

State of Texas

FY 2008

Drinking Water State Revolving Fund Intended Use Plan



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

This document is available online at:
http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/dwsrf.asp

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The Board rules governing the DWSRF program (Texas Administrative Code, Title 31, Part 10, Chapter 371) may be accessed online at: [http://info.sos.state.tx.us/pls/pub/readtac\\$ext.ViewTAC](http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC)

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I. INTRODUCTION

Texas' Intended Use Plan (IUP) for the Drinking Water State Revolving Fund (DWSRF) is prepared in accordance with the provisions of the Safe Drinking Water Act Amendments of 1996 (Act). The IUP describes the intended uses of the funds available in the DWSRF loan program for Fiscal Year (FY) 2008.

The IUP also includes a Priority List which lists projects rated and ranked in accordance with Administrative Rule, Chapter 371.19. A priority rating process provides control over the amount of loans made each year and facilitates the Board's compliance with federally mandated requirements. The Priority List is used to invite the submittal of applications for financial assistance in priority ranking order.

The Texas Water Development Board (Board) administers the DWSRF program in accordance with the provisions of the Act Amendments of 1996, and Chapter 371 of the Texas Water Development Board (Board) rules. The Board has a contractual relationship with the State's primacy agency, the Texas Commission on Environmental Quality (Commission), to provide activities such as: Rating and Ranking projects for priority, State Program Management, Small Systems Technical Assistance, Source Water Protection, and Capacity Development.

The Board continues to pursue a long range plan to protect the future health of the DWSRF while providing financial assistance to political subdivisions, disadvantaged communities, Investor-owned Utilities (IUOs), and eligible non-profit/non-community (NPNC) applicants for water infrastructure and treatment projects in Texas.

II. DWSRF GOALS

The primary goal of the DWSRF program is the same as the Act's – "to improve public health protection." The overall goals of the DWSRF program are:

1. Ensure public health protection;
2. Identify and provide funding for maintaining and/or bringing Texas' Public Water System (PWS) into compliance with the Act;
3. Support affordable drinking water and sustainability; and
4. Maintain the long-term financial health of the DWSRF program fund.

The Board provides effective and efficient administration of the DWSRF program, combined with below-market interest rates and long-term financing to assist Public Water Systems (PWS) to provide sufficient quality and quantity of affordable potable water throughout Texas. In addition, the DWSRF program sets aside funds which are used to improve environmental programs that support the goals of the Act.

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A. Short-Term Goals of the DWSRF

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 goal will be documented by reporting the number of binding commitments and the total dollar volume of assistance for the fiscal year. For FY 2008, the Board intends to make commitments representing 100% of all funds available for loans.
2. Ensure compliance with the Act by working with the Commission to ensure that water systems are in compliance with established standards and to provide all possible technical and financial assistance. Progress toward meeting this goal will be documented by reporting the number of joint TWDB/COMMISSION pre-application and follow-up meetings conducted for the fiscal year. For FY 2008, the Board intends to conduct pre-application meetings for 100% of the projects within the funds available.
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 goal 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.
5. The Board is in the initial phase of developing a comprehensive, agency-wide automated loan and grant information management system, known as TxWISE (Texas Water Information System Expansion), that will be easily accessed by internal Board offices; generate accurate and timely data; offer information collection and comparative analysis of financial and accounting data and all program resources to effectively increase loan volume and program pace; improve reporting capabilities with our Environmental Protection Agency (EPA) partners and other agencies; allow for timely decision-making on financial, Treasury, and budgetary matters; and streamline the overall construction project financing process. The proposed system is also anticipated to be used by the Board's external customers to apply for and review the status of their financial assistance

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projects. The Board is working with the EPA Headquarters, EPA Region 6, and the Northbridge Environmental Management Consultants on this project and anticipates having the comprehensive system operating within two years.

6. The Board plans to apply to EPA Region 6 for a FFY 2008 DWSRF Capitalization Grant for the approximate amount of \$67,112,000 as stated in the final allotments memo from Steve Heare, Director of the EPA Drinking Water Protection Division.
7. Developing a capacity model for the DWSRF program has been underway for the last year. We anticipate that the DWSRF capacity model may be completed in time to submit to EPA along with the FY 2009 DWSRF IUP.
8. The Board is currently assessing the demand for program funds in an effort to determine whether leveraging is a viable option.

B. Long-Term Goals of the DWSRF

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.

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III. DEVELOPMENT OF THE DWSRF INTENDED USE PLAN

A. Solicitation of Project Information

In accordance with Board rules Chapter 371.20, project information was solicited from eligible entities across the state in a letter dated October 27, 2006 with a response deadline of January 26, 2007. Board and Commission staff cooperated in the development of the DWSRF Intended Use Plan 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 required information consisted 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.

B. Priority Rating and Ranking System

The Commission does the priority rating and ranking for both water system projects and source water protection projects according to the rating process developed by that agency. The rating factors can be found in §371.19, Rating Process, of the Board rules. Each project submitted by the January 26, 2007 deadline and found eligible for funding is listed in priority order on the Priority List.

C. Disadvantaged Communities Eligibility

Twenty four (24) projects were submitted for disadvantaged status. Twenty-one (21) projects were deemed eligible for disadvantaged communities funding eligibility. Projects receiving this designation are awarded 1 point in the rating process.

1. **Eligibility** - Board staff determines eligibility for the disadvantaged community funding option.

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To be eligible to receive a 0% or 1% loan, the entity must be either:

- a. A political subdivision that:
 - (1) is a disadvantaged community; or
 - (2) will serve an area that:
 - (i) is located outside the boundaries of the political subdivision; and
 - (ii) meets the definition of a disadvantaged community; or
- b. 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;

and meet the definition of a disadvantaged community now, or will as a result of a proposed project.

- 2. **Definition** - A disadvantaged community is defined as a service area of a public water system that has an adjusted median household income which is less than 75% of the state median 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%; 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%.
- 3. **Required Information** - The criteria for determining eligibility for disadvantaged communities funding consists of the adjusted median household income, household costs for water and sewer, and costs for the proposed project.

There are two methods to determine the adjusted median household income.

- a. Use the following formula:

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

OR

- b. Use data from a survey approved by the Executive Administrator of a statistically acceptable sampling of customers in the service area completed

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within the last 12 months. Required survey information is provided to the entity by Board staff during the solicitation process.

Other required information is calculated as follows:

Average Annual Water Bill	=	(Avg. # of persons/household) x (2,325 gallons/person/month) x (Monthly water rate) x (12)
Average Annual Sewer Bill	=	(Avg. # of persons/household) x (1,279 gallons/person/month) x (Monthly sewer rate) x (12)
Household Cost Factor	=	$\frac{(\text{Average Annual Water Bill}) + (\text{Annual Loan Cost})}{(\text{Adjusted Median Household Income})}$
Combined Household Cost Factor	=	$\frac{(\text{Avg. Annual Water Bill}) + (\text{Avg. Annual Sewer Bill}) + (\text{Annual Loan Cost})}{(\text{Adjusted Median Household Income})}$

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

D. Tie Breaking Procedures

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 Commission. Populations are shown in the Priority List.

IV. METHOD OF DISTRIBUTION OF FUNDS

A. Funds Analysis - Water System Projects

The Executive Administrator will determine the amount of funds available and will assign all reserves (i.e. funds from the prior year that were not committed, potential commitments from the current fiscal year that have not been committed as of the date of the IUP, etc.) according to §371.21 of the Board rules. 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 projects have applied 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 30% of the capitalization grant will be made available to projects proposed by Disadvantaged Communities. It should be noted that

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funds equal to thirty percent of the grant are not set aside for these borrowers; rather, this is a funding limit established by the Act.

