considered a public water system until two years after August 6, 1996. If a water supplier does not serve 15 service connections or 25 people at any time after the conclusion of the two-year period, the water supplier shall not be considered a public water system.

(54) Release - The time at which funds are made available to the loan recipient.

(55) Secondary drinking water regulation - A regulation promulgated by EPA which applies to public water systems and which specifies the maximum contaminant levels which, in the judgment of the administrator, are requisite to protect the public welfare. Such regulations may vary according to geographic and other circumstances and may apply to any contaminant in drinking water:

- (A) which may adversely affect the odor or appearance of such water and consequently may cause a substantial number of the persons served by the public water system providing such water to discontinue its use; or
- (B) which may otherwise adversely affect the public welfare.

(56) State - State of Texas.

(57) State allotment - The sum allocated to the State of Texas for a federal fiscal year, from funds appropriated by congress pursuant to the Act.

(58) Trust agent - The party appointed by the applicant and approved by the executive administrator to hold the funds which are not eligible for release to the loan recipient.

(59) Water conservation plan - A report outlining the methods and means by which water conservation may be achieved in an area, as further defined in §371.37 of this title (relating to Required Water Conservation Plan).

(60) Water conservation program - A comprehensive description and schedule of the methods and means to implement and enforce a water conservation plan.

§371.3. Policy Declarations. The DWSRF is intended to be a perpetual fund to provide financial assistance to applicants to help the applicants meet Federal drinking water requirements.

§371.11. Public Hearings. In accordance with the Act, the board shall hold public hearings to consider adoption and approval of the priority list and amendments thereto and shall either hold public hearings or allow a period for public review and comment before adoption and approval of the annual intended use plan.

§371.12. Uses of the Fund. The fund may be used for the following purposes:

- (1) to make loans on the condition that:
 - (A) the interest rate for each loan is less than or equal to the market interest rate;
 - (B) principal and interest payments on each loan will commence not later than one year after completion of the project for which the loan was made, and each loan will be fully amortized not later than 20 years after the completion of the project except when an applicant is designated disadvantaged as defined under §371.24 of this title (relating to Disadvantaged Community Program through Loan Subsidies), in which case, each loan will be fully amortized not later than 30 years after the completion of the project;
 - (C) the recipient of each loan will establish a dedicated source of revenue for the repayment of the loan; and
 - (D) the fund will be credited with all payments of principal and interest on each loan; and
- (2) to buy or refinance the debt obligation of a municipality or an intermunicipal or interstate agency within the State at an interest rate that is less than or equal to the market interest rate in any case in which a debt obligation is incurred after July 1, 1993;
- (3) to guarantee or purchase insurance for a bond (all of the proceeds of which finance a project eligible for assistance under this section) if the guarantee or purchase would improve credit market access or reduce the interest rate applicable to the bond;

- (4) as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the board if the proceeds of the sale of the bonds will be deposited into the fund;
- (5) to earn interest on the amounts deposited into the fund; and
- (6) to cover the reasonable costs of administration of the programs under the chapter up to 4.0% of the funds allotted to the State.

§371.13. Projects Eligible for Assistance.

- (a) Projects are eligible for assistance if they will facilitate compliance with the primary or secondary drinking water regulations applicable to the public water system or otherwise significantly further the health protection objectives of the Act. Such projects include:
 - (1) capital investments to upgrade or replace infrastructure in order to continue providing the public with safe drinking water, including projects to replace aging infrastructure;
 - (2) projects to correct exceedances of the health standards established by the Act;
 - (3) projects to consolidate water supplies where the water supply is contaminated or the system is unable to maintain compliance with the national primary drinking water regulations for financial or managerial reasons and the consolidation will achieve compliance;
 - (4) purchase of capacity in another system if the purchase is part of a consolidation plan and is cost-effective considering buy-in fees and user fees; and
 - (5) projects in which the use of assistance will ensure that the system has the technical, managerial, and financial capacity to comply with the national primary drinking water regulations and applicable state drinking water regulations over the long term or, where the owner or operator of the system to be funded agrees to undertake all feasible and appropriate changes in operations (including ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures) to ensure compliance.
- (b) Projects are not eligible to receive DWSRF funds if the primary purpose of the project is to supply or attract growth. If the primary purpose is to solve a compliance or public health problem, the entire project, including the portion necessary to accommodate a reasonable amount of growth over its useful life, is eligible.

§371.14. Other Authorized Activities.

- (a) In General. In addition to projects funded under §371.13 of this title (relating to Projects Eligible for Assistance) the board may take each of the following actions.
 - (1) Provide assistance to eligible applicants only in the form of a loan, for one or more of the following.
 - (A) Any public water system described in §371.2 of this title (relating to Definition of Terms) to acquire land or a conservation easement from a willing seller or grantor, if the purpose of the acquisition is to protect the source water of the system from contamination and to ensure compliance with national primary drinking water regulations.
 - (B) Any community water system to implement local, voluntary source water protection measures to protect source water in areas delineated pursuant to the Act, §1453, in order to facilitate compliance with national primary drinking water regulations applicable to the system under the Act, §1412 or otherwise significantly further the health protection objectives of this title. Funds authorized under this clause may be used to fund only voluntary, incentive-based mechanisms.
 - (C) Any community water system to provide funding in accordance with the Act, §1454(a)(1)(B)(I).
 - (2) Provide financial assistance to any public water system as part of a capacity development strategy developed and implemented in accordance with the Act, §1420(c).
 - (3) Make expenditure from the fund for the establishment and implementation of wellhead protection programs under §1428.
- (b) Limitation. For each fiscal year, the total amount of assistance provided and expenditures made by the board under this subsection may not exceed 15% of the amount of the capitalization grant received by the board for that year and may not exceed 10% of that amount for any one of the following activities.
 - (1) To acquire land or conservation easements pursuant to subsection (a)(1)(A) of this section.
 - (2) To provide funding to implement voluntary, incentive-based source water quality protection measures pursuant to subsection (a)(1)(B) of this section.
 - (3) To provide assistance through a capacity development strategy pursuant to subsection (a)(2) of this section.
 - (4) To make expenditure to delineate or assess source water protection areas.
 - (5) To make expenditure to establish and implement wellhead protection programs.

