

State of Texas

FY 2008

Clean Water State Revolving Fund Intended Use Plan



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

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The Board rules governing the CWSRF program (Texas Administrative Code, Title 31, Part 10, Chapter 375) may be accessed online at:

- www.twdb.state.tx.us/publications/rules/ch375.pdf
- [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

This document identifies the intended uses of the funds available in the Clean Water State Revolving Fund (CWSRF) loan program for Fiscal Year (FY) 2008. The Texas Water Development Board (Board) administers this program in accordance with the provisions of the Clean Water Act (Act) of 1987, Section 606(c) and the Texas Administrative Code, Title 31, Part 10, Chapter 375 (Board rules).

The Board is continuing a long range plan to protect the future health of the CWSRF while providing financial assistance to political subdivisions for wastewater collection and treatment projects in Texas. 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 FY 2008 CWSRF Intended Use Plan (IUP) contains an alphabetic list of 75 projects totaling \$733,890,000. All of the 75 projects submitted were deemed eligible and were ranked within five funding categories for construction projects. Fifteen projects were deemed eligible for disadvantaged communities funding. No rural hardship communities or nonpoint source pollution control/estuary management projects were submitted.

The most recent estimate available to the Board as of August 27, 2007 indicates that approximately \$31,033,233 in federal funds will be allocated pursuant to the Clean Water Act for fiscal year 2008.

II. SHORT-TERM AND LONG-TERM GOAL STATEMENTS

A. Short-Term Goals of the CWSRF

1. The Board will strive to maximize use of the CWSRF to provide funding for projects that are designed to meet the needs of the state. This includes:
 - providing special assistance to disadvantaged communities to allow them to meet their specific wastewater treatment needs;
 - participating in outreach meetings and trade association conferences, where possible, to provide information on funding opportunities for nonpoint source pollution control, estuary management, and traditional wastewater projects;
 - implementing a rule change to offer applicants up to 30-year loan terms; and
 - using the one-page Environmental Benefits Form for all CWSRF loan commitment closings to measure the effectiveness of project funding.

2. For FY 2008, the Board estimates that it will conduct 35 CWSRF pre-application meetings with potential borrowers, resulting in 20 binding commitments representing \$300 million in loans. In addition, the Board anticipates that it will close 18 loans representing \$321,000,000. These results will be reported in the FY 2008 CWSRF Annual Report.

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3. 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 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 projects. The Board is working with the Environmental Protection Agency (EPA) Region 6 and Northbridge Environmental Management Consultants on this project and anticipates having the comprehensive system operating within two years.

B. Long-Term Goals of the CWSRF

1. The Board will maintain a program to restore and maintain the chemical, physical, and biological integrity of the state's waters that is responsive to changes in the state's priorities and needs. Progress toward meeting this goal will be documented by providing information on strategic assessment of changing needs and ongoing or completed changes aimed at addressing those needs.
2. The Board will maintain the fiscal integrity of the CWSRF and assure continuous enhancement of the fund for future generations. Progress toward meeting this goal will be documented by discussion of changes to lending rate policies, loan monitoring activities, and loan default information.
3. The Board will maintain the CWSRF into perpetuity. Progress toward meeting this goal will be provided via reporting on the annual capacity modeling and changes in capacity.

III. DEVELOPMENT OF THE CWSRF IUP

A. Solicitation of Project Information

In accordance with Board rules (Section 375.17), project information was solicited from eligible entities across the state in a letter dated November 17, 2006 with a response deadline of February 16, 2007. The required information consisted of:

- a description of the proposed project;
- information needed to rate the project;
- the status of any required permit application, including projected effluent limitations;

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- the estimated total project cost;
- an estimated schedule for planning, design, and construction of the proposed project;
- a statement as to whether the entity is under enforcement by EPA or the Texas Commission on Environmental Quality (TCEQ); and
- such other information as may be requested by the Executive Administrator.

B. Funding Categories

All proposed projects were reviewed and listed in the following funding categories:

Funding Categories		Number of Projects	Total Cost
A	3,000 or fewer pop.	24	\$82,715,000
B	3,001 to 10,000 pop.	17	\$76,670,000
C	10,001 to 25,000 pop.	9	\$172,265,000
D	25,001 to 100,000 pop.	10	\$125,900,000
E	100,001 to 500,000 pop.	0	\$0
F	500,001 or greater pop.	15	\$276,340,000
G	Rural Hardship Communities	0	[not funded]
H	Nonpoint Source/Estuary Mgmt.	0	\$0
Total		75	\$733,890,000

C. Tie Breaking Procedure

In the event of ties in the ratings, priority will be given to projects in which the sewage treatment plant is at the greatest percentage of its permitted capacity. For any remaining ties, priority will be given to the entity with the lowest annual per capita income.

D. Disadvantaged Communities Funding

At its December 16, 2003 meeting, the Board approved rules establishing disadvantaged communities funding. For FY 2008, the Board will provide approximately \$20 million in CWSRF program funds for 0% or 1% interest rate loans to communities that qualify as disadvantaged. The 15 entities with projects deemed eligible to apply for disadvantaged communities funding in FY 2008 are listed in the following table.