- An amount no more than 10% of the grant can be reserved for source water protection projects. No eligible Source Water Protection projects were submitted for FY 2008.
- 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 projects is used only to ensure that a minimum of 15% of total dollars credited to the Fund is made available to small communities' systems.
- 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.

Large, Small and Disadvantaged Communities - Fundable				
Community Type	# of Projects	% of Total #	\$ of Projects	% of Total \$
Large	13	16%	\$281,055,000.00	66%
Small	70	84%	\$145,800,000.00	34%
TOTAL	82	100%	\$426,855,000.00	100%
Disadvantaged	21	25%	\$115,725,000.00	27%

B. Notice of Availability of Funds

Notice is hereby given of the availability of approximately \$146,681,405 to fund projects in FY 2008. This amount includes:

- \$54,961,522 in Disadvantaged Communities Funds
- \$91,719,883 in Mainstream (not disadvantaged) Funds

C. Funds Distribution - Water System Projects

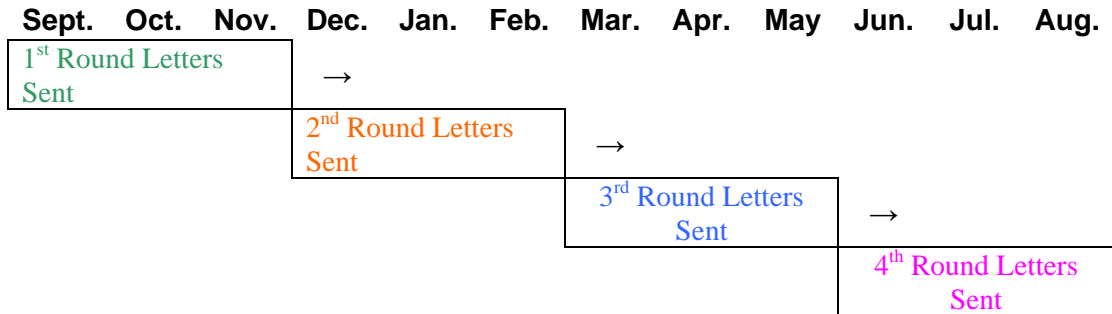
After the Executive Administrator has determined the amount of funds available and the Priority List is reviewed to ensure small and disadvantaged communities are represented according to Board rules, a funding line is established. All applicants within the available amount of funds will be notified 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.

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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 the Project Priority List 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 an entity/community 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) if a potential applicant above the funding line submits written notification that it does not intend to submit an application, (3) if funds remain from FY 2007 to be distributed to the FY 2008 project list, or (4) if according to the State's allocation of the FY 2008 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

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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 all available funds are not committed within six months after the date of notification, 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.

D. Fund Distribution - Source Water Protection Projects

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 to apply for assistance. The 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.

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).

E. 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) 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 interested 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.

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V. SET-ASIDE ACTIVITIES AND ADMINISTRATION

A. 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. Appendix B lists the set-asides by grant year, specified and unspecified funds, expenditures, and balances.

B. Board Administration Activities

The Act allows a State to set aside funds equal to 4% of its annual capitalization grant for the reasonable costs of administering the DWSRF (Administration Account). Federal regulations governing the DWSRF Program permit a State to reserve its authority to take an amount equal to 4% of the current year's grant from a future grant to defray the cost of administering the program. Each year, beginning in FY 1998, the Board has reserved that authority. Exercising that authority, the Board will draw approximately \$3,835,777 from the FY 2008 grant. This amount is comprised of approximately \$2,712,040 in 4% administrative funds and approximately \$1,123,737 in banked administrative funds. In addition, the Board reserves the authority to set aside an amount equal to 4% of the FY 2008 grant from a future grant. The Board has reserved the authority to set aside funds equal to 4% of prior year's 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, annual financial reports, and audits; project tracking

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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 Automated Clearing House (ACH), and 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), and 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.
6. **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.
7. **Portfolio, Audit and Cash & Securities Management** - This includes forecasting, preparing and managing Board 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.

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8. **Financial Management** - This includes processing payments (loan closings, investments, grant payments, making wire transfers, processing cash draws from EPA, and administration), preparing accounting entries to the general ledger, preparing reports (Quarterly Federal Cash Transaction Report, Annual Financial Status Report, Annual Financial Report), preparing reconciliations, and monitoring the Federal Capitalization Grant, the amount reserved for disadvantaged communities, and monitoring the Internal Master Portfolio Management System.
9. **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.

C. Commission Set-Aside Activities

1. **State Program Management** - The Board will set aside an amount equal to approximately 10% or **\$6,779,955** of the FY 2008 grant for the Commission to carry out the following set-aside activities relating to State Program Management.
 - a. Administration of the state Public Water System Supervision (PWSS) program - 1452(g)(2)(A) = **\$4,259,799**.
 - (1) Maintenance and functional expansion of the integrated data system for the Public Drinking Water Section and the Utilities & Districts Section.
 - (2) 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.
 - (3) Perform an additional number of inspections, sanitary surveys, and complaint responses.
 - b. Administer and provide technical assistance through source water protection programs - 1452(g)(2)(B) = **\$714,438**.
 - (1) Develop, issue, and manage contracts with professional services vendors and/or other agencies to establish source water protection programs

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(2) Enter into joint funding agreement with USGS to establish baseline pesticide levels in public drinking water sources for source water assessment model.

- c. Develop and implement a capacity development strategy - 1452(g)(2)(C)
= \$1,805,718.

Develop, issue and manage contract with technical assistance vendors to conduct capacity assessments and provide assistance to Public Water Systems (PWS) to improve their financial, managerial and technical capacities including prioritized public water systems, applicants for DWSRF or EDAP funding, referrals, candidates for consolidation, and other systems as directed by the Commission.

2. Small Systems Technical Assistance

- a. An additional 2% (\$1,200,000) will be set aside for the Commission to provide technical assistance to small systems - 1452(g)(2) of the Act.
- b. 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.

3. Source Water Protection

- a. Up to 10% of the FY 2008 grant may be set aside for Source Water Protection.
- b. No eligible Source Water Protection projects were submitted for FY 2008.

4. Capacity Development

- a. The Board reserves the right to request up to 5% of the FY 2008 grant for capacity development activities.

VI. FINANCIAL STATUS OF THE DWSRF

The final enacted FFY 2008 DWSRF funding is now available with passage of the FY 2008 Omnibus Appropriations Act. A capitalization grant for Texas has been allotted in the amount of \$67,112,000 to be matched by \$13,422,400 in state funds (20% of the capitalization grant) for a total project budget of \$80,534,000. The state match will be made up of a combination of appropriated funds and proceeds from the sale of State

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General Obligation bonds. The Board does not cross-collateralize between the DWSRF and CWSRF programs. The Board intends to apply for the FY 2008 grant upon notification of the availability of funds.

A. Fiscal Year 2007 Funds

The Board has invited applications from a sufficient number of applicants to make binding commitments for all of the FY 2007 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 2008 IUP and after the FY 2007 funding cycle has ended and will be rolled forward to the FY 2008 IUP. 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 2008 funds remaining after the adoption of the FY 2009 IUP and after the 2008 funding cycle has ended will be rolled forward to the FY 2009 IUP.

B. Long Term Financial Health of the Fund

The long-term financial health of the DWSRF Project Fund (Loan Account) is ensured by the establishment of the Board's lending rate policy for the 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 2008 IUP will be made available from a combination of Federal grant monies and appropriated State match funds. State appropriated match for the FY 2008 projects on the IUP propose for these two categories of applicants is an estimated appropriated amount up to \$3,517,099 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 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 the 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 at 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

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§371.52 of the Board rules 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.

