

# TEXAS WATER DEVELOPMENT BOARD

## COLONIA PLUMBING LOAN PROGRAM

ANNUAL REPORT  
FISCAL YEAR 2008



Prepared By:

Texas Water Development Board  
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# Texas Water Development Board Colonia Plumbing Loan Program FY 2008 Annual Report

## I. Introduction

The State of Texas is submitting the Annual Report for the State fiscal year 2008 (September 1, 2007 - August 31, 2008) for the Colonia Plumbing Loan Program (CPLP). The CPLP is a low-interest loan program available to assist low-to-moderate income colonia residents with financing plumbing connections to water and wastewater (sewer) systems and with installation of necessary plumbing improvements within their homes. Local political subdivisions in the federally designated border counties of Cameron, Hidalgo, Zapata, Starr, Webb, Maverick, Val Verde, Terrell, Brewster, Presidio, Hudspeth, and El Paso are eligible to apply for CPLP funds. A political subdivision may borrow up to \$4,000 times the number of assisted households. The Texas Water Development Board (Board) also provides an administrative grant up to 9% of the loan funds requested to the political subdivision to administer the funds.

The 1990 Fiscal Year Appropriation Act for the Environmental Protection Agency (EPA) authorized the State of Texas to set aside up to \$15 million from its Title II Water Pollution Control Fund allotment to establish its CPLP. The 72nd Legislature of the State of Texas enacted Senate Bill 818 on June 7, 1991, establishing the CPLP.

This report details the actual and proposed uses of the CPLP Program funds.

## II. Executive Summary

The Board had three active commitments totaling \$1,293,732 at the beginning of FY 2008. These three entities were: Town of Combes (\$381,500); El Paso County (\$522,797); and the City of Primera (\$389,675). In FY 2008, final accounting was completed on the El Paso County project resulting in the lapse of \$234,612.49. The two active projects as of August 31, 2008 are awaiting final accounting and close-out in FY 2009. A total of \$771,175 has been committed to the two active projects with \$202,839.70 expended to date leaving an unexpended balance of \$568,335.30. Details are provided in *Attachment A (CPLP Commitment Report)*. This unexpended balance is expected to be lapsed by the end of September 2009.

The original amount of the grant from the EPA was \$15,000,000 with \$14,400,000 dedicated to projects and \$600,000 to administrative expenses. The Board originally committed \$6,114,372. As of August 31, 2008, \$12,523,666.40 in construction funds remains available in the Automated Standard Payment Account. Since the program has progressed slower than anticipated, the State has discontinued drawing federal funds for administration. No federal draws for administration occurred in FY 2008. From the original \$600,000 dedicated to administration of the program

\$477,836.92 was expended in prior years, leaving \$122,163.08 available for potential draw. The total in remaining available program funds is \$12,645,829.

The Board will not be making any additional CPLP commitments with the understanding that these funds will be utilized for projects in the Clean Water State Revolving Fund (CWSRF), once transferred. In a November 28, 2007 letter from Miguel Flores, Director of Water Quality Protection Division at EPA Region 6, the Board was requested to expeditiously transfer the remaining \$12,645,829 in funds to the CWSRF. On September 24<sup>th</sup>, the Board executed the Grant Agreement CS-48000208-3 which officially transferred the CPLP funds into the CWSRF program.

### III. FY 2008 Goals and Accomplishments

The review of projects that could potentially use CPLP funds resulted in the determination that there is a very limited need for these funds. Therefore, no new commitments were made in FY 2008. In addition, the Board began working with EPA Region 6 on the process to close out the CPLP grant and transfer the remaining funds to the CWSRF.

### IV. Details of Accomplishments

#### A. Binding Commitments

As shown in Attachment A, binding commitments were outstanding to three political subdivisions at the beginning of FY 2008. At the end of FY 2008, the total remaining balances for the two active commitments are:

Loans	\$521,655.00
Grants	<u>\$ 46,680.30</u>
	\$568,335.30

#### B. Disbursements

During FY 2008 the Board did not draw any federal funds to reimburse the State of Texas for program administrative expenses incurred and paid for by the State. From the original \$600,000 dedicated to administration of the program \$477,836.92 was expended in prior years, leaving \$122,163.08 available for potential federal draw.