§371.18. Capitalization Grant Requirements for Applicants.

- (a) All projects which receive assistance from the fund under this chapter shall satisfy the following federal requirements as they apply:
- (1) National Environmental Policy Act of 1969, PL 91-190;
 - (2) Archeological and Historic Preservation Act of 1974, PL 93-291;
 - (3) Clean Air Act, 42 U.S.C. 7506(c);
 - (4) Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq.;
 - (5) Coastal Zone Management Act of 1972, PL 92-583, as amended;
 - (6) Endangered Species Act, 16 U.S.C. 1531, et seq.;
 - (7) Executive Order 11593, Protection and Enhancement of the Cultural Environment;
 - (8) Executive Order 11988, Floodplain Management;
 - (9) Executive Order 11990, Protection of Wetlands;
 - (10) Farmland Protection Policy Act, 7 U.S.C. 4201 et seq.;
 - (11) Fish and Wildlife Coordination Act, PL 85-624, as amended;
 - (12) National Historic Preservation Act of 1966, PL 89-665, as amended;
 - (13) Safe Drinking Water Act, §1424(e), PL 92-523, as amended;
 - (14) Wild and Scenic Rivers Act, PL 90-542, as amended;
 - (15) Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended;
 - (16) Section 306 of the Clean Air Act and §508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans;
 - (17) Age Discrimination Act, PL 94-135;
 - (18) Civil Rights Act of 1964, PL 88-352;
 - (19) Section 13 of PL 92-500; Prohibition against sex discrimination under the Federal Water Pollution Control Act;
 - (20) Executive Order 11246, Equal Employment Opportunity;
 - (21) Executive Orders 11625 and 12138, Women's and Minority Business Enterprise;
 - (22) Rehabilitation Act of 1973, PL 93-112 (including Executive Orders 11914 and 11250);
 - (23) Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646;
 - (24) Executive Order 12549, Debarment and Suspension;
 - (25) The Wilderness Act, 16 U.S.C. 1131 et seq.; and
 - (26) Environmental Justice, Executive Order 12898.

§371.19. Rating Process.

- (a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
- (1) Acute chemical violation - A violation of the maximum contaminant level established for nitrate or nitrite as defined in 30 TAC Chapter 290 (relating to Water Hygiene).
 - (2) Acute coliform bacteria violation - A violation of the maximum contaminant level for coliform which is defined as an acute risk to health, as specified in 30 TAC Chapter 290 (relating to Water Hygiene).
 - (3) Carcinogen violation - A violation of the maximum contaminant level established for any carcinogenic contaminant listed in the following table: Figure: 31 TAC §371.19(a)(3).
 - (4) Chronic chemical violation - A violation of the maximum contaminant level established for any of the contaminants listed in the following table: Figure: 31 TAC §371.19(a)(4).
 - (5) Chronic coliform bacteria violation - A violation of the maximum contaminant level for total coliform as specified in 30 TAC Chapter 290 (relating to Water Hygiene).
 - (6) Compliance period - A three-year period for assessing compliance as defined in 30 TAC §290.102 (relating to Definitions).
 - (7) Geologic protection - The presence of one layer of clay 30 feet thick or thicker or the presence of thinner clay layers whose cumulative thickness is 100 feet thick or thicker between the ground surface and the top of a water producing aquifer.
 - (8) Maximum contaminant level - The maximum allowable level for any bacteriological chemical or radiological contaminant specified in 30 TAC Chapter 290 (relating to Water Hygiene).
 - (9) Ninetieth percentile copper/lead level - The level of lead or copper in a water system determined by the method specified in 30 TAC Chapter 290 (relating to Water Hygiene).
 - (10) Principal project - A project or group of projects included in an application which are intended to address specific system conditions which received priority points, the cost of correction of which comprises greater than 50% of the cost of all projects included in an application.
 - (11) Projected violations - A violation of a maximum contaminant level or treatment technique during the time period between the date of promulgation of a new or amended regulation by the commission or EPA, and the date such regulation becomes effective. Such projected violations will be considered as equivalent to those defined in paragraphs (1)-(5) and (14) of this subsection. Any

change to the list of contaminants and associated maximum contaminant levels listed in the applicable figures (relating to Carcinogenic Contaminants, Chronic Chemical Contaminants, Secondary Chemical Constituents, and Organic Chemical Contaminants) will be considered effective for the purpose of determining a projected violation, beginning at the date of promulgation of a regulation by the commission or EPA.

(12) Secondary chemical constituent exceedance--An exceedance of the constituent level established for any secondary chemical constituent listed in the following table: Figure: 31 TAC §371.19(a)(12)

(13) Selected vulnerable aquifer--Aquifers identified by the commission at the time of preparation of the annual intended use plan and included by list in the letter soliciting project information as described in §371.20(b)(1) of this title (relating to Intended Use Plan) with criteria including, but not limited to: high transmissivity, rapid recharge (e.g., karst), unconfined aquifers with shallow water tables.

(14) Treatment technique violation--A violation of any surface water treatment technique as specified in 30 TAC Chapter 290 (Water Hygiene). For the purposes of this rating, these will include all 5.0% exceedances of the 0.5 NTU standard.

(15) Watershed--The contributing area of water to a surface water body such as a river or reservoir.