Disadvantaged Community Program interest rates and levels of subsidies are determined by the provisions of §371.24(c) 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.

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 to be \$20,340,300 for FY 2008). Consolidation Projects also are eligible to 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.

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.

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VI. DESCRIPTION OF THE DWSRF PROJECT FUND

\$55,953,268 of the funds available from the Capitalization Grant will be placed in the Loan Account. In addition, the Board will continue to work with the Commission during FY 2007 to determine if there are any identified unspecified set-aside funds that can be moved (via amendment) in FY 2008 to the Loan Accounts.

A. Use of Loan Funds

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

- 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.

B. Eligible Applicants

Applicants eligible to apply for assistance include:

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

VII. PUBLIC PARTICIPATION

A. Notice

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 website, and a notice of public hearing is published in the Texas Register. This year's public hearing will be held on July 13, 2007 at 1:30 PM in Room 170 of the Stephen F. Austin Building located at 1700 N. Congress Ave. in Austin, Texas.

B. Comment

Written comments are accepted 30 days prior to and after the public hearing. All

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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 2008 grant application to the Environmental Protection Agency (EPA).

C. Approval

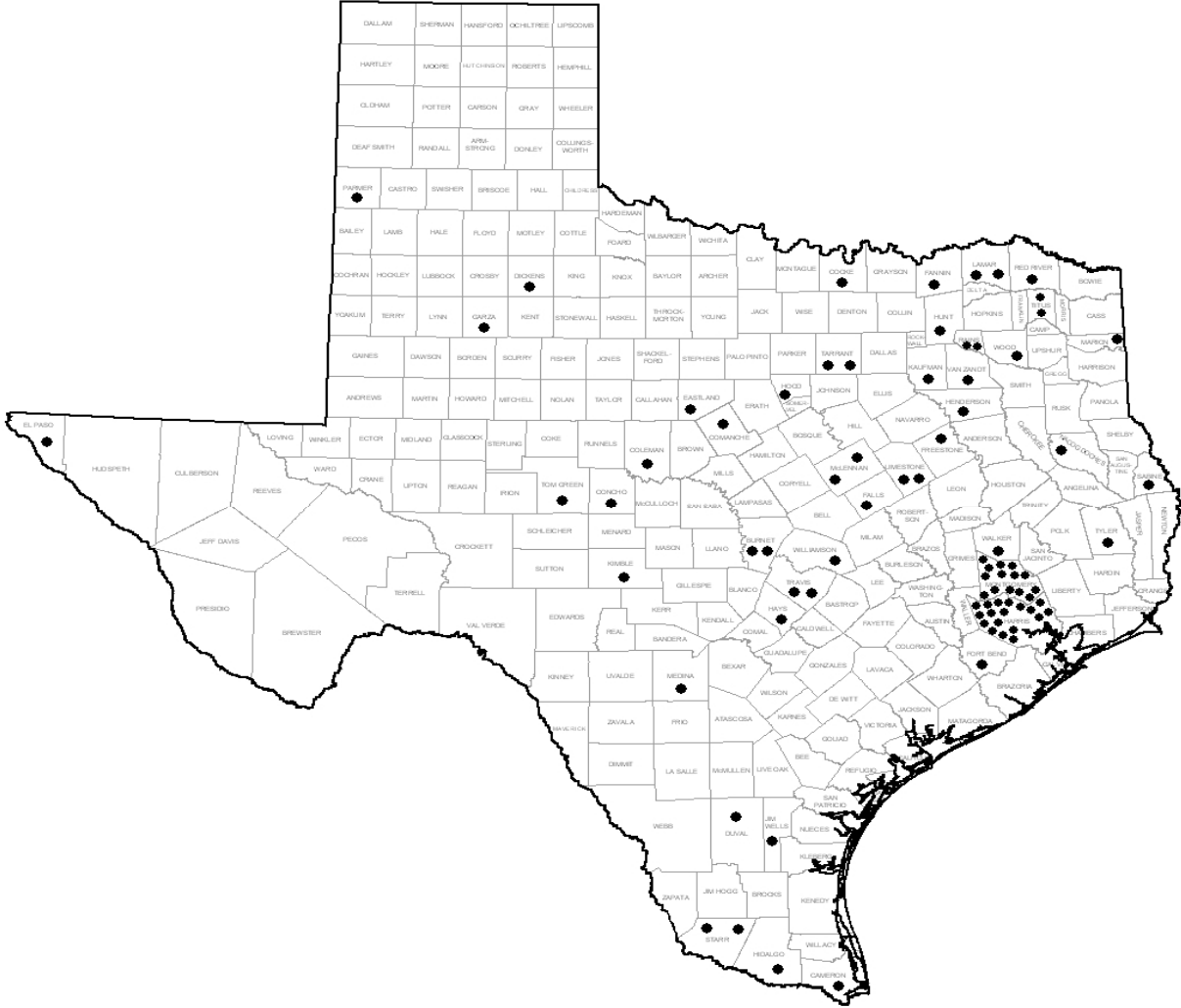
The IUP is submitted to the Board for consideration at its August Board meeting in accordance with the EPA requirement that the IUP be approved prior to the beginning of the state fiscal year (September 1). The Board receives a copy of the IUP along with a summary of the comments received and the Board's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

D. Documentation

After Board approval, the approved IUP will be submitted to EPA along with all information documenting the public participation process. In addition the approved IUP will be sent to all entities that submitted to be included in the IUP and those projects above the funding line will be informed of the opportunity to submit an application.

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VIII. DISTRIBUTION MAP OF PROJECTS ON THE PRIORITY LIST



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Appendix A. Sources and Uses of Funds

Statement of Sources and Uses of Capital for Loans

SOURCES	SFY 1997 TO 2007	SFY 2008
Current Grant Balance		\$ 289,577,738
Federal Grants	\$ 617,943,350	\$ 67,801,000
State Match	\$ 123,791,467	\$ 13,560,200
Interest Repayments from Loans	\$ 19,271,198	\$ 6,057,927
Principal Repayments from Loans	\$ 41,518,000	\$ 13,065,000
Investment Earnings on Funds	\$ 11,993,430	\$ 3,171,929
TOTAL SOURCES:	\$ 814,517,445	\$ 393,233,794
USES	SFY 1997 TO 2007	SFY 2008
Set-Asides: (Please see Appendix B. for break out by set-aside type)		
Administrative Reimbursements	\$ 17,107,929	\$ 3,835,777
10% TCEQ	\$ 44,654,854	\$ 6,779,955
02% TCEQ (Small Systems)	\$ 2,892,893	\$ 1,200,000
SWP	\$ 5,745,000	
TxWISE		\$ 32,000
Outstanding Set Asides from Previous Grants		\$ 14,739,930
Loans/Grants Installments Funded:		
Loans Made in DWSRF	\$ 329,880,000	
Principal forgiveness in DWSRF	\$ 17,715,788	\$ 5,802,447
Binding Loan Commitments		\$ 406,665,001
Debt Service:		
Principal Payments, 'Match Bond'	\$ 7,735,000	\$ 2,350,000
Interest Payments, 'Match Bond'	\$ 19,368,037	\$ 3,451,506
FY08 New Match Bond Debt		\$ 779,567
TOTAL USES	\$ 445,099,501	\$ 445,636,183
NET SOURCES (USES)	\$ 369,417,944	\$ (52,402,389)

*This report shows a negative balance at the end of 2008. This model assumes the entire loan is funded at the time of closing. Rather, loans are made on an installment basis; not all cash is expended at once. Therefore, this model does not correlate to our actual cash position or our projected cash position.