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Funding Category	Disadvantaged Entity	Project Cost
A	Sabinal	\$3,560,000
	Nueces RA, Leakey	\$11,875,000
	Kendleton	\$1,275,000
	Edgewood	\$1,055,000
	Duval Co. Conserv. & Reclamation District	\$5,755,000
B	Hidalgo Co. MUD 1	\$11,335,000
	Pecos City	\$6,875,000
	La Feria	\$5,375,000
	Commerce	\$3,490,000
	Anthony	\$5,590,000
	Eastland	\$2,525,000
	Bonham	\$2,360,000
C	Rio Grande City	\$44,175,000
	Harris Co. WCID 36	\$20,385,000
	Donna	\$26,000,000
	Total	\$151,630,000

1. **Eligibility** - Board staff determines eligibility for the disadvantaged communities funding option. Only those entities with a population of 25,000 or less are eligible for consideration.

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 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 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 political subdivision that has an adjusted median household income which is no more than 75% of the state median household income for the most recent year for which statistics are available; and

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- 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 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:

$$\text{Average Annual Water Bill} = \frac{(\text{Avg. \# of persons/household}) \times (2,325 \text{ gallons/person/month})}{\text{x (Monthly water rate) x (12)}}$$

$$\text{Average Annual Sewer Bill} = \frac{(\text{Avg. \# of persons/household}) \times (1,279 \text{ gallons/person/month})}{\text{x (Monthly sewer rate) x (12)}}$$

$$\text{Household Cost Factor} = \frac{(\text{Average Annual Water Bill}) + (\text{Annual Loan Cost})}{(\text{Adjusted Median Household Income})}$$

$$\text{Combined Household Cost Factor} = \frac{(\text{Avg. Annual Water Bill}) + (\text{Avg. Annual Sewer Bill}) + (\text{Annual Loan Cost})}{(\text{Adjusted Median Household Income})}$$

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.

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IV. CRITERIA AND METHOD OF DISTRIBUTION OF FUNDS

A. Notice of Availability of Funds

Congress has continued to appropriate funds for CWSRF capitalization grants each year since the original period of authorization ended in 1994. As a condition of receiving CWSRF capitalization grants, the Board must impose certain federal requirements on projects that receive any portion of the funds directly made available by capitalization grants. These funds are commonly referred to as Tier III funds. The Board will limit the amount of federal funds to the dollar amount of projects reasonably necessary to meet federal requirements. The Board will not provide federal funds for refunding projects for which a prior Board loan has already closed.

Notice is hereby given of the availability of approximately \$460,805,865 to fund projects in FY 2008. This amount includes:

- \$20,000,000 in disadvantaged communities funds
- \$50,000,000 in federal (Tier III) funds
- \$390,805,865 in state (Tier II) funds

Should the demand for state funds, commonly referred to as Tier II funds, exceed the amount of funds available, the Board may opt to issue bonds to cover the demand. The Board's ability to issue bonds ensures that the CWSRF program will not experience a shortage of funds.

Appendix A identifies the sources and uses of funds available to the CWSRF program and includes the estimated amount of funds to be carried over to the next fiscal year.

B. Allocation of Funds to Categories

The discussion below of the allocation of funds to funding categories reflects the requirements of Board rules in the event of a shortage of funds. Reference is made to a funding line. The term funding line refers to the point on the ranked lists where the sum of project costs is equal to the amount of funds available. Note that an actual funding line does not appear on the ranked tables. The funding line will be adjusted downward if an entity above the line decides not to apply or fails to submit a timely application.

Funds required by all eligible projects in each funding category are totaled. Except for category G, Rural Hardship Communities, each category's percentage of the total funds required for all categories is calculated. If applicable, funding categories with a project cost less than 7% of the total cost are listed separately because Board rules provide that no funding category will be assigned less than 7% of the total funds available unless the total needs of the funding category are less than 7%. For FY 2008, there are no funding categories with a project cost less than 7% of the total cost;

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therefore, there are no assigned funds.

Funding Categories		Number of Projects	Project Cost	Percentage of Total Project Cost	Assigned Funds (Project Cost of < 7%)
A	3,000 or fewer pop.	24	\$82,715,000	11.27%	\$0
B	3,001 to 10,000 pop.	17	\$76,670,000	10.45%	\$0
C	10,001 to 25,000 pop.	9	\$172,265,000	23.47%	\$0
D	25,001 to 100,000 pop.	10	\$125,900,000	17.16%	\$0
E	100,001 to 500,000 pop.	0	\$0	0.00%	\$0
F	500,001 or greater pop.	15	\$276,340,000	37.65%	\$0
H	Nonpoint Source/Estuary Mgmt.	0	\$0	0.00%	\$0
Total		75	\$733,890,000	100.00%	\$0

A subset of funding categories with a project cost greater than or equal to 7% of the total cost is listed and subtotaled. The ratio of each of these categories to the subtotal is calculated. The assigned funds (\$0) are subtracted from the total funds available (approximately \$460,805,865).

Funding Categories		Number of Projects	Project Cost is ≥ 7%	Percentage of Subtotal of Project Cost	Available Funds Minus Assigned Funds
A	3,000 or fewer pop.	24	\$82,715,000	11.27%	\$460,805,865 (approximately)
B	3,001 to 10,000 pop.	17	\$76,670,000	10.45%	
C	10,001 to 25,000 pop.	9	\$172,265,000	23.47%	
D	25,001 to 100,000 pop.	10	\$125,900,000	17.16%	
F	500,001 or greater pop.	15	\$276,340,000	37.65%	
Subtotal		75	\$733,890,000	100.00%	

The assigned funds are entered for each funding category with a project cost less than 7% of the total cost. To produce the allocations for the remaining funding categories, the percentage calculated for each category with a project cost greater than or equal to 7% is multiplied by the sum of the total funds available (approximately \$460,805,865) less the assigned funds (\$0).