- (b) Rating of principal project. Proposals for inclusion of projects in an intended use plan will be rated based upon the principal project. Additional projects which are integral to the integrity of the system may be included in a proposal and receive funding, so long as their costs comprise 50% or less of the total project costs.
- (c) Rating for refinancing. If refinancing is sought for a completed project, the project will be rated in accordance with subsections (d) through (j) of this section, based upon the conditions which existed prior to the initiation of construction of the project. A completed project can not be combined with a project for which construction has not been completed, but must be rated separately.
- (d) Health and compliance factors. Health and compliance factors for rating purposes will be calculated as follows.
- (1) The microbiological factor will be equal to the sum of: the total number of coliform bacteria violations occurring within the preceding 12 months; the total number of acute coliform bacteria violations occurring within the preceding 12 months; and the total number of treatment technique violations occurring within the preceding 12 months, minus one.
 - (2) The filtration factor of 12 points will be awarded to any system with one or more sources of water identified as surface water, or groundwater under the direct influence of surface water for which no filtration is provided as identified by records maintained by the commission.
 - (3) The chronic chemical factor for each contaminant listed in the following table will be equal to the average value of chronic chemical violations occurring within the most recent compliance period for which data exist, divided by the maximum contaminant level listed. Figure: 31 TAC §371.19(d)(3)
 - (4) The acute chemical factor will be equal to three times the quotient of the average value of nitrate or nitrite violations occurring within the most recent compliance period for which data exist, divided by the maximum contaminant level for nitrate or nitrite established by 30 TAC Chapter 290 (Water Hygiene).
 - (5) The carcinogen factor for each contaminant listed in the following table will be equal to twice the quotient of the average value of carcinogen violations occurring within the most recent compliance period for which data exist, divided by the maximum contaminant level listed. Figure: 31 TAC §371.19(d)(5)
 - (6) The lead/copper factor will be equal to the product of two times the greater of: the 90th percentile lead level divided by 0.015, or the 90th percentile copper level divided by 1.3, as established in 30 TAC Chapter 290 (Water Hygiene).
 - (7) The population factor shall be based on the current population served by the system as follows: a factor of 0 for zero to 100 population; a factor of 1 for 101 to 1,000 population; a factor of 2 for 1,001 to 10,000 population; a factor of 3 for 10,001 to 100,000 population; and a factor of 4 for greater than 100,000 population. Current population will be based on population data maintained by the commission. The population factor will be used only when the sum of the factors listed in this paragraph and paragraphs (1)-(6) of this subsection is greater than zero. In that event, the population factor will be added to the sum of the factors listed in this paragraph and paragraphs (1)-(6) of this subsection.
 - (8) The secondary chemical factor for each constituent so designated in the following table will be equal to one-half the quotient of the average of the secondary chemical constituent exceedances occurring during the most recent compliance period for which data exists, divided by the secondary

- chemical constituent level listed in this section. A maximum of two points may be assigned to this factor. Figure: 31 TAC §371.19(d)(8)
- (9) The total health and compliance factor for each applicant shall be the sum of all individual factors calculated according to this paragraph and paragraphs (1)-(8) of this subsection.
 - (10) The health and compliance factors for chronic coliform, acute coliform and treatment technique will be calculated based on data maintained by the commission from the most recent consecutive 12 months for which data are maintained by the commission, resulting from monitoring conducted by the commission or from public water system monitoring required by 30 TAC Chapter 290 (Water Hygiene).
 - (11) The health and compliance factors for chronic chemical, acute chemical, secondary chemical and carcinogen will be calculated based on data maintained by the commission from the current compliance period, resulting from monitoring conducted by the commission or from public water system monitoring required by 30 TAC Chapter 290 (Water Hygiene).
 - (12) The health and compliance factor for lead/copper will be calculated based on data maintained by the commission from the most recent complete compliance period, as defined in 30 TAC Chapter 290 (Water Hygiene), resulting from monitoring by the commission or from public water system monitoring required by 30 TAC Chapter 290 (Water Hygiene).
- (e) Affordability factor. A project which qualifies as a disadvantaged community as defined in §371.24 of this title (relating to Disadvantaged Community Program through Loan Subsidies) shall have an affordability rating factor of 1.
 - (f) Consolidation. In the event a project proposed for funding is to benefit two or more water systems, the combined rating factor will be the sum of the combined rating factors for each of the systems if the applicant will be wholly responsible for the ownership, operation and maintenance of the interconnected system; or will be the combined rating factor of the applicant system plus one-half the sum of the combined rating factors of each system to be consolidated if the applicant will be responsible only for supplying wholesale water to the individual system(s) and not be responsible for the ownership, operation and maintenance of the individual system(s); or will be the combined rating factor of the applicant system plus one-half the sum of the combined rating factors of each system to be consolidated if the applicant will be wholly responsible for ownership, operation and maintenance of the individual system(s) and does not physically interconnect each system. To receive the consolidation points, the applicant must provide documentation of agreement by the system(s) to be consolidated.
 - (g) Physical deficiency rating criteria. All projects will be evaluated for the existence of physical deficiencies based on information submitted by the applicant. The projects will receive physical deficiency rating scores based on the following criteria.
 - (1) If the system has experienced documented instances of water distribution outages or water distribution pressures of less than 20 pounds per square inch the project will receive a rating score of 1.
 - (2) If the system is not providing disinfection the project will receive a rating score of 1.
 - (3) If the documented water production capability is less than 85% of the minimum required by the commission the project will receive a rating score of 0.25.
 - (4) If the documented treated water storage capacity is less than 85% of the minimum required by the commission the project will receive a rating score of 0.25.
 - (5) If the system has experienced documented instances of water distribution pressures between 20 and 35 pounds per square inch the project will receive a rating score of 0.25.
 - (6) If the water system is experiencing documented water distribution system losses of greater than 25% the project will receive a rating score of 0.25.
 - (7) If the water system exceeds any secondary constituent listed in the following table and is not designated as a secondary chemical factor, the project shall receive a rating score of 0.25. Figure: 31 TAC §371.19(g)(7)
 - (8) The total physical deficiency rating score for a project will be the sum of all of the individual deficiency rating scores for that project.
 - (h) Combined rating factor. The combined rating factor for a project shall be the sum of the affordability factor, the total health and compliance factor and the total physical deficiency rating. Projects which did not receive either a health and compliance factor, a physical deficiency rating or an affordability factor shall have a combined rating factor of zero.
 - (i) Assignment of points. Projects will be awarded points only if the proposed projects address the health and compliance, physical deficiency or affordability factors of the applicant system and/or system(s) to be consolidated.
 - (j) Tie breaker. In the event of ties in the ratings, priority will be given to the project serving the smaller total population based on information maintained by commission. If ties persist after applying the smaller total population factor, projects will be listed in alphabetical order.