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Appendix B. Projected Set-Aside Expenditures and Balances

Drinking Water SRF Federal Funding Sources:

SFY	Grant	Loan portion of grant	TxWISE	TCEQ Portion	SWP Portion	TCEQ 2% Small Systems	Banked Admin	TWDB Admin Set-Aside
\$1,997	\$70,153,800	\$64,847,648		\$2,500,000				\$2,806,152
\$1,998	\$54,014,400	\$49,139,400		\$4,875,000				
\$1,999	\$56,612,200	\$44,284,672		\$4,505,732	\$5,661,220			\$2,160,576
\$2,000	\$58,836,500	\$53,856,988		\$4,505,732	\$473,780			
\$2,001	\$59,079,800	\$50,915,312		\$5,900,000				\$2,264,488
\$2,002	\$62,023,700	\$52,529,766		\$5,900,000		\$1,240,474		\$2,353,460
\$2,003	\$61,651,000	\$52,207,808		\$5,900,000		\$1,180,000		\$2,363,192
\$2,004	\$63,953,900	\$53,897,562		\$6,395,390		\$1,180,000		\$2,480,948
\$2,005	\$63,818,500	\$53,694,240		\$6,381,850		\$1,276,370		\$2,466,040
\$2,006	\$67,799,550	\$57,429,348		\$6,381,850		\$1,276,370		\$2,711,982
2007 ⁽¹⁾	\$67,801,000	\$55,953,268	\$32,000	\$6,779,955		\$1,200,000	\$1,123,737	\$2,712,040
Total	\$685,744,350	\$588,756,012	\$32,000	\$60,025,509	\$6,135,000	\$7,353,214	\$1,123,737	\$22,318,878

⁽¹⁾ Projected

Drinking Water SRF Set-Aside Expenditures:

SFY	Grant Funds Drawn	Loan Portion Drawn	TxWISE	TCEQ Drawn	SWP Drawn	TCEQ 2% Small Systems Drawn	Banked Admin	TWDB Admin Set-Aside Drawn
\$97	-\$70,153,800	-\$64,847,648		-\$2,500,000				-\$2,806,152
\$98	-\$54,014,400	-\$49,139,400		-\$4,875,000				\$0
\$99	-\$56,612,200	-\$44,284,672		-\$4,505,732	-\$5,661,220			-\$2,160,576
\$2,000	-\$58,446,500	-\$53,856,988		-\$4,505,732	-\$83,780			\$0
\$2,001	-\$54,000,716	-\$45,836,228		-\$5,900,000				-\$2,264,488
\$2,002	-\$9,493,934	\$0		-\$5,900,000		-\$1,240,474		-\$2,353,460
\$2,003	-\$9,443,192	\$0		-\$5,900,000		-\$1,180,000		-\$2,363,192
\$2,004	-\$9,348,757	\$0		-\$6,395,390		-\$472,419		-\$2,480,948
\$2,005	-\$6,639,040	\$0		-\$4,173,000		\$0		-\$2,466,040
\$2,006	-\$213,073	\$0		\$0	\$0	\$0		-\$213,073
2007 ⁽¹⁾	\$0	\$0	\$0	\$0		\$0	\$0	\$0
Total	-\$328,365,612	-\$257,964,936	\$0	-\$44,654,854	-\$5,745,000	-\$2,892,893	\$0	-\$17,107,929

⁽¹⁾ Projected

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Appendix B. SFY 2008 Projected Set-Aside Expenditures and Balances

Drinking Water SRF Set-Aside Remainder:

SFY	Grant Funds Remainder	Loan Portion Remainder	TxWISE	TCEQ Remainder	SWP Remainder	TCEQ 2% Small Systems Remainder	Banked Admin	TWDB Admin Set-Aside Remainder
\$97	\$0	\$0		\$0	\$0	\$0		\$0
\$98	\$0	\$0		\$0	\$0	\$0		\$0
\$99	\$0	\$0		\$0	\$0	\$0		\$0
\$2,000	\$390,000	\$0		\$0	\$390,000	\$0		\$0
\$2,001	\$5,079,084	\$5,079,084		\$0	\$0	\$0		\$0
\$2,002	\$52,529,766	\$52,529,766		\$0	\$0	\$0		\$0
\$2,003	\$52,207,808	\$52,207,808		\$0	\$0	\$0		\$0
\$2,004	\$54,605,143	\$53,897,562		\$0	\$0	\$707,581		\$0
\$2,005	\$57,179,460	\$53,694,240		\$2,208,850	\$0	\$1,276,370		\$0
\$2,006	\$67,586,477	\$57,429,348		\$6,381,850	\$0	\$1,276,370		\$2,498,909
2007 ⁽¹⁾	\$67,801,000	\$55,953,268	\$32,000	\$6,779,955	\$0	\$1,200,000	\$1,123,737	\$2,712,040
Total ⁽¹⁾ Projected	\$357,378,738	\$330,791,076	\$32,000	\$15,370,655	\$390,000	\$4,460,321	\$1,123,737	\$5,210,949

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Appendix C. Alphabetic List of Eligible Projects

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
81	61476	1110007	Acton MUD		x		\$1,055,000	16,449	D	0.00	Distribution improvements. Does not address iron.	1/1/08	Hood
75	61448	0710001	Anthony				\$1,870,000	2,800	M	0.00	Install stand-by generators, well improvements, new disinfection & new storage.	1/1/08	El Paso
36	61442	2200001	Arlington				\$48,500,000	355,500	M	1.00	New treatment plant to address pressure.	10/1/07	Tarrant
59	61429	1550016	Axtell WSC				\$545,000	1,450	W	0.25	Construct storage to address elevated storage capacity and pressure tank capacity. Does not address arsenic.	6/1/08	McLennan
17	61428	2020014	Beechwood WSC	x			\$1,610,000	1,041	W	1.75	New treatment plant, intake & storage tank to address water loss, aluminum, and production.	3/1/08	Sabine
3	61434	0270008	Buena Vista Water System				\$845,000	387	I	8.4	New package plant, distribution lines, storage and disinfection changes to address THMs, pressure, treatment capacity & storage.	6/1/08	Burnet
10	61423	1940002	Clarksville	x			\$8,910,000	3,883	M	2.79	New water source to address outages, aluminum. Does not address TDS.	7/1/08	Red River

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
9	61406	0420001	Coleman	x	x		\$5,910,000	5,127	M	3.00	Replace distribution lines to address pressure & water loss. Does not address production.	3/1/08	Coleman
33	61475	1160003	Commerce	x			\$2,740,000	7,801	M	1.00	Refurbish intake & raw water pipelines, new raw water pump, sludge spray field, plant improvements & loop & replace mains.	9/1/08	Hunt
40	61451	1010264	Community Utility Co./Forest Manor				\$790,000	270	P	0.50	New well, storage tank, service pumps, pressure tank & sequestering equipment to address manganese & production capacity.	1/1/08	Harris
42	61452	1011302	Community Utility Co./Heathergate Estates				\$530,000	384	P	0.50	New well, ground storage tank, service pumps & sequestering equipment to address pressure & production capacity.	1/1/08	Harris
70	61453	1010132	Consumers Water Inc./Greengate Acres				\$230,000	300	P	0.00	Install new pressure tank, service pump & paint storage tank.	1/1/08	Harris
27	61454	1010285	Consumers Water Inc./Highland Mobile				\$170,000	87	P	1.00	Replace distribution lines, install new pressure tank & pump to address pressure deficiency.	1/1/08	Harris