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Funding Categories		Number of Projects	FY 2008 Funds Allocated
A	3,000 or fewer pop.	24	\$51,932,821
B	3,001 to 10,000 pop.	17	\$48,154,213
C	10,001 to 25,000 pop.	9	\$108,151,137
D	25,001 to 100,000 pop.	10	\$79,074,286
E	100,001 to 500,000 pop.	0	\$0
F	500,001 or greater pop.	15	\$173,493,408
H	Nonpoint Source/Estuary Mgmt.	0	\$0
Total		75	\$460,805,865

The funds assigned to category G, Rural Hardship Communities, are equal to the amount of the federal grant under the Hardship Grants Program for Rural Communities available for the fiscal year (currently \$0) plus an equal amount of CWSRF loan funds. After available funds are allocated among the funding categories, a funding line will be drawn at the point where the sum of project costs is equal to the amount of funds available

C. Distribution of Funds

The Executive Administrator will notify entities of the availability of funding and invite them to apply for a loan. Entities will be notified of the availability of federal funds at the same time as the first round of letters informing entities of the availability of disadvantaged communities funds. Once all federal funds have been committed, the remaining entities will be notified of the availability of state funds. Entities that are unable to meet the prescribed application and commitment deadlines may be bypassed by projects lower on the priority list that are ready to proceed. Should the demand for state funds exceed the amount of funds available, the Board may opt to issue bonds to cover the demand.

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CWSRF IUP Invitation Time Line

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Disadvantaged Communities Funds ¹												
Federal (Tier III) Funds ²												
State (Tier II) Funds ³												

¹ Disadvantaged communities funds are offered on a priority basis to entities with populations of 25,000 or less.

² Federal funds are offered on a first-come, first-served basis.

³ State funds are offered on a priority basis by funding category after federal funds are committed, typically in February.

1. Federal (Tier III) Funds

All entities with projects that are not above the initial funding line for the disadvantaged communities funding option will be invited to apply for the federal funds (approximately \$50 million) offered under Chapter 375, Subchapter B of the Board’s rules. The Board also refers to these funds as Tier III funds. Applications will be funded on a first-come, first-served basis. These loans will receive a 195 basis point subsidy.

The Board requires applicants seeking federal funds to complete and submit a Preaward Compliance Review Report which lists the federal requirements that they must adhere to, commonly referred to as federal crosscutters. They include Title VI of the Civil Rights Act of 1964, Section 13 of the 1972 Amendments to the Federal Water Pollution Control Act, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Title IX of the Education Amendments of 1972.

If federal funds are available for only part of an application, the remainder of the project may be funded under the CWSRF interest rate associated with state funds. Applications for projects for which no federal funds are available will be considered for state funding, unless the applicant indicates it does not want to proceed with such funding.

If a shortage of federal funds exists, applications which are complete will be presented for Board action in the order of their priority ranking.

2. Disadvantaged Communities Funds

Board rules require that the Executive Administrator identify potential projects starting with funding category A. If the amount of funds available (approximately \$20 million) exceeds the total project cost for all projects in category A, the Executive Administrator will identify projects in funding category B, in priority order,

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that could be funded without exceeding the total funds available. If the amount of funds available exceeds the total project cost for projects in categories A and B, the Executive Administrator will identify projects in funding category C, in priority order, that could be funded without exceeding the amount of funds available. A funding line will be drawn at the point where the sum of project costs is equal to the amount of funds available. Entities with projects that are above the funding line will be invited to apply for disadvantaged communities funds and will be given three months from the date of the invitation to apply for a loan and three months from the date the application was received to obtain a commitment. These loans will receive an interest rate of 0% or 1%.

If, at any time during the above-described period, an entity above the funding line submits written notification that it does not intend to submit an application, or if there are not enough applications to obligate the funds available, the funding line may be moved downward in priority order to accommodate additional projects which would utilize the funds that would otherwise not be committed. The Executive Administrator will notify such additional entities in writing and will invite the submittal of applications. Entities receiving such notice will have three months to apply for a loan and three months from the date the application was received to obtain a commitment.

The Executive Administrator may also request the submission of any additional information necessary to determine if the entity meets the criteria for disadvantaged communities eligibility.

3. State (Tier II) Funds

After the Executive Administrator determines that federal funds are sufficiently utilized to satisfy the federal requirements and a shortage of state funds exists, the remaining entities with projects that are above the funding line within each funding category will be invited to apply for state funds offered under Chapter 375, Subchapter A of the Board's rules. Entities will be allowed four months from the date of the notice of availability of funds or until August 31 of the fiscal year, whichever is sooner, to submit applications for assistance, and will be allowed two additional months to receive a loan commitment. These loans will receive a 95 basis point subsidy.