The State administrative funds are used to market the program, coordinate program-related issues with existing grant recipients, and to coordinate program-related issues with the EPA. As the CPLP grant will be closed out in FY 2009, other administrative costs may again be drawn from federal funds during this process.

During FY 2008, no program funds were drawn to finance CPLP grants. (See Attachment C, Grant & Loan Disbursement) A total of \$1,983,357.74 has been disbursed for project costs since the inception of the program. From this amount \$1,878,333.60 was from federal draws and the balance of \$84,323.80 was from funds repaid as principal and interest on prior loans which have begun repayment. (Attachment A details project funding and disbursements)

C. *Provisions of the Capitalization Grant/Certifications*

The State of Texas agreed to 20 conditions in the Operating Agreement and/or Grant Agreement. Nine (9) conditions have been met and need no further description and eleven (11) conditions have been met or are being met as more fully described below. The following nine conditions have been met as described in the operating agreement or the grant agreement:

1. Agreement to accept payments
2. Intended Use Plan
3. Operating Agreement
4. Annual Disbursement Schedule
5. Eligible use of funds
6. Advance of program funds
7. Disbursement of funds
8. State Laws and Procedures
9. Annual Report

The following conditions have been or are being met as described more fully below:

1. *Disadvantaged Business Enterprise (DBE) "Fair Share objectives."*

Incorporated into contracts with local sponsors.

2. *Recipient compliance with applicable Federal Authorities.*

Local sponsors are subject to the Single Audit Act. Federal requirements are incorporated into contracts with local sponsors.

3. *Administration of National Flood Insurance Program.*

Incorporated into contracts with local sponsors. No commitments have been made to communities that are sanctioned by FEMA under the National Flood Insurance Program.

4. *Threatened or Endangered Species and Mitigative Measures.*

Incorporated into contracts with local sponsors.

5. *Indirect Costs.*

The state is operating within the approved indirect cost proposal dated June 21, 2007. (See Attachment E).

6. *Compliance with NEPA and Federal Cross Cutters.*

Incorporated into contracts with local sponsors.

7. *State Accounting and Auditing Procedures.*

The Board is a component unit of the State of Texas and part of the statewide GAAP Annual Financial Report. The Board has used accounting, audit and fiscal procedures which conform to generally accepted government accounting standards.

8. *Recipient Accounting and Auditing Procedures.*

Incorporated into contracts with local sponsors. The Board has required each recipient to maintain project accounts in accordance with generally accepted accounting principles and standards.

9. *Expeditious and Timely Expenditure of Funds.*

The Board has disbursed all cash draws in a timely and expeditious manner.

10. *Cash Draw Procedures.*

During FY 2008, no draws were made from the federal system. If draws had been made, appropriate cash draw procedures would have been followed.

11. *Compliance with Section 106 of the National Historic Preservation Act of 1966, as amended.*

To date, CPLP financing of connections has not come into conflict with known significant or potentially significant properties.

## **V. Program Changes**

There were no program changes during FY 2008.

## **VI. FY 2009 Goals**

The Board intends to work with EPA Region 6 to close out the CPLP during FY 2009 and to transfer the remaining funds to the CWSRF. The phase out will include final accounting on the two outstanding projects.

## **VII. Attachments**

- A. Colonia Plumbing Loan Program Commitment Report
- B. Construction Completions
- C. Grant and Loan Disbursements Report
- D. TWDB Financial Reports upon completion of the state AFR.
- E. Indirect Cost Rate Approved for FY 2008