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
73	61455	1010157	Consumers Water Inc./Highland Ridge				\$270,000	567	P	0.00	Install service pumps, treatment facilities & meters.	1/1/2008	Harris
53	61456	1010700	Consumers Water Inc./Huffman Heights				\$440,000	402	P	0.25	New well, pressure tank & service pumps to address production capacity.	1/1/2008	Harris
65	61457	1700021	Consumers Water Inc./Joy Village				\$195,000	150	P	0.00	Repair storage tank & construct new pressure tank.	1/1/2008	Montgomery
51	61458	1700029	Consumers Water Inc./Lakewood Colony				\$180,000	162	P	0.25	Repair storage tank, construct new service tank & sequestering system.	1/1/2008	Montgomery
56	61459	1010287	Consumers Water Inc./Meadowlake Estates				\$370,000	651	P	0.25	Install new pressure tank, treatment equipment, service pumps & repair ground storage tank to address manganese.	1/1/2008	Harris
67	61460	1700051	Consumers Water Inc./Peach Creek Oaks				\$170,000	174	P	0.00	New pressure tanks, service pumps, and repair storage tank.	1/1/2008	Montgomery
41	61461	1700114	Consumers Water Inc./Pioneer Trails				\$290,000	378	P	0.50	New pressure tank, service pumps & treatment equipment & repair storage tank to address pH & production capacity.	1/1/2008	Montgomery

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
69	61462	1700161	Consumers Water Inc./Porter Terrace				\$195,000	285	P	0.00	New pump, service pumps, pressure tank & repair storage tank.	1/1/2008	Montgomery
58	61463	1700033	Consumers Water Inc./Spring Forest				\$315,000	756	P	0.25	Repair storage tank, construct new pressure tank & service pumps to address pressure tank capacity.	1/1/2008	Montgomery
43	61464	1010255	Consumers Water Inc./Springmont				\$300,000	564	P	0.50	Upgrade existing wells, repair storage tank, install service pumps & pressure tank.	1/1/2008	Harris
66	61465	1010219	Consumers Water Inc./Tall Cedars				\$250,000	174	P	0.00	Repair storage tank, install new service pumps & pressure tank.	1/1/2008	Harris
72	61466	1010252	Consumers Water Inc./Urban Acres				\$290,000	417	P	0.00	Upgrade existing well, repair storage tank, install service pumps & pressure tank.	1/1/2008	Harris
47	61427	0270013	Cottonwood Shores				\$4,575,000	1,548	M	0.50	New treatment plant, service pumps, storage & upgrade raw water pumps to address THMs, production & storage.	6/1/2007	Burnet
52	61445	1070228	Cross Roads Community WSC				\$810,000	342	W	0.25	New well & new pump station to address pressure tank capacity.	6/1/2008	Henderson

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
2	61431	0660001	Duval County Conservation & Reclamation District	x			\$4,295,000	1,868	D	9.94	Replace distribution lines, install R.O., elevated storage tank, to address pressure, TDS, chloride and arsenic.	6/1/2007	Duval
16	61421	1900011	East Tawakoni		x		\$2,610,000	775	M	1.75	Replace distribution lines, pumps & install storage to address water loss.	5/1/2009	Rains
31	61480	0670002	Eastland	x	x		\$2,385,000	3,769	M	1.00	Distribution system improvements & recoat storage tanks. Does not address THMs.	2/1/2008	Eastland
60	61478	1900001	Emory		x		\$7,250,000	2,209	M	0.25	New clear well elevated storage tank & distribution lines. Does not address aluminum.	5/1/2009	Rains
23	61413	0810001	Fairfield	x			\$11,500,000	3,094	M	1.25	New treatment plant & distribution to address production capacity.	6/1/2008	Freestone
78	61441	0790474	Fort Bend County FWSD # 1		x		\$4,535,000	4,050	D	0.00	Replace infrastructure including distribution, booster pump & pressure tank.	2/1/2009	Fort Bend
6	61426	2200012	Fort Worth		x		\$64,930,000	671,728	M	3.75	New treatment plant & pump station expansion to address pressure.	7/1/2007	Tarrant
77	61485	1850003	Frona Municipal Water System				\$1,985,000	3,854	M	0.00	New well, distribution line & storage tank.	5/1/2007	Parmer

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
82	61420	0490001	Greater Texas Utility Authority/Gainesville				\$2,505,000	16,500	M	0.00	New well, distribution lines, pressure reducing valve stations & SCADA. Does not address aluminum.	10/1/2007	Cooke
24	61425	1470002	Groesbeck	x			\$2,150,000	4,291	M	1.25	Repair auto-meter-readers & new elevated storage tank to address water loss.	7/1/2008	Limestone
79	61417	1010260	Harris County FWSD # 47				\$3,215,000	4,290	D	0.00	Replace distribution lines. Does not address aluminum.	3/1/2008	Harris
76	61407	1010903	Harris County MUD # 46				\$915,000	3,300	D	0.00	Generator replacement & new disinfection system.	8/1/2008	Harris
34	61483	1010239	Harris County WCID # 36	x			\$12,150,000	10,320	D	1.00	Distribution line replacement. Does not address aluminum.	1/1/2008	Harris
13	61424	1080088	Hidalgo County MUD # 1	x			\$7,670,000	7,650	D	2.02	Construct new water treatment plant & storage tank to address pressure tank capacity, aluminum and sulfate.	10/1/2008	Hidalgo

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
83	61436	1010013	Houston				\$56,325,000	2,009,690	M	0.00	Distribution improvements. Does not address production & iron.	1/1/2008	Harris
15	61440	2460011	Jarrell	x			\$1,545,000	1,800	W	2.00*	New storage & pressure facilities to address pressure. Does not address fluoride.	8/1/2008	Williamson
4	61449	1250030	Jim Wells Co. FWSD # 1				\$3,050,000	1,411	D	6.25	New distribution well & tanks to address pressure TDS, chloride and uranium.	9/1/2007	Jim Wells
62	61486	1340001	Junction				\$1,055,000	2,650	M	0.25	Replace ground storage tank & install SCADA system.	9/1/2007	Kimble
61	61444	1290004	Kemp				\$555,000	2,250	M	0.25	Replace distribution lines to address water loss.	1/1/2008	Kaufman
32	61418	2140006	La Grulla	x			\$4,705,000	6,342	M	1.00	Water treatment plant & distribution improvements.	7/1/2009	Starr
39	61412	1390015	Lamar County WSD		x		\$5,965,000	26,793	D	0.54*	Distribution improvements & new elevated storage & transmission facilities.	9/1/2008	Lamar
21	61419	0310004	Los Fresnos	x			\$4,165,000	4,512	M	1.50	Distribution improvements to address pressure & capacity. Does not address sulfate and TDS.	3/1/2008	Cameron

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
14	61414	2270002	Manor				\$1,770,000	1,204	M	2.00	Loop water lines & new storage tank to address pressure and disinfection.	7/1/2008	Travis
80	61479	1550100	McGregor				\$910,000	4,847	M	0.00	New storage tank.	4/1/2008	McLennan
25	61435	1470004	Mexia	x			\$4,500,000	6,978	M	1.25	Replace distribution lines to address water loss.	7/1/2008	Limestone
1	61437	0480015	Millersview-Doole WSC		x		\$10,000,000	5,250	W	33.18	New surface water treatment plant, groundwater treatment & distribution to address radionuclides, production, pressure, fluoride & iron.	7/1/2007	Concho
30	61447	1700118	Montgomery County MUD # 15				\$2,145,000	1,900	D	1.00	Distribution line replacement, booster pump repair & ground storage & pressure tank repair to address pressure.	1/1/2008	Montgomery
28	61446	1700164	Montgomery County MUD # 16				\$600,000	500	D	1.00	New pressure tank, storage tank & well rehabilitation to address pressure deficiencies.	1/1/2008	Montgomery
26	61405	2250001	Mount Pleasant	x	x		\$24,785,000	13,935	M	1.13	New treatment plant, raw water supply improvements & distribution improvements. Does not address aluminum.	4/1/2008	Titus