If, at any time during the above-described period, an entity above the funding line submits written notification that it does not intend to submit an application, or if there are not enough applications to obligate the funds available, the funding line within each category may be moved downward in priority order to accommodate additional projects which would utilize the funds that would otherwise not be committed. The Executive Administrator will notify such additional entities in writing and will invite the submittal of applications. Entities receiving such notice will be allowed four months from the date of the notice or until August 31 of the fiscal year,

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whichever is sooner, to submit applications for assistance and will be allowed two additional months to receive a commitment.

If funds are available after the Executive Administrator is able to make a determination that all entities in each funding category have had the opportunity to be funded, the remaining funds will be pooled and made available to category A. If no entities in category A are able to utilize the funds, then the funds will be made available to category B. If no entities in category B are able to utilize the funds, then the funds will be made available to category C. If no entities in category C are able to utilize the funds then the funds will be made available to category D. If no entities in category D are able to utilize the funds, then the funds will be made available to category E. If no entities in category E are able to utilize the funds, then the funds will be made available to category F.

If a shortage of funds exists, no single applicant may receive more than 30 percent of the total funds available for the fiscal year.

If no shortage of funds exists, the Executive Administrator will invite the submittal of applications from all entities. In this case, entities will be given until August 31 of the fiscal year to submit an application and an additional two months to receive a loan commitment. These loans will receive a 95 basis point subsidy.

4. Rural Hardship Community Funds

Category G exists for projects proposed by rural hardship communities. It was created in response to a federal appropriation to the states for the purpose of providing hardship grants to meet the wastewater needs of poor, rural communities with populations not more than 3,000. The EPA administered the grants in conjunction with the CWSRF program. Texas received \$2,942,600 in FY 1997 and provided assistance to five communities. As of this date, the Board has not received any additional funds for the rural hardship community category; therefore, staff does not plan to solicit interest in this category at this time.

Each IUP is a stand-alone document and lists projects for a given fiscal year. Thus, those projects placed at the bottom of the IUP list could potentially cycle back to the top of the list. Entities that submit inadequate or no application may resubmit project information for the following year's IUP.

D. Limits on Funding

Loan assistance will not exceed the cost estimate in the IUP without Board approval. In the event that the cost of a project exceeds the amount of funds available, the applicant may seek additional funds from other appropriate Board programs.

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V. INFORMATION ON ACTIVITIES TO BE SUPPORTED

A. Section 212 Projects

Appendix C contains an alphabetic list of all projects proposed for FY 2008. It includes a column showing the funding category of each project. Appendix E contains the list the projects in priority order for each category, along with EPA cost categories and TCEQ discharge requirements.

B. Terms of Financial Assistance

The Board will determine the terms of financial assistance on a project-by-project basis. The Board will establish the applicable interest rates for the CWSRF. All CWSRF variable lending rates will equal the Board's borrowing rate plus 25 basis points to offset the origination fee. The fixed interest rates for loans for state funds are set at rates 70 basis points below the fixed rate index rates for borrowers plus an additional reduction of 25 basis points, for a total interest rate reduction of 95 basis points. (See Section 375.52.) The fixed interest rates for loans for federal funds are set at rates 170 basis points below the fixed rate index rates for borrowers plus an additional reduction of 25 basis points, for a total interest rate reduction of 195 basis points. (See Section 375.222.) The market rate is determined by the Delphis Hanover Corporation's Range of Yield Curve Scales. The Board will consider but will not be limited to the criteria set forth below:

1. The interest rate or rates required to retire state bonds.
2. The interest rate necessary to maintain the buying power of the CWSRF.
3. Separate lending rate scales may be established for special and unusual projects which may require special financing.

The disadvantaged communities funding option offers 1% interest rate loans for projects serving areas in which the adjusted median household income for the service areas is between 75% and 70% of the state adjusted median household income. Loans with a 0% interest rate are offered to service areas with an adjusted median household income that is less than or equal to 70% of the state adjusted median household income.

VI. ASSURANCES AND SPECIFIC PROPOSALS

Citations refer to sections of Title VI of the Clean Water Act of 1987

A. 602(a) – Environmental Reviews

Environmental reviews are applied to all projects. Projects funded with state funds are subject to Board rules under Section 375.35 and projects funded with federal funds are subject to Board rules under Section 375.214 (both relating to Required Environmental

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Review and Determination). Projects funded with disadvantaged communities funds will be subject to the same environmental requirements as projects funded with state funds.

B. 602(b)(2) – State Matching Funds

The Board agrees to deposit into the CWSRF from state monies an amount equal to 20% of the amount of each project disbursement on or before the date on which the state receives each federal disbursement of funds for each project.

C. 602(b)(3) – Binding Commitments

The Board will enter into binding commitments for 120% of each quarterly payment within one year of receipt of that payment.

D. 602(b)(4) – Expeditious and Timely Expenditures

The Board will expend all funds in the CWSRF in a timely and expeditious manner.

E. 602(b)(5) – First Use for Enforceable Requirements

The Board has previously met this requirement.

F. 602(b)(6) – Compliance with Title II Requirements

The Board will meet the specific statutory requirements for publicly owned wastewater treatment projects constructed in whole or in part with funds directly made available by federal capitalization grants for Title II equivalency and federal crosscutters.

G. 602(b)(7) – State Laws and Procedures

The Board agrees to expend each quarterly grant payment in accordance with state laws and procedures.