- (k) Ranking for refinancing. Completed projects, which involve refinancing, will be listed in the intended use plan as a separate group and will be placed below the group of projects for which construction has not been completed.
- (l) Source water protection rating. Eligible entities that seek consideration for source water protection funding will be rated according to the following criteria.
 - (1) Ground water system vulnerability factor.
 - (A) Ground water systems without the necessary water well geologic protection will receive 4 points.
 - (B) Ground water systems with documented Nitrate (N) concentrations of greater than two mg/l will receive 1 point.
 - (C) Ground water systems obtaining water from selected vulnerable aquifers will receive 1 point.
 - (D) Ground water systems with confirmed detections of organic chemical contamination identified in the following table will receive 2 points. Figure: 31 TAC §371.19(1)(1)(D)
 - (E) No ground water system may receive more than 6 system vulnerability points. Ground water systems that receive no system vulnerability points will not be considered for source water protection funding.
 - (2) Surface water system vulnerability factor.
 - (A) Surface water systems with contributing watersheds of 20 square miles or less as determined by the commission will receive 3 points.
 - (B) Surface water systems with confirmed detections of organic chemical contamination identified in the following table will receive 3 points. Figure: 31 TAC §371.19(1)(2)(B)
 - (C) No surface water system may receive more than 6 system vulnerability points. Surface water systems that receive no system vulnerability points will not be considered for source water protection funding.
 - (3) No combination ground and surface water system may receive more than 6 system vulnerability points.
 - (4) Ability to implement best management practices factor.
 - (A) Systems that receive system vulnerability points and that possess the ability and authority to implement land use controls including but not limited to zoning or ordinances, will receive 2 points.
 - (B) Systems that receive system vulnerability points and that possess the ability to implement other non-land use controls such as public education, contingency planning, or conducting toxic/hazardous waste collection events will receive 1 point.
 - (C) Systems that receive system vulnerability points and that propose to plug abandoned wells within the delineated source water protection area will receive 1 point.
 - (D) Systems that receive system vulnerability points and that have confirmed siting or well construction problems listed on the most recent commission sanitary survey will receive 1 point for proposals which will correct these problems.
 - (E) Systems that receive no Ability to Implement Best Management Practices points will not be considered for source water protection funding.
 - (5) Affordability factor. A system having a service area in which the per capita income averaged 25% or more below the state average based upon the most recent census data available shall have an affordability rating factor of 1.
 - (6) The total source water protection rating score will be the sum of points generated from ground and surface water system vulnerability, ability to implement best management practices and affordability factors.

§371.20. Intended Use Plan.

- (a) Each fiscal year the board shall prepare an intended use plan to meet the requirements of the Act and to assist the board in its financial planning. The intended use plan will identify projects anticipated to receive assistance from that year's available funds. The list of projects by priority ranking included in the intended use plan may also serve as the comprehensive project priority list required by the Act.
- (b) The process for listing projects in the intended use plan will be as follows.
 - (1) Each year the executive administrator will provide written notice and solicit project information from eligible applicants desiring to have their projects placed on the subsequent year's intended use plan. The notice will include forms to be used to submit rating information and the deadline by which rating information must be submitted in order for projects to be rated and included in the intended use plan. The required information will include:
 - (A) a description of the proposed project;
 - (B) county map showing location of service area;
 - (C) an estimated total project cost which:

- (i) for an estimated loan amount greater than \$100,000, shall be certified by a registered professional engineer; or
 - (ii) for an estimated loan amount less than \$100,000, shall be accompanied by a statement signed by the system operator establishing the basis for the estimate;
- (D) estimated project schedule;
- (E) population currently served by the applicant; and
- (F) additional information as necessary to establish the priority rating score for source water protection projects, or to establish whether a potential applicant qualifies as a disadvantaged community.
- (2) To be included in the draft intended use plan, the applicant must submit the required information signed by a representative of the applicant not later than the deadline included in the notice. Rating information submitted after the deadline will not be accepted. Incomplete rating information forms may prevent projects from being rated for inclusion in the intended use plan.
- (3) After a public hearing, the intended use plan and project priority list will be presented to the board for consideration at a regularly scheduled meeting.
- (4) Public notice shall be given 30 days prior to the hearing and the comment period shall remain open 30 days following the hearing.
- (c) Subsequent to adoption of an intended use plan, certain changes to a proposed project included in the intended use plan are allowed without requiring a re-ranking in the following circumstances:
 - (1) The applicant for a proposed project may change;
 - (2) An alternative project may be proposed which addresses the specific system conditions which received priority points;
 - (3) The number of participants in a consolidation project may change provided that the change does not result in a change to the combined rating factor as determined by §371.19 of this title (relating to Rating Process).
 - (4) The total cost of a proposed project may decrease from the amount listed in the adopted intended use plan.
- (d) If any changes are proposed to the nature of the improvements of a proposed project, or in the number of participants in a consolidation project which would result in a change to the combined rating factor as determined by §371.19 of this title, the project must be re-ranked in the intended use plan. In this case the availability of funding will be determined based on the revised combined rating factor.

§371.21. Criteria and Methods for Distribution of Funds for Water System Improvements.

- (a) After the executive administrator determines the amount of funds available for water system improvements for a fiscal year and assigns all reserves, the remaining funds will be applied to the list of projects designated to receive funding in the intended use plan. Projects will be listed in priority ranking order with funds required and totaled. Projects having either identical combined rating factor scores, including rating scores of zero, will be listed in order of population, with projects for systems serving smaller populations listed above projects for systems serving larger populations. To the extent eligible applicants are available, a minimum of 15% of the funds will be made available to small communities (systems serving populations less than 10,000).
- (b) After projects are ranked and project costs totaled, a line will be drawn not to exceed the available funds. Project costs will be based on cost estimates, acceptable to the executive administrator, contained in the intended use plan solicitation described in §371.20 of this title (relating to Intended Use Plan) used to establish the project list.
- (c) In the event that the small community projects above the funding line do not equal 15% of the funds available, the executive administrator may bypass projects for systems serving populations of 10,000 or greater to include additional small community projects above the funding line. Bypass of large community systems is used only to ensure that a minimum of 15% of total funds available is made available to small community systems.
- (d) After the funding line is drawn, the executive administrator shall notify in writing all potential applicants above the funding line of the availability of funds and will invite the submittal of applications.
- (e) Applicants must submit applications for assistance, as defined, within three months of being invited to submit.
- (f) If, after six months from the date of invitation to submit applications, all available funds are not committed, the executive administrator will return any applications which have not received a commitment and move all projects for which no applications, incomplete applications or complete applications were submitted to the bottom of the prioritized list, where they will be placed in priority order.
- (g) Following the re-ranking of the list a line will again be drawn not to exceed the amount of remaining funds available in accordance with subsections (b) and (c) of this section.