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
19	61484	1740008	Nacogdoches		x		\$3,555,000	41,300	M	1.63	Rehabilitate ground storage tank, elevated tanks & distribution lines to address pressure & pressure tank capacity.	1/1/2009	Nacogdoches
63	61443	1580065	Northeast Texas MWD				\$6,645,000	28,018	D	0.25	Expansion of treatment plant & system improvements.	4/1/2007	Marion
55	61467	1700503	Patton Village Water Co. Inc./Patton Village - East				\$485,000	594	P	0.25	New well, service pumps, service tank & repair storage tank to address production capacity.	1/1/2008	Montgomery
54	61468	1700032	Patton Village Water Co. Inc./Patton Village - West				\$475,000	468	P	0.25	New well, service pumps & pressure tank & repair storage tank to address production capacity.	1/1/2008	Montgomery
64	61469	1700055	Patton Village Water Co. Inc./Peach Creek Colony				\$205,000	126	P	0.00	New ground storage, service pumps & pressure tank.	1/1/2008	Montgomery
8	61439	0730016	Perry WSC	x			\$270,000	384	W	3.01	Distribution system improvements to address pressure, water loss & fluoride.	6/1/2008	Falls
5	61416	2140018	Rio Grande City	x	x		\$11,150,000	11,923	M	4.50	Water distribution improvements to address low pressure & water loss.	1/1/2008	Starr

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
37	61430	2360010	Riverside WSC				\$1,885,000	4,636	W	0.75	Increase supply, storage & new treatment plant to address production, pressure tank capacity & water loss.	3/1/2008	Walker
29	61482	2270016	Rollingwood				\$2,350,000	1,791	M	1.00	Distribution & pressure improvements to address low pressure.	12/1/2007	Travis
12	61422	1390014	Roxton	x			\$1,110,000	722	M	2.25	Replace distribution lines & loop mains to address low pressure & water loss.	5/1/2009	Lamar
49	61415	2340016	RPM WSC				\$995,000	2,400	W	0.50	New storage tank, discharge treatment & AMR meters to address pressure tank capacity & iron.	11/1/2007	Van Zandt
35	61403	2260001	San Angelo		x		\$40,295,000	87,584	M	1.00	New wells, raw water transmission line and treatment facilities to correct TDS, sulfate and chloride.	6/1/2008	Tom Green
38	61432	2500020	Sharon WSC				\$3,400,000	7,137	W	0.75	New wells, elevated storage tanks, distribution & booster pump improvements to address pressure, production & pressure tank capacity.	5/1/2009	Wood

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
74	61400	1700002	Shenandoah				\$5,525,000	1,503	M	0.00	Source & storage projects.	7/1/2008	Montgomery
20	61401	0850014	South Garza WSC				\$1,100,000	500	W	1.50	New source & treatment & storage tanks to address production, storage, TDS and sulfate.	5/1/2007	Garza
50	61470	1700102	Stone Hedge Utility Co. Inc./Stonehedge Estates				\$255,000	123	P	0.25	New storage tank, service pumps, pressure tank, treatment system & well repair to address pH.	1/1/2008	Montgomery
48	61471	1010098	Suburban Utility Co. Inc./Beaumont Place				\$1,215,000	1,722	P	0.50	Construct new wells, ground storage tank, service pumps, pressure tank & treatment facilities to address production and pressure tank capacity.	1/1/2008	Harris
46	61472	1010111	Suburban Utility Co. Inc./Castlewood				\$680,000	1,035	P	0.50	Construct new well, storage, service pumps & pressure tank to address production & pressure tank capacity.	1/1/2008	Harris
45	61473	1010119	Suburban Utility Co. Inc./Cypress Bend				\$290,000	750	P	0.50	Upgrade existing well, install new storage, service pumps & pressure tank.	1/1/2008	Harris

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
44	61474	1010197	Suburban Utility Co. Inc./Reservoir Acres				\$295,000	639	P	0.50	Install new well, storage tank, service pump & service tank to address production & pressure tank capacity.	1/1/2008	Harris
71	61450	1700207	Texas National MUD				\$555,000	350	D	0.00	New well, tank & booster pumps.	1/1/2008	Montgomery
57	61404	0740009	Trenton				\$4,135,000	662	M	0.25	Distribution improvements, new well tank & pump station to address water loss. Does not address iron.	5/1/2009	Fannin
11	61408	2290037	Tyler County WSC	x			\$775,000	5,139	W	2.50	Interconnect facilities to address pressure, water loss & manganese.	6/1/2008	Tyler
18	61433	0470015	Upper Leon River MWD		x		\$3,195,000	10,110	D	1.63	Replace pumps, add filter, increase storage capacity & add back-up generator to address pressure tank capacity.	4/1/2008	Comanche
68	61402	1630011	Valley Mobile Home Properties				\$90,000	275	P	0.00	Install meters, cut-offs & back flow preventers.	5/1/2007	Medina

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Appendix C. Alphabetic List of Eligible Projects (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
22	61410	0630013	Valley WSC	x			\$2,935,000	220	W	1.25	Replace and upgrade distribution to address water loss.	2/1/2008	Dickens
7	61481	2250003	Winfield	x			\$465,000	499	M	3.25*	Rehabilitation of storage tanks & pressure improvements to address low pressure, disinfection and production.	1/1/2008	Titus
	TOTALS		83	21	14	0	\$426,855,000						

* Points revised but ranking not affected.

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Appendix D. Alphabetic List of Ineligible Projects

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
	61438		Bear Creek, Village of				\$1,035,000	360	M	0.00	Town of Bear Creek - can't rank because it is not a PWS.	11/1/2007	Hays
	61409	0080005	West End WSC				\$0	2,106	W	0.00	Can't rank - no project identified.	NA	Austin
	TOTALS		2	0	0	0	\$1,035,000						

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Appendix E. Project Priority List

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
1	61437	0480015	Millersview-Doole WSC		x		\$10,000,000	5,250	W	33.18	New surface water treatment plant, groundwater treatment & distribution to address radionuclides, production, pressure, fluoride & iron.	7/1/2007	Concho
2	61431	0660001	Duval County Conservation & Reclamation District	x			\$4,295,000	1,868	D	9.94	Replace distribution lines, install R.O., elevated storage tank, to address pressure, TDS, chloride and arsenic.	6/1/2007	Duval
3	61434	0270008	Buena Vista Water System				\$845,000	387	I	8.4	New package plant, distribution lines, storage and disinfection changes to address THMs, pressure, treatment capacity & storage.	6/1/2008	Burnet
4	61449	1250030	Jim Wells Co. FWSD # 1				\$3,050,000	1,411	D	6.25	New distribution well & tanks to address pressure TDS, chloride and uranium.	9/1/2007	Jim Wells
5	61416	2140018	Rio Grande City	x	x		\$11,150,000	11,923	M	4.50	Water distribution improvements to address low pressure & water loss.	1/1/2008	Starr