H. 603(f) – Consistency with Planning

The Board agrees that it will not provide assistance to any project unless that project is consistent with plans developed under Sections 205(j), 208, 303(e), 319, or 320 of the Act.

I. Compliance with Crosscutter Requirements

It is a capitalization grant requirement that projects assisted with funds directly made available by capitalization grants comply with cross-cutting authorities. This requirement has been met for all capitalization grants through FY 2007. Projects

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funded under Chapter 375, Subchapter B (federal funds) will meet crosscutter requirements for the FY 2008 CWSRF capitalization grant.

J. Schedule of Estimated Disbursements

As stated in the Introduction, the most recent estimate available to the Board as of August 27, 2007 indicates that approximately \$31,033,233 in federal funds will be allocated pursuant to the Clean Water Act for fiscal year 2008. Therefore, the Board estimates that \$31,033,233 will be drawn in federal funds to be matched with \$6,206,647 in state funds. The Board selects projects to submit Outlay Reports with supporting documentation equivalent to the total amount of federal grant funds and required state match.

Quarter	Federal	State	Total
FY 2007 Q4	\$3,879,154.13	\$775,830.83	\$4,654,984.96
FY 2008 Q1	\$3,879,154.13	\$775,830.83	\$4,654,984.96
FY 2008 Q2	\$3,879,154.13	\$775,830.83	\$4,654,984.96
FY 2008 Q3	\$3,879,154.13	\$775,830.83	\$4,654,984.96
FY 2008 Q4	\$3,879,154.13	\$775,830.83	\$4,654,984.96
FY 2009 Q1	\$3,879,154.13	\$775,830.83	\$4,654,984.96
FY 2009 Q2	\$3,879,154.13	\$775,830.83	\$4,654,984.96
FY 2009 Q3	\$3,879,154.09	\$775,830.79	\$4,654,984.88
	\$31,033,233.00	\$6,206,646.60	\$37,239,879.60

VII. ADMINISTRATIVE COST OF THE CWSRF

The Act permits amounts from the CWSRF to be used for program administration, provided that such amounts do not exceed 4% of all capitalization grant awards. The total amount of funds available for administration from all grants through FY 2006 is \$52,408,320. Since the inception of the program through May 24, 2007, CWSRF funds totaling \$25,439,580 have been expended for administrative costs, leaving a balance of \$26,968,740 available under the 4% cap.

Since November 1995, Board rules have provided for the assessment of loan origination fees as a means of replacing federal grant funds to pay the administrative costs of operating the CWSRF loan program. A provision in the FY 2005 federal appropriation bill is as follows:

“That notwithstanding Section 603(d)(7) of the federal Water Pollution Control Act, as amended, the limitation on the amounts that may be used by a state to administer the fund shall not apply to amounts included as principal in loans made by such fund in fiscal year 2005 and prior years where such amounts represent costs of administering the fund, to the extent that such amounts are or were deemed to be reasonable by the Administrator, accounted for separately from other

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assets in the fund, and used for eligible purposes of the fund, including administration.”

The Board continues to assess an administrative cost recovery fee on each loan. Amounts collected are deposited to the Administrative Cost Recovery Fund, which is separate from the CWSRF. These amounts provide for the reasonable costs of administering the CWSRF. As of June 30, 2007, fees totaling \$3,181,077 held outside the cap are available as well as the remaining \$26,968,740 under the 4% cap. These amounts will support the administrative needs of the CWSRF for the near term.

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Appendix A. Sources and Uses of Funds

**Statement of Sources and Uses of Capital
for Loans and Debt Service for FY 2008**

Sources

Grant Balance (as of 5/31/07)	\$51,073,172
Projected Cash to be Used for Loans (per Capacity Model)	460,805,865
Banked Administrative Funds (as of 8/6/07)	3,279,715
Anticipated Federal Grant	31,033,233
Anticipated State Match	6,206,647
Interest Repayments from Loans (as of 5/31/07)	90,598,569
Principal Repayments from Loans (as of 5/31/07)	96,904,845
Projected Investment Earnings on Funds (as of 5/31/07)	25,963,483
Projected Bonds to be Sold (per Capacity Model)	<u>220,290,000</u>
Total Sources	<u>\$986,155,529</u>

Uses

Administrative Expenses	\$1,956,744
Banked Administrative Funds	2,532,115
TxWISE Project	<u>747,600</u>
Total Set-Aside Uses	\$5,236,459

Loans to be Funded

Binding Commitments (as of 5/31/07)	\$798,620,000
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Debt Service

Senior Lien (Leverage Bonds) Debt Service	\$42,267,043
Subordinate Variable Rate Debt Service	26,682,208
Subordinate Fixed Rate Debt Service	16,085,995
Match Bond	<u>21,323,523</u>

Total Uses

\$910,215,228

Net Sources (Uses)*

\$75,940,301

Interest Available to Pay Debt		Commitments Anticipated to	
		Close by Fiscal Year	
Interest Repayments from Loans	\$90,598,569		2007 \$447,385,000
Investment Earnings on funds	<u>25,963,483</u>	2008	223,350,000
Subtotal	\$116,562,052	2009	124,365,000
Less Match Bond Debt	<u>21,323,523</u>	2010	1,770,000
	<u><u>\$95,238,529</u></u>	2011	<u>1,750,000</u>
			<u><u>\$798,620,000</u></u>

* Funds carried over to FY 2009 will be used to fund eligible projects in the CWSRF program.