- (h) After the funding line is re-drawn, the executive administrator shall notify, in writing, all potential applicants of the availability of funds and will invite the submittal of applications.
- (i) Applicants must submit applications for assistance, as defined, within three months of being invited to submit.
- (j) If, after six months from the second date of invitation to submit applications, the remaining funds are not committed the executive administrator will return any applications which have not received a commitment. Any funds remaining that exceed the amount needed to fund complete applications will be made available for the next fiscal year.
- (k) If, at any time during either six month period of availability of funds, a potential applicant above the funding line submits written notification that it does not intend to submit an application or if additional funds become available for assistance, the line may be moved downward in priority order to accommodate projects which would utilize the funds that would otherwise not be committed during the particular six month period. The executive administrator will notify such additional potential applicants in writing and will invite the submittal of applications. Potential applicants receiving such notice will be given three months to submit an application and six months from the date of notification to receive a loan commitment.
- (l) Applications for assistance may be submitted at any time within three months after notification by the executive administrator of the availability of funds and will be funded on a first come, first served basis. Funds shall be committed to a project designated to receive assistance upon board approval of the application.
- (m) Notwithstanding the provisions of subsections (f), (j), and (k) of this section, the executive administrator may request additional information regarding any portion of the application for funding after an application has been submitted without affecting the priority rating status of the application.

§371.22. Administrative Cost Recovery.

- (a) General. The board will assess charges for the purpose of recovering administrative costs of all projects receiving DWSRF loan assistance, except those projects or portions of projects which receive subsidies in the form of forgiveness of loan principal pursuant to §371.24 of this title (relating to Disadvantaged Community Program through Loan Subsidies) and which receive binding commitments after the effective date of this section.
- (b) Payment Method. Recipients of loan commitments made after the effective date of this section will utilize the payment method as provided in subsection (c) of this section.
- (c) Loan Origination Charge. A loan origination charge will be assessed of 2.25% of the DWSRF loan amount, excluding the amount of the origination charge. The loan origination charge is a one-time non-refundable charge that is due and payable at the time of loan closing. The loan origination charge may be financed as a part of the DWSRF loan.
- (d) DWSRF Administrative Cost Recovery Fund. Charges collected according to this section shall be deposited into the DWSRF Administrative Cost Recovery Fund.
- (e) Use of Fund. Monies deposited into the Administrative Cost Recovery Fund shall be used only for administration of the DWSRF program, unless transferred pursuant to subsection (f) of this section.
- (f) Transfer of Funds. Subject to subsection (e) of this section, the board may authorize transfer of funds from the DWSRF Administrative Cost Recovery Fund into the DWSRF Program Account and the transferred funds may be used for any purpose for which other funds in the DWSRF Program Account can be used.
- (g) Investment of Funds. Monies in the DWSRF Administrative Cost Recovery Fund shall be invested in authorized investments as provided by board order, resolution, or rule.

§371.23. Criteria and Methods for Distribution of Funds for Source Water Protection.

- (a) The board will determine annually the amount of capitalization grant funds to be reserved for source water protection projects and will include this information in the intended use plan, provided however that no more than 10% of any cap grant can be so reserved.
- (b) After the executive administrator determines the amount of funds available for source water protection projects from capitalization grant reserves, state match, repayments or any other source, the available funds will be applied to the list of source water protection projects designated to receive funding in the intended use plan. Projects will be listed in priority ranking order as determined by §371.19(l) of this title (relating to Rating Process). Projects assigned identical rating scores will be listed in alphabetical order.
- (c) After projects have been ranked, a funding line will be drawn according to the amount of available funds. Project costs will be based on cost estimates, acceptable to the executive administrator, contained in the intended use plan solicitation described in §371.20 of this title (relating to Intended Use Plan) used to establish the project list. The executive administrator may adjust the location of the funding line upward or downward to avoid placing the line within a group of applicants having identical rating scores.

- (d) Projects above the funding line shall be eligible for assistance. After the funding line is drawn, the executive administrator shall notify in writing all potential applicants above the funding line of the availability of funds and will invite the submittal of applications. If after 6 months, all available funds are not committed, the executive administrator shall notify the remaining eligible applicants on the list to submit applications in accordance with this subsection and subsections (e)-(g) of this section.
- (e) Applications for assistance may be submitted at any time after notification by the executive administrator of the availability of funds and will be funded on a first-come, first-served basis. Funds shall be committed to a project designated to receive assistance upon board approval of the application.
- (f) If the amount of funds required to fund all applications which are complete and ready for scheduling for board action exceeds the amount of funds available for commitment, a fund shortage is considered to exist.
- (g) Applications which are ready for scheduling for board action at the time a fund shortage occurs will be presented for board action in order of their priority ranking in accordance with §371.19 of this title (relating to Rating Process). Funds will be made available to applicants in priority order until all available funds have been utilized. If a tie for commitment of funding exists among applicants with identical rating scores, the applications will then be funded based on the date and time of receipt of a complete application for assistance.
- (h) If funds which have been reserved for source water protection projects are unused after all applicants have been provided an opportunity to submit an application, such funds may be made available for other projects pursuant to §371.21 of this title (relating to Criteria and Methods for Distribution of Funds for Water System Improvements.)

§371.24. Disadvantaged Community Program through Loan Subsidies.