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
6	61426	2200012	Fort Worth		x		\$64,930,000	671,728	M	3.75	New treatment plant & pump station expansion to address pressure.	7/1/2007	Tarrant
7	61481	2250003	Winfield	x			\$465,000	499	M	3.25*	Rehabilitation of storage tanks & pressure improvements to address low pressure, disinfection and production.	1/1/2008	Titus
8	61439	0730016	Perry WSC	x			\$270,000	384	W	3.01	Distribution system improvements to address pressure, water loss & fluoride.	6/1/2008	Falls
9	61406	0420001	Coleman	x	x		\$5,910,000	5,127	M	3.00	Replace distribution lines to address pressure & water loss. Does not address production.	3/1/2008	Coleman
10	61423	1940002	Clarksville	x			\$8,910,000	3,883	M	2.79	New water source to address outages, aluminum. Does not address TDS.	7/1/2008	Red River
11	61408	2290037	Tyler County WSC	x			\$775,000	5,139	W	2.50	Interconnect facilities to address pressure, water loss & manganese.	6/1/2008	Tyler
12	61422	1390014	Roxton	x			\$1,110,000	722	M	2.25	Replace distribution lines & loop mains to address low pressure & water loss.	5/1/2009	Lamar

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
13	61424	1080088	Hidalgo County MUD # 1	x			\$7,670,000	7,650	D	2.02	Construct new water treatment plant & storage tank to address pressure tank capacity, aluminum and sulfate.	10/1/2008	Hidalgo
14	61414	2270002	Manor				\$1,770,000	1,204	M	2.00	Loop water lines & new storage tank to address pressure and disinfection.	7/1/2008	Travis
15	61440	2460011	Jarrell	x			\$1,545,000	1,800	W	2.00*	New storage & pressure facilities to address pressure. Does not address fluoride.	8/1/2008	Williamson
16	61421	1900011	East Tawakoni		x		\$2,610,000	775	M	1.75	Replace distribution lines, pumps & install storage to address water loss.	5/1/2009	Rains
17	61428	2020014	Beechwood WSC	x			\$1,610,000	1,041	W	1.75	New treatment plant, intake & storage tank to address water loss, aluminum and production.	3/1/2008	Sabine
18	61433	0470015	Upper Leon River MWD		x		\$3,195,000	10,110	D	1.63	Replace pumps, add filter, increase storage capacity & add back-up generator to address pressure tank capacity.	4/1/2008	Comanche

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
19	61484	1740008	Nacogdoches		x		\$3,555,000	41,300	M	1.63	Rehabilitate ground storage tank, elevated tanks & distribution lines to address pressure & pressure tank capacity.	1/1/2009	Nacogdoches
20	61401	0850014	South Garza WSC				\$1,100,000	500	W	1.50	New source & treatment & storage tanks to address production, storage, TDS and sulfate.	5/1/2007	Garza
21	61419	0310004	Los Fresnos	x			\$4,165,000	4,512	M	1.50	Distribution improvements to address pressure & capacity. Does not address sulfate and TDS.	3/1/2008	Cameron
22	61410	0630013	Valley WSC	x			\$2,935,000	220	W	1.25	Replace and upgrade distribution to address water loss.	2/1/2008	Dickens
23	61413	0810001	Fairfield	x			\$11,500,000	3,094	M	1.25	New treatment plant & distribution to address production capacity.	6/1/2008	Freestone
24	61425	1470002	Groesbeck	x			\$2,150,000	4,291	M	1.25	Repair auto-meter-readers & new elevated storage tank to address water loss.	7/1/2008	Limestone
25	61435	1470004	Mexia	x			\$4,500,000	6,978	M	1.25	Replace distribution lines to address water loss.	7/1/2008	Limestone

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
26	61405	2250001	Mount Pleasant	x	x		\$24,785,000	13,935	M	1.13	New treatment plant, raw water supply improvements & distribution improvements. Does not address aluminum.	4/1/2008	Titus
27	61454	1010285	Consumers Water Inc./Highland Mobile				\$170,000	87	P	1.00	Replace distribution lines, install new pressure tank & pump to address pressure deficiency.	1/1/2008	Harris
28	61446	1700164	Montgomery County MUD # 16				\$600,000	500	D	1.00	New pressure tank, storage tank & well rehabilitation to address pressure deficiencies.	1/1/2008	Montgomery
29	61482	2270016	Rollingwood				\$2,350,000	1,791	M	1.00	Distribution & pressure improvements to address low pressure.	12/1/2007	Travis
30	61447	1700118	Montgomery County MUD # 15				\$2,145,000	1,900	D	1.00	Distribution line replacement, booster pump repair & ground storage & pressure tank repair to address pressure.	1/1/2008	Montgomery
31	61480	0670002	Eastland	x	x		\$2,385,000	3,769	M	1.00	Distribution system improvements & recoat storage tanks. Does not address THMs.	2/1/2008	Eastland
32	61418	2140006	La Grulla	x			\$4,705,000	6,342	M	1.00	Water treatment plant & distribution improvements.	7/1/2009	Starr

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
33	61475	1160003	Commerce	x			\$2,740,000	7,801	M	1.00	Refurbish intake & raw water pipelines, new raw water pump, sludge spray field, plant improvements & loop & replace mains.	9/1/2008	Hunt
34	61483	1010239	Harris County WCID # 36	x			\$12,150,000	10,320	D	1.00	Distribution line replacement. Does not address aluminum.	1/1/2008	Harris
35	61403	2260001	San Angelo		x		\$40,295,000	87,584	M	1.00	New wells, raw water transmission line and treatment facilities to correct TDS, sulfate and chloride.	6/1/2008	Tom Green
36	61442	2200001	Arlington				\$48,500,000	355,500	M	1.00	New treatment plant to address pressure.	10/1/2007	Tarrant
37	61430	2360010	Riverside WSC				\$1,885,000	4,636	W	0.75	Increase supply, storage & new treatment plant to address production, pressure tank capacity & water loss.	3/1/2008	Walker
38	61432	2500020	Sharon WSC				\$3,400,000	7,137	W	0.75	New wells, elevated storage tanks, distribution & booster pump improvements to address pressure, production & pressure tank capacity.	5/1/2009	Wood

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
39	61412	1390015	Lamar County WSD		x		\$5,965,000	26,793	D	0.54*	Distribution improvements & new elevated storage & transmission facilities.	9/1/2008	Lamar
40	61451	1010264	Community Utility Co./Forest Manor				\$790,000	270	P	0.50	New well, storage tank, service pumps, pressure tank & sequestering equipment to address manganese & production capacity.	1/1/2008	Harris
41	61461	1700114	Consumers Water Inc./Pioneer Trails				\$290,000	378	P	0.50	New pressure tank, service pumps & treatment equipment & repair storage tank to address pH & production capacity.	1/1/2008	Montgomery
42	61452	1011302	Community Utility Co./Heathergate Estates				\$530,000	384	P	0.50	New well, ground storage tank, service pumps & sequestering equipment to address pressure & production capacity.	1/1/2008	Harris
43	61464	1010255	Consumers Water Inc./Springmont				\$300,000	564	P	0.50	Upgrade existing wells, repair storage tank, install service pumps & pressure tank.	1/1/2008	Harris
44	61474	1010197	Suburban Utility Co. Inc./Reservoir Acres				\$295,000	639	P	0.50	Install new well, storage tank, service pump & service tank to address production & pressure tank capacity.	1/1/2008	Harris