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Appendix B. Key to Lists

Total Points	Score used to rank projects
Funding Category	<ul style="list-style-type: none"> A Entities with existing populations of 3,000 or fewer B Entities with existing populations of 3,001 to 10,000 C Entities with existing populations of 10,001 to 25,000 D Entities with existing populations of 25,001 to 100,000 E Entities with existing populations of 100,001 to 500,000 F Entities with existing populations of 500,001 or greater G Rural Hardship Communities H Nonpoint Source Pollution or Estuary Management Projects
EPA Cost Categories	<ul style="list-style-type: none"> I Secondary Treatment and Best Practicable Wastewater Treatment Technology II Advanced Treatment IIIA Infiltration/Inflow Correction IIIB Replacement and/or Major Rehabilitation of Existing Sewer Systems IVA New Collector Sewer Systems and Appurtenances IVB New Interceptor Sewer Systems and Appurtenances V Correction of Combined Sewer Overflows
TCEQ Discharge Requirements	<ul style="list-style-type: none"> CBOD Carbonaceous Biochemical Oxygen Demand TSS Total Suspended Solids NH3 Nitrogen DO Dissolved Oxygen

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Appendix C. Alphabetic List of Eligible Projects

Project ID #	NPDES #	Entity	Disadvantaged	Project Cost	Total Points	Funding Category	Description
72212	TX0027120	Aledo		\$3,225,000	2.0	A	Wastewater Treatment Plant Expansion
72210	TX0033944	Anahuac		\$7,285,000	6.0	A	Collection System Rehabilitation/Overflow Control
72252	TX0090522	Anthony	x	\$5,590,000	0.0	B	Wastewater Treatment Plant Expansion
72201	TX0032671	Bastrop		\$8,190,000	0.0	B	Trunk Sewer, Diversion
72273	TX0020257	Bell Co. WCID 2		\$1,055,000	3.0	A	Wastewater Treatment Plant Expansion
72216	TX0021814	Bonham	x	\$2,360,000	0.0	B	Collection System Rehabilitation/Overflow Control
72264	TX0025046	Brookshire MWD		\$745,000	3.0	B	Facilities Rehabilitation
72263	TX0020591	Commerce	x	\$3,490,000	1.0	B	Collection System Rehabilitation/Overflow Control
72214	TX0022268	Conroe		\$31,575,000	0.0	D	Wastewater Treatment Plant Expansion
72239	N/A	Cottonwood Shores		\$2,350,000	3.0	A	Reuse
72243	N/A	Deaf Smith Co. FWSD 1		\$90,000	0.0	A	Facilities Rehabilitation
72240	TX0024660	Donna	x	\$26,000,000	2.1	C	Wastewater Treatment Plant Expansion
72204	TX0127205	Duval Co. Conserv. & Reclamation District	x	\$5,755,000	0.0	A	Wastewater Treatment Plant Expansion
72211	TX0101303	East Tawakoni		\$6,435,000	2.1	A	Unserved Area
72270	TX0024007	Eastland	x	\$2,525,000	0.0	B	Collection System Rehabilitation/Overflow Control
72265	TX0023710	Edgewood	x	\$1,055,000	0.0	A	Facilities Rehabilitation
72213	TX0101605	El Paso WU, Eastside Interceptor		\$25,375,000	4.0	F	Trunk Sewer, Developing Area
72202	N/A	El Paso WU, Water Reclamation Plant		\$16,300,000	6.0	D	Wastewater Treatment Plant Expansion
72260	TX0026328	Emory		\$7,470,000	1.1	A	Unserved Area
72224	TX0020711	Flower Mound, Reuse Facility		\$2,395,000	0.0	D	Reuse

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Appendix C. Alphabetic List of Eligible Projects (continued)

Project ID #	NPDES #	Entity	Disadvantaged	Project Cost	Total Points	Funding Category	Description
72223	TX0020711	Flower Mound, Sewer Rehab		\$3,260,000	0.0	D	Collection System Rehabilitation/Overflow Control
72222	TX0020711	Flower Mound, Unserved Area		\$1,735,000	1.1	D	Unserved Area
72226	TX0066796	Follett		\$420,000	4.0	A	Reuse
72235	TX0102385	Fort Bend Co. FWSD 1		\$4,095,000	8.1	A	Unserved Area
72274	TX0047295	Fort Worth, Big Fossil Creek Relief Main		\$12,680,000	8.0	F	Collection System Rehabilitation/Overflow Control
72275	TX0047295	Fort Worth, Relief Main 325 & 257		\$46,880,000	4.0	F	Collection System Rehabilitation/Overflow Control
72276	TX0047295	Fort Worth, Reuse Projects		\$14,960,000	7.0	F	Reuse
72221	TX0024325	Greater Texoma UA, Sherman		\$3,710,000	0.0	D	Collection System Rehabilitation/Overflow Control
72248	TX0055611	Greenville		\$27,550,000	0.0	D	Wastewater Treatment Plant Expansion
72215	TX0022462	Harris Co. FWSD 47		\$4,365,000	7.0	B	Collection System Rehabilitation/Overflow Control
72227	TX0058963	Harris Co. MUD 46		\$2,110,000	3.5	B	Collection System Rehabilitation/Overflow Control
72242	TX0025062	Harris Co. WCID 36	x	\$20,385,000	4.0	C	Collection System Rehabilitation/Overflow Control
72271	TX0095842	Harris Co. WCID 89		\$7,565,000	3.0	B	Wastewater Treatment Plant Expansion
72241	N/A	Hidalgo Co. MUD 1	x	\$11,335,000	4.1	B	Wastewater Treatment Plant Expansion
72234	TX0034924	Houston, Almeda Sims Sludge Dryer		\$7,285,000	0.0	F	Facilities Rehabilitation
72231	TX0063061	Houston, Chocolate Bayou WWTP		\$3,475,000	0.0	F	Facilities Rehabilitation
72229	Multiple	Houston, Citywide Lift Station Rehab		\$9,705,000	0.0	F	Collection System Rehabilitation/Overflow Control
72228	Multiple	Houston, Citywide Sewer Rehab		\$66,440,000	1.0	F	Collection System Rehabilitation/Overflow Control
72232	TX0063029	Houston, Homestead WWTP		\$3,810,000	4.0	F	Wastewater Treatment Plant Expansion
72233	TX0062995	Houston, Southwest WWTP		\$11,205,000	6.5	F	Facilities Rehabilitation