(a) Eligibility. Subject to limitations of federal law, the board may provide financial assistance in the form of low interest loans and/or loan subsidies through the Disadvantaged Community Account of the DWSRF to:

- (1) a political subdivision:
 - (A) that is a disadvantaged community; or
 - (B) for a project serving an area that:
 - (i) is located outside the boundaries of the political subdivision; and
 - (ii) meets the definition of a disadvantaged community; or
- (2) an owner of a community water system that is ordered by the commission to provide service to a disadvantaged community, provided that the financial assistance is for the sole purpose of providing service to a disadvantaged community.

(b) Definition of Disadvantaged Community.

- (1) A community is a disadvantaged community if it meets the definition of a disadvantaged community presently or if as a result of a proposed project, the community becomes a disadvantaged community.
- (2) Disadvantaged community means the service area of a public water system that has an adjusted median household income which is no more than 75% of the median state household income for the most recent year for which statistics are available; and
 - (A) if the service area is not charged for sewer services, has a household cost factor for water rates that is greater than or equal to 1.0%; or
 - (B) if the service area is charged for water and sewer services, has a Combined Household Cost Factor for water and sewer rates that is greater than or equal to 2.0%.
- (3) The household cost factor is calculated as the average yearly water bill divided by adjusted median household income.
- (4) The combined household cost factor is calculated as the average yearly water bill plus the average yearly sewer bill divided by the adjusted median household income.
- (5) The average yearly water bill is calculated as the average number of persons per occupied household multiplied by 2,325 gallons per person per month multiplied by the proposed monthly water rate multiplied by 12. The proposed monthly water rate shall include the cost of the proposed project. Any funds for the proposed project received from sources other than the DWSRF shall be deducted from the cost of the project.
- (6) The average yearly sewer bill is calculated as the average number of persons per occupied household multiplied by 1,279 gallons per person per month multiplied by the monthly sewer rate multiplied by 12.
- (7) The adjusted median household income is calculated as the annual median household income identified in the most recent U.S. Census from the closest applicable census tract multiplied by the current Texas Consumer Price Index divided by the most recent decennial Texas Consumer Price Index. The adjusted median income may also be calculated using data from a survey approved by the executive administrator of a statistically acceptable sampling of customers in the service area completed within the last 12 months. The necessary information will be provided by the board to the applicant during the solicitation process.

- (8) If taxes, surcharges or other fees are used to subsidize the water and/or sewer system, the average annual amount per household should be included in calculating the household cost factor or the combined household cost factor.
- (c) Interest Rates and Subsidies. Notwithstanding the provisions of §371.52 of this title (relating to Lending Rates), the interest rates and the levels of subsidies under the disadvantaged community program will be determined by the provisions of this subsection. The loan amount that is subject to forgiveness will not be subject to an interest rate.
- (1) If the adjusted median household income for the service area is between 75% and 70% of the median state household income, the board's financial assistance shall be in the form of a loan with a 1.0% interest rate.
 - (2) If the adjusted median household income for the service area is less than or equal to 70% but greater than 60% of the median state household income, the board's financial assistance shall be in the form of a loan with a 0.0% interest rate.
 - (3) If the adjusted median household income for the service area is less than or equal to 60% but greater than 50% of the median state household income, the board's financial assistance shall be in the form of a loan with a 0.0% interest rate and 15% of the principal will be forgiven.
 - (4) If the adjusted median household income for the service area is less than or equal to 50% of the median state household income, the board's financial assistance shall be in the form of a loan with a 0.0% interest rate and 35% of the principal will be forgiven.
- (d) Additional Project Costs. If the actual cost of a project funded under this section exceeds the estimated cost of the project as listed on the intended use plan, the additional cost will be funded through the Texas Water Development Funds and interest rates for the additional cost will be set according to the provisions of §363.33 of this title (relating to Interest Rates for Loans and Purchase of Board's interest in State Participation Projects).
- (e) Term of Loan. Notwithstanding the provisions of §371.12(1)(B) of this title (relating to Uses of the Fund), the board may extend the term of a loan made to a political subdivision or a disadvantaged community as provided in subsections (a) and (b) of this section if the extended term terminates not later than the date that is 30 years after the date of project completion and does not exceed the expected design life of the project.
- (f) Total Amount of Subsidies. For each fiscal year, the total amount of loan subsidies made by the board under this section may not exceed 30% of the amount of the capitalization grant received by the board for that year.
- (g) Consolidations.
- (1) Financial assistance for consolidations.
 - (A) If the applicant acquires another public water system or provides retail service to another public water system, 20% of the cost of the project is subject to forgiveness of principal.
 - (B) If the applicant provides wholesale service to another public water system, 15% of the cost of the project is subject to forgiveness of principal.
 - (C) The amount of principal that will be forgiven for the consolidation will be deducted from the cost of the project before calculating the amount of financial assistance for the remaining cost of the project pursuant to subsection (c) of this section.
 - (2) Eligible costs.
 - (A) Any one or more of the following costs of consolidation are eligible for funding:
 - (i) system acquisitions;
 - (ii) the cost of plant upgrades or expansions specific to providing service to the disadvantaged community;
 - (iii) the cost of rehabilitating or replacing the distribution system of an existing water system to bring the system into compliance with drinking water regulations;
 - (iv) the provision of wholesale service; and
 - (v) master meters and upgrades needed to receive wholesale service from the consolidating system.
 - (B) Notwithstanding the provisions of §371.13(a)(4) of this title (relating to Projects Eligible for Assistance), purchase of existing capacity in the consolidating system are not eligible for funding through the Disadvantaged Community Account of the DWSRF.

§371.25. Criteria and Methods for Distribution of Funds for Disadvantaged Communities.