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
45	61473	1010119	Suburban Utility Co. Inc./Cypress Bend				\$290,000	750	P	0.50	Upgrade existing well, install new storage, service pumps & pressure tank.	1/1/2008	Harris
46	61472	1010111	Suburban Utility Co. Inc./Castlewood				\$680,000	1,035	P	0.50	Construct new well, storage, service pumps & pressure tank to address production & pressure tank capacity.	1/1/2008	Harris
47	61427	0270013	Cottonwood Shores				\$4,575,000	1,548	M	0.50	New treatment plant, service pumps, storage & upgrade raw water pumps to address THMs, production & storage.	6/1/2007	Burnet
48	61471	1010098	Suburban Utility Co. Inc./Beaumont Place				\$1,215,000	1,722	P	0.50	Construct new wells, ground storage tank, service pumps, pressure tank & treatment facilities to address production and pressure tank capacity.	1/1/2008	Harris
49	61415	2340016	RPM WSC				\$995,000	2,400	W	0.50	New storage tank, discharge treatment & AMR meters to address pressure tank capacity & iron.	11/1/2007	Van Zandt

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
50	61470	1700102	Stone Hedge Utility Co. Inc./Stonehedge Estates				\$255,000	123	P	0.25	New storage tank, service pumps, pressure tank, treatment system & well repair to address pH.	1/1/2008	Montgomery
51	61458	1700029	Consumers Water Inc./Lakewood Colony				\$180,000	162	P	0.25	Repair storage tank, construct new service tank & sequestering system.	1/1/2008	Montgomery
52	61445	1070228	Cross Roads Community WSC				\$810,000	342	W	0.25	New well & new pump station to address pressure tank capacity.	6/1/2008	Henderson
53	61456	1010700	Consumers Water Inc./Huffman Heights				\$440,000	402	P	0.25	New well, pressure tank & service pumps to address production capacity.	1/1/2008	Harris
54	61468	1700032	Patton Village Water Co. Inc./Patton Village - West				\$475,000	468	P	0.25	New well, service pumps & pressure tank & repair storage tank to address production capacity.	1/1/2008	Montgomery
55	61467	1700503	Patton Village Water Co. Inc./Patton Village - East				\$485,000	594	P	0.25	New well, service pumps, service tank & repair storage tank to address production capacity.	1/1/2008	Montgomery
56	61459	1010287	Consumers Water Inc./Meadowlake Estates				\$370,000	651	P	0.25	Install new pressure tank, treatment equipment, service pumps & repair ground storage tank to address manganese.	1/1/2008	Harris

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
57	61404	0740009	Trenton				\$4,135,000	662	M	0.25	Distribution improvements, new well tank & pump station to address water loss. Does not address iron.	5/1/2009	Fannin
58	61463	1700033	Consumers Water Inc./Spring Forest				\$315,000	756	P	0.25	Repair storage tank, construct new pressure tank & service pumps to address pressure tank capacity.	1/1/2008	Montgomery
59	61429	1550016	Axtell WSC				\$545,000	1,450	W	0.25	Construct storage to address elevated storage capacity and pressure tank capacity. Does not address arsenic.	6/1/2008	McLennan
60	61478	1900001	Emory		x		\$7,250,000	2,209	M	0.25	New clear well elevated storage tank & distribution lines. Does not address aluminum.	5/1/2009	Rains
61	61444	1290004	Kemp				\$555,000	2,250	M	0.25	Replace distribution lines to address water loss.	1/1/2008	Kaufman
62	61486	1340001	Junction				\$1,055,000	2,650	M	0.25	Replace ground storage tank & install SCADA system.	9/1/2007	Kimble
63	61443	1580065	Northeast Texas MWD				\$6,645,000	28,018	D	0.25	Expansion of treatment plant & system improvements.	4/1/2007	Marion

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
64	61469	1700055	Patton Village Water Co. Inc./Peach Creek Colony				\$205,000	126	P	0.00	New ground storage, service pumps & pressure tank.	1/1/2008	Montgomery
65	61457	1700021	Consumers Water Inc./Joy Village				\$195,000	150	P	0.00	Repair storage tank & construct new pressure tank.	1/1/2008	Montgomery
66	61465	1010219	Consumers Water Inc./Tall Cedars				\$250,000	174	P	0.00	Repair storage tank, install new service pumps & pressure tank.	1/1/2008	Harris
67	61460	1700051	Consumers Water Inc./Peach Creek Oaks				\$170,000	174	P	0.00	New pressure tanks, service pumps, and repair storage tank.	1/1/2008	Montgomery
68	61402	1630011	Valley Mobile Home Properties				\$90,000	275	P	0.00	Install meters, cut-offs & back flow preventers.	5/1/2007	Medina
69	61462	1700161	Consumers Water Inc./Porter Terrace				\$195,000	285	P	0.00	New pump, service pumps, pressure tank & repair storage tank.	1/1/2008	Montgomery
70	61453	1010132	Consumers Water Inc./Greengate Acres				\$230,000	300	P	0.00	Install new pressure tank, service pump & paint storage tank.	1/1/2008	Harris
71	61450	1700207	Texas National MUD				\$555,000	350	D	0.00	New well, tank & booster pumps.	1/1/2008	Montgomery

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Appendix E. Project Priority List (continued)

Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
72	61466	1010252	Consumers Water Inc./Urban Acres				\$290,000	417	P	0.00	Upgrade existing well, repair storage tank, install service pumps & pressure tank.	1/1/2008	Harris
73	61455	1010157	Consumers Water Inc./Highland Ridge				\$270,000	567	P	0.00	Install service pumps, treatment facilities & meters.	1/1/2008	Harris
74	61400	1700002	Shenandoah				\$5,525,000	1,503	M	0.00	Source & storage projects.	7/1/2008	Montgomery
75	61448	0710001	Anthony				\$1,870,000	2,800	M	0.00	Install stand-by generators, well improvements, new disinfection & new storage.	1/1/2008	El Paso
76	61407	1010903	Harris County MUD # 46				\$915,000	3,300	D	0.00	Generator replacement & new disinfection system.	8/1/2008	Harris
77	61485	1850003	Friona Municipal Water System				\$1,985,000	3,854	M	0.00	New well, distribution line & storage tank.	5/1/2007	Parmer
78	61441	0790474	Fort Bend County FWSD # 1		x		\$4,535,000	4,050	D	0.00	Replace infrastructure including distribution, booster pump & pressure tank.	2/1/2009	Fort Bend

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Rank	Project #	PWS #	Entity	Disadvantaged	Consolidation	SWP	Project Cost	Population	Owner Type	Total Points	Description	Projected Start Date	County
79	61417	1010260	Harris County FWSD # 47				\$3,215,000	4,290	D	0.00	Replace distribution lines. Does not address aluminum.	3/1/2008	Harris
80	61479	1550100	McGregor				\$910,000	4,847	M	0.00	New storage tank.	4/1/2008	McLennan
81	61476	1110007	Acton MUD		x		\$1,055,000	16,449	D	0.00	Distribution improvements. Does not address iron.	1/1/2008	Hood
82	61420	0490001	Greater Texas Utility Authority/Gainesville				\$2,505,000	16,500	M	0.00	New well, distribution lines, pressure reducing valve stations & SCADA. Does not address aluminum.	10/1/2007	Cooke
83	61436	1010013	Houston				\$56,325,000	2,009,690	M	0.00	Distribution improvements. Does not address production & iron.	1/1/2008	Harris
	TOTALS		83	21	14	0	\$426,855,000						

* Points revised but ranking not affected.

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Appendix F: Priority Guidance

Public Drinking Water

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. (Maximum 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

The sum of all factors for each system which will be consolidated. One half the sums 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.

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Appendix F: Priority Guidance (continued)

Source Water Protection

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/1, 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 that 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 that 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.