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Appendix C. Alphabetic List of Eligible Projects (continued)

Project ID #	NPDES #	Entity	Disadvantaged	Project Cost	Total Points	Funding Category	Description
72230	TX0057347	Houston, White Oak WWTP		\$2,130,000	4.0	F	Facilities Rehabilitation
72247	TX0118371	Hunter's Glen MUD		\$890,000	5.0	B	Reuse
72249	TX0025577	Hutto		\$15,300,000	6.1	C	Trunk Sewer, Developing Area
72207	TX0021075	Junction		\$970,000	4.0	A	Wastewater Treatment Plant Expansion
72244	TX0022802	Keller		\$3,850,000	2.1	D	Trunk Sewer, Developing Area
72262	TX0098949	Kendleton	x	\$1,275,000	2.0	A	Facilities Rehabilitation
72203	N/A	Kermit		\$845,000	1.0	B	Wastewater Treatment Plant Expansion
72257	TX0032689	La Feria	x	\$5,375,000	1.1	B	Unserved Area
72225	TX0126195	Liberty Hill		\$1,250,000	4.1	A	Unserved Area
72266	N/A	Llano		\$4,340,000	4.5	B	Wastewater Treatment Plant Expansion
72250	TX0025577	Lower Colorado RA, Hutto		\$28,955,000	6.1	C	Trunk Sewer, Diversion
72253	N/A	Manor		\$7,450,000	0.0	A	Trunk Sewer, Developing Area
72238	TX0023914	McGregor		\$1,265,000	0.0	B	Facilities Rehabilitation
72238	TX0092541	Megargel		\$85,000	1.5	A	Wastewater Treatment Plant Expansion
72261	TX0022055	Montgomery Co. MUD 15		\$2,425,000	0.0	A	Wastewater Treatment Plant Expansion
72259	TX0078344	Montgomery Co. MUD 16		\$945,000	0.0	A	Facilities Rehabilitation
72269	TX0105171	Mount Pleasant		\$2,380,000	1.0	C	Trunk Sewer, Developing Area
72208	TX0055123	Nacogdoches		\$4,065,000	0.0	D	Collection System Rehabilitation/Overflow Control
72256	N/A	Nueces RA, Leakey	x	\$11,875,000	7.1	A	Unserved Area
72200	TX0024759	Oak Ridge North		\$6,030,000	0.0	A	Collection System Rehabilitation/Overflow Control

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Appendix C. Alphabetic List of Eligible Projects (continued)

Project ID #	NPDES #	Entity	Disadvantaged	Project Cost	Total Points	Funding Category	Description
72255	N/A	Paducah		\$945,000	3.0	A	Trunk Sewer, Diversion
72246	N/A	Pecos City	x	\$6,875,000	2.5	B	Trunk Sewer, Diversion
72267	TX0078841	Polk Co. FWSD 2		\$1,840,000	1.1	A	Unserviced Area
72258	TX0068764	Rio Grande City	x	\$44,175,000	12.6	C	Unserviced Area
72268	TX0118435	Sabinal	x	\$3,560,000	8.0	A	Trunk Sewer, Diversion
72219	TX0077801	San Antonio WS, Dos Rios Rehab		\$4,805,000	0.0	F	Facilities Rehabilitation
72220	TX0077801	San Antonio WS, Dos Rios/Lift Station Rehab		\$24,610,000	0.0	F	Facilities Rehabilitation
72218	TX0077801	San Antonio WS, Eastern Watershed Relief Main		\$20,170,000	0.0	F	Collection System Rehabilitation/Overflow Control
72217	TX0052639	San Antonio WS, Western Relief Main		\$22,810,000	0.0	F	Collection System Rehabilitation/Overflow Control
72272	TX0071978	San Leon MUD		\$8,805,000	4.0	B	Wastewater Treatment Plant Expansion
72245	TX0058114	Sugar Land		\$31,460,000	1.0	D	Wastewater Treatment Plant Expansion
72251	TX0020443	Taylor		\$3,000,000	0.0	C	Collection System Rehabilitation/Overflow Control
72209	TX0026794	Trenton		\$4,830,000	4.0	A	Collection System Rehabilitation/Overflow Control
72236	TX0104957	Trinity RA, Denton Creek RWWS		\$27,225,000	3.0	C	Trunk Sewer, Developing Area
72237	TX0025011	Trinity RA, Mountain Creek RWWS		\$4,845,000	4.0	C	Trunk Sewer, Developing Area

Grand Total

\$733,890,000

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Appendix D. Alphabetic List of Ineligible Projects

Project ID #	NPDES #	Entity	Disadvantaged	Project Cost	Total Points	Funding Category	Description
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No projects were determined to be ineligible.