- (a) The board will determine annually the amount of capitalization grant funds to be made available for projects for disadvantaged communities and will include this information in the intended use plan, provided however that no more than 30% of the capitalization grant for that fiscal year can be so distributed. Funds available may include funds made available for disadvantaged communities in prior years' intended use plans and disadvantaged communities' funds which have become de-obligated from prior obligations or commitments.
- (b) After the executive administrator determines the amount of funds available for disadvantaged communities projects from capitalization grant reserves, state match, or any other sources, the available funds will be applied to the list of projects identified as disadvantaged communities projects in the intended use plan.
- (c) After projects have been ranked, a disadvantaged community funding line will be drawn on the priority list according to the amount of available funds in accordance with §371.21(b) of this title (relating to Criteria and Methods for Distribution of Funds for Water System Improvements). After the funding line is drawn, the executive administrator shall notify in writing all potential disadvantaged community applicants above the funding line of the availability of funds and will invite the submittal of applications. In order to receive funding, disadvantaged communities projects above the funding line must submit applications for assistance, as defined, within three months of the date of notification of the availability of funds. Upon receipt of an application for assistance, the executive administrator shall notify the applicant, in writing, that an application has been received. The executive administrator may request additional information regarding any portions of an application for funding from the disadvantaged community account after the three month period has expired without affecting the priority status of the application. Applicants for funding from the disadvantaged community account will be allowed three months after submittal of an application to receive a loan commitment.
- (d) Applicants for funding from the disadvantaged community account above the funding line which do not submit applications before the three month deadline will be moved to the bottom of the priority list in priority order.
- (e) If after three months from the date of invitation to submit applications, there are insufficient applications to obligate all of the funds made available for disadvantaged communities, the executive administrator will return any incomplete applications and move all projects for which no applications or incomplete applications were submitted to the bottom of the priority list, where they will be placed in priority order.
- (f) Following the re-ranking of the priority list, a line will again be drawn not to exceed the amount of disadvantaged community funds available, in accordance with the criteria of subsection (b) of this section.
- (g) Projects above the funding line shall be eligible for assistance. After the funding line is re-drawn, the executive administrator shall notify, in writing, all potential applicants for funding from the disadvantaged community account of the availability of funds and will invite the submittal of applications. In order to receive funding, disadvantaged communities projects above the funding line must submit applications for assistance, as defined, within three months of the second date of notification of the availability of funds. Applicants for funding from the disadvantaged community account will be allowed three months after submittal of an application to receive a loan commitment.
- (h) If, after three months of the second date of invitation to submit applications, there are insufficient applications to obligate the remaining funds of the funds made available for disadvantaged communities, the executive administrator will return any incomplete applications. Any funds remaining that exceed the amount needed to fund completed applications will be made available for disadvantaged communities the next fiscal year.
- (i) If, at any time during either six month period of availability of funds, a potential applicant above the funding line submits written notification that it does not intend to submit an application or if additional funds become available for assistance, the funding line may be moved down the priority list to accommodate the additional projects. The executive administrator will notify such additional potential applicants for funding from the disadvantaged community account in writing and will invite the submittal of applications. Potential applicants receiving such notice will be given three months to submit an application. Applications for funding from the disadvantaged community account will be allowed three months after submittal of an application to receive a loan commitment.
- (j) Should an applicant which has submitted an application in a timely manner be unable to receive a loan commitment within three months of the date on which the application was received, the applicant's project will be placed at the bottom of the priority list and the application returned to the applicant.

§371.26. Criteria and Methods for Distribution of Funds from Community/ Noncommunity Water Systems Financial Assistance Account.

- (a) Financial assistance to eligible private applicants and eligible NPNC applicants will only be provided from the community/noncommunity water system financial assistance account, to the extent funds are available from such account, and any associated federal matching funds.
- (b) The board will determine annually the amount of capitalization grant funds to be reserved in the community/noncommunity water systems financial assistance account and will include this information in the intended use plan.
- (c) After the executive administrator determines the amount of funds available for community/noncommunity water systems financial assistance account from capitalization grant reserves, state match, or any other sources, the funds available from this account will be applied to the eligible private and NPNC in the intended use plan.
- (d) After projects have been ranked, a funding line for private and NPNC projects will be drawn on the priority lists according to the amount of available funds in accordance with §371.21(b) of this title (relating to Criteria and Methods for Distribution of Funds for Water System Improvements). After the funding line is drawn, the executive administrator shall notify in writing all potential private and NPNC applicants above the funding line of the availability of funds and will invite the submittal of applications. In order to receive funding, eligible private applicants and eligible NPNC applicants above the funding line must submit applications for assistance, as defined, within three months of the date of notification of the availability of funds. Upon receipt of an application for assistance, the executive administrator shall notify the applicant, in writing, that an application has been received. The executive administrator may request additional information regarding any portions of an application for funding from the community/noncommunity water system financial assistance account after the three month period has expired without affecting the priority status of the application. Applicants for funding from the community/noncommunity water system financial assistance account will be allowed three months after submittal of an application to receive a loan commitment.
- (e) Applicants for funding from the community/noncommunity water system financial assistance account above the funding line which do not submit applications before the three month deadline will be moved to the bottom of the priority list in priority order.
- (f) If after three months from the date of invitation to submit applications, there are insufficient applications to obligate all of the funds made available for community/noncommunity water systems financial assistance account or all available funds are not committed, the executive administrator will return any incomplete applications and move all projects for which no applications or incomplete applications were submitted to the bottom of the priority list, where they will be placed in priority order.
- (g) Following the re-ranking of the priority list, a line will again be drawn not to exceed the amount of funds available, in accordance with the criteria of subsection (c) of this section.
- (h) Projects above the funding line shall be eligible for assistance. After the funding line is re-drawn, the executive administrator shall notify, in writing, all potential applicants for funding from the community/noncommunity water system financial assistance account of the availability of funds and will invite the submittal of applications. In order to receive funding, the eligible private applicants or eligible NPNC applicants with projects above the funding line must submit applications for assistance, as defined within three months of the date of notification of the availability of funds. Applicants for funding from the community/noncommunity water system financial assistance account will be allowed three months after submittal of an application to receive a loan commitment.
- (i) If, after three months from the second date of invitation to submit applications, there are insufficient applications to obligate the remaining funds of the funds made available for community/noncommunity water systems or all available funds are not committed, the executive administrator will return any incomplete applications.
- (j) If, at any time during either six month period of availability of funds, a potential applicant above the funding line submits written notification that it does not intend to submit an application or if additional funds become available for assistance, the funding line may be moved down the priority list to accommodate the additional projects. The executive administrator will notify such additional potential applicants for funding in writing and will invite the submittal of applications. Potential applicants receiving such notice will be given three months to submit an application.
- (k) Should an applicant which has submitted an application in a timely manner be unable to receive a loan commitment within three months of the date on which the application was received, the applicant's project will be placed at the bottom of the priority list and the application will be returned to the applicant.

§371.52. Lending Rates.

- (a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Average life - the number determined by dividing the sum of the payment periods of all maturities of a loan by the total principal amount delivered to the borrower;
 - (2) Borrower - each eligible applicant receiving a loan from the board;
 - (3) Delphis - Delphis Hanover Corporation Range of Yield Curve Scales;
 - (4) Loan interest rate - the individual interest rate for each maturity of a loan as identified by the executive administrator under this chapter;
 - (5) Market rate - the individual interest rate for each maturity of a loan payment that is the borrower's market cost of funds based on the Delphis index's scale for the borrower as identified under subsection (c)(1) of this section;
 - (6) Payment period - the number determined by multiplying the total principal amount due for an individual maturity as set forth in the loan by the standard period for the loan;
 - (7) Standard period - the number identified by determining the number of days between the date of delivery of the funds to a borrower and the date of the maturity of a bond or loan payment pursuant to which the funds were provided calculated on the basis of a 360-day year composed of twelve 30-day periods and dividing that number by 360.
- (b) Procedure for setting fixed interest rates.
- (1) The executive administrator will set fixed rates for loans on a date that is:
 - (A) five business days prior to the adoption of the political subdivision's bond ordinance or resolution or the execution of a loan agreement; and
 - (B) not more than 45 days before the anticipated closing of the loan from the board.
 - (2) After 45 days from the assignment of the interest rate on the loan, rates may be extended only with the executive administrator's approval.
- (c) Fixed Rates. The fixed interest rates for DWSRF loans under this chapter will be determined as provided in this subsection. The executive administrator will identify the market rate for the borrower, determine the amount of adjustment from the market interest rate appropriate for the borrower, apply the identified interest rate adjustment to the market rate for the borrower to determine the loan interest rate, and apply the loan interest rate to the proposed principal schedule, as more fully set forth in this subsection.
- (1) To identify the market rate:
 - (A) for borrowers that will not have bond insurance and with a rating by a recognized bond rating entity, the executive administrator will rely on the higher of the Delphis scale for the current bond rating of the borrower or the Delphis 90 index;
 - (B) for borrowers with no rating by a recognized bond rating entity or for borrowers with a rating that is less than investment grade as determined by the executive administrator, the executive administrator will rely on the borrower's market cost of funds as related to the Delphis 90 index; or
 - (C) for borrowers with bond insurance and that are rated by a recognized rating entity or for borrowers with bond insurance and no rating by a recognized bond rating entity, the executive administrator will rely on the higher of the borrower's uninsured fixed rate index scale or the Delphis 96 index scale.
 - (2) The program is designed to provide borrowers with a 120 basis point reduction from the market rate based on a level debt service schedule. For borrowers to which §371.22(c) of this title (relating to Administrative Cost Recovery) must be applied or for borrowers which choose to have §371.22(c) of this title applied, the program is designed to provide borrowers with a 150 basis point reduction from the market rate based on a level debt service schedule. Notwithstanding the foregoing, in no event shall the loan interest rate as determined under this section be less than zero.
 - (3) To determine the loan interest rate, the following procedures will apply:
 - (A) Unless otherwise requested by the borrower under subparagraph (B) of this paragraph, the loan interest rate will be determined based on a debt service schedule that provides interest only will be paid in the first year of the debt service schedule and in which the annual debt service payments are level, as determined by the executive administrator. The executive administrator will identify the appropriate Delphis scale for the borrower and identify the market rate for the maturity due in the year preceding the year in which the average life is reached. The executive administrator will reduce that market rate by the number of basis points applicable according to paragraph (2) of this subsection and thereby identify a proposed loan interest rate. The proposed loan interest rate will be applied to the proposed principal repayment schedule. If the resulting debt service schedule is level to the satisfaction of the executive administrator, then the proposed loan interest rate will be the loan interest rate for the loan. If the resulting debt service schedule is not level to the satisfaction of the executive administrator, then the executive administrator may adjust the interest rate for any or all of the maturities to identify the loan interest rate that as closely as possible achieves the interest savings applicable according to paragraph (2) of this subsection while maintaining the principal schedule

proposed by the borrower.

- (B) A borrower may request a debt service schedule in which the annual debt service payments are not level through the term of the loan, as determined by the executive administrator. In this event, the executive administrator will approximate a level debt service schedule for the loan amount and identify a proposed loan interest rate that provides for annual debt service payments that are level for the term of the loan following the procedures set forth in paragraph (1)(A) of this subsection. From the level debt service schedule, the executive administrator will determine the amount of the subsidy that would have been provided if the annual debt service payments had been level. The executive administrator will then identify the loan interest rate that as closely as possible provides the borrower the identified subsidy amount for the principal schedule requested by the borrower.
- (d) Variable rates. The interest rate for DWSRF variable rate loans under this chapter will be set at a rate equal to the actual interest cost paid by the board on its outstanding variable rate debt plus the cost of maintaining the variable rate debt in the DWSRF. Variable rate loans are required to be converted to long-term fixed rate loans within 90 days of project completion unless an extension is approved in writing by the executive administrator. Within the time limits set forward in this subdivision, borrowers may request to convert to a long-term fixed rate at any time, upon notification to the executive administrator and submittal of a resolution requesting such conversion. The fixed lending rate will be calculated under the procedures and requirements of subsections (b) and (c) of this section.
- (e) Private and taxable borrowers. The interest rate for loan agreements for those borrowers receiving financial assistance who are determined to be private or taxable issuers will be 140% of the rate pursuant to subsections (b), (c) and (d) of this section.
- (f) NPNC borrowers. NPNC borrowers that issue tax-exempt obligations and that operate community/non-community water systems will receive interest rates pursuant to subsections (b), (c), and (d) of this section.
- (g) Adjustments. The executive administrator may adjust a borrower's interest rate at any time prior to closing as a result of a change in the borrower's credit rating.