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Appendix E. Project Priority List

Funding Category	Rank	Project ID #	NPDES #	Entity	Disadvantaged	Project Cost	Total Points	EPA Cost Categories						TCEQ Discharge Requirements			
								I	II	IIIA	IIIB	IVA	IVB	CBOD	TSS	NH3	DO
A	1	72235	TX0102385	Fort Bend Co. FWSD 1		\$4,095,000	8.1					x		10	15	3	4
A	2	72268	TX0118435	Sabinal	x	\$3,560,000	8.0	x					x	30	90		4
A	3	72256	N/A	Nueces RA, Leakey	x	\$11,875,000	7.1	x				x					
A	4	72210	TX0033944	Anahuac		\$7,285,000	6.0			x				10	15	3	4
A	5	72225	TX0126195	Liberty Hill		\$1,250,000	4.1					x		5	5	2	5
A	6	72209	TX0026794	Trenton		\$4,830,000	4.0	x		x		x		20	20		2
A	7	72226	TX0066796	Follett		\$420,000	4.0	x						30	90		4
A	8	72207	TX0021075	Junction		\$970,000	4.0	x		x				30	90		4
A	9	72273	TX0020257	Bell Co. WCID 2		\$1,055,000	3.0	x						20	20		2
A	10	72255	N/A	Paducah		\$945,000	3.0	x						100			
A	11	72239	N/A	Cottonwood Shores		\$2,350,000	3.0	x									
A	12	72211	TX0101303	East Tawakoni		\$6,435,000	2.1		x	x		x		10	15		4
A	13	72262	TX0098949	Kendleton	x	\$1,275,000	2.0				x	x		20	20		6
A	14	72212	TX0027120	Aledo		\$3,225,000	2.0	x			x			10	15	3	4
A	15	72267	TX0078841	Polk Co. FWSD 2		\$1,840,000	1.1				x			10	15	2	5
A	16	72260	TX0026328	Emory		\$7,470,000	1.1				x	x		30	90	6	6
A	17	72265	TX0023710	Edgewood	x	\$1,055,000	0.0	x						10	15	3	4
A	18	72200	TX0024759	Oak Ridge North		\$6,030,000	0.0	x		x				10	15	3	4
A	19	72261	TX0022055	Montgomery Co. MUD 15		\$2,425,000	0.0	x		x				10	15	3	6
A	20	72259	TX0078344	Montgomery Co. MUD 16		\$945,000	0.0	x		0				10	15	3	5

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Appendix E. Project Priority List (continued)

Funding Category	Rank	Project ID #	NPDES #	Entity	Disadvantaged	Project Cost	Total Points	EPA Cost Categories						TCEQ Discharge Requirements			
								I	II	IIIA	IIIB	IV A	IVB	CBOD	TSS	NH3	DO
B	15	72270	TX0024007	Eastland	x	\$2,525,000	0.0			x	x			10	15	3	5
B	16	72238	TX0023914	McGregor		\$1,265,000	0.0	x		x				10	15	3	4
B	17	72216	TX0021814	Bonham	x	\$2,360,000	0.0				x			10	15	2	6

Subtotal, Funding Category B \$76,670,000

C	1	72258	TX0068764	Rio Grande City	x	\$44,175,000	12.6	x			x	x		20	20		2
C	2	72249	TX0025577	Hutto		\$15,300,000	6.1					x	x	7	12	2	6
C	3	72250	TX0025577	Lower Colorado RA, Hutto		\$28,955,000	6.1	x						7	12	2	6
C	4	72242	TX0025062	Harris Co. WCID 36	x	\$20,385,000	4.0			x				10	15	3	4
C	5	72237	TX0025011	Trinity RA, Mountain Creek RWWS		\$4,845,000	4.0	x		x			x	10	15	2	4
C	6	72236	TX0104957	Trinity RA, Denton Creek RWWS		\$27,225,000	3.0	x		x			x	10	15	2	6
C	7	72240	TX0024660	Donna	x	\$26,000,000	2.1	x	x		x	x	x	20	20		2
C	8	72269	TX0105171	Mount Pleasant		\$2,380,000	1.0						x	7	15	2	6
C	9	72251	TX0020443	Taylor		\$3,000,000	0.0			x	x			10	15	2	4

Subtotal, Funding Category C \$172,265,000

D	1	72202	N/A	El Paso WU, Water Reclamation Plant		\$16,300,000	6.0		x							10	
D	2	72244	TX0022802	Keller		\$3,850,000	2.1						x	7	15	2	6
D	3	72222	TX0020711	Flower Mound, Unserved Area		\$1,735,000	1.1					x		10	15	2	6