**ATTACHMENT A**

*Colonia Plumbing Loan Program Commitment Report*



# Colonia Plumbing Loan Program Commitment Report

BORROWER or Grant Recipient	TYPE	Grant or Loan Number	Commit Date	Contract Exp. Date	Full Commitment Amount	Amount of Loan or Grant Paid	Amount of Loan or Grant Remaining Balance	Amount Disbursed from ASAP	Amount Disbursed from Interest	Amount of Grant or Loan Lapsed
COMBES, TOWN OF #10246	G	G15600	10/17/2001	10/17/2003	\$ 31,500.00	\$ -	\$ -	\$ -	\$ -	\$ -
	L	L124600	Cancelled 10/17/2001	10/17/2003	\$ 350,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
	G	G22100	4/21/2004	4/21/2006	\$ 31,500.00	\$ 12,384.00	\$ 19,116.00	\$ 12,384.00	\$ -	\$ -
	L	L135400	4/21/2004	4/21/2006	\$ 350,000.00	\$ 134,615.00	\$ 215,385.00	\$ 105,221.86	\$ 29,393.14	\$ -
<b>Borrower Total</b>					<b>\$ 381,500.00</b>	<b>\$ 146,999.00</b>	<b>\$ 234,501.00</b>	<b>\$ 117,605.86</b>	<b>\$ 29,393.14</b>	<b>\$ -</b>
DEL RIO, CITY OF #10052	G	G16700	6/18/2002	6/30/2004	\$ 18,000.00	\$ -	\$ -	\$ -	\$ -	\$ 18,000.00
	L	L126800	Withdrawn 6/18/2002	6/30/2004	\$ 200,000.00	\$ -	\$ -	\$ -	\$ -	\$ 200,000.00
<b>Borrower Total</b>					<b>\$ 218,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 218,000.00</b>
EDINBURG, CITY OF #10065	G	G01500	4/15/1993	9/30/2002	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00	\$ -	\$ -
	L	L83500	4/15/1993	9/30/2002	\$ 903,200.00	\$ 335,925.75	\$ -	\$ 328,389.62	\$ 7,536.13	\$ 567,274.25
<b>Borrower Total</b>					<b>\$ 978,200.00</b>	<b>\$ 410,925.75</b>	<b>\$ -</b>	<b>\$ 403,389.62</b>	<b>\$ 7,536.13</b>	<b>\$ 567,274.25</b>
EL PASO CO. #10066	G	G01400	3/18/1993	9/30/2002	\$ 179,997.00	\$ 179,997.00	\$ -	\$ 179,997.00	\$ -	\$ -
	L	L83600	3/18/1993	9/30/2002	\$ 342,800.00	\$ 108,187.51	\$ -	\$ 94,260.85	\$ 13,926.66	\$ 234,612.49
<b>Borrower Total</b>					<b>\$ 522,797.00</b>	<b>\$ 288,184.51</b>	<b>\$ -</b>	<b>\$ 274,257.85</b>	<b>\$ 13,926.66</b>	<b>\$ 234,612.49</b>
EL PASO CO. Regional Reserve #10066	L	L98200	9/19/1996	9/30/2000	* \$ 400,000.00	\$ -	\$ -	\$ -	\$ -	\$ 400,000.00
<b>Borrower Total</b>					<b>\$ 400,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000.00</b>
*Moved to Lower Valley WD 9/30/00. Not added in final total.										
EL PASO PSB #10066	L	L98100	9/19/1996	9/30/2000	\$ 228,560.00	\$ -	\$ -	\$ -	\$ -	\$ 228,560.00
	<b>Borrower Total</b>				<b>\$ 228,560.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 228,560.00</b>

HOMESTEAD MUD #10066	L	L97900	9/19/1996	9/30/2000	Withdrawn	\$ 342,880.00	\$ -	\$ -	\$ -	\$ -	\$ 342,880.00
<b>Borrower Total</b>						<b>\$ 342,880.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 342,880.00</b>

LOWER VALLEY WD #10060	G	G11100	9/19/1996	9/30/2003		\$ 88,000.00	\$ 1,200.00	\$ -	\$ 1,200.00	\$ -	\$ 86,800.00
	L	L98000	9/19/1996	9/30/2003	* Amendment #3 added the \$400,000 from the reserve fund to loan.	\$ 1,085,760.00	\$ 1,080,207.78	\$ -	\$ 1,047,274.91	\$ 32,932.87	\$ 5,552.22
<b>Borrower Total</b>					Final Accounting Completed 5/07	<b>\$ 1,173,760.00</b>	<b>\$ 1,081,407.78</b>	<b>\$ -</b>	<b>\$ 1,048,474.91</b>	<b>\$ 32,932.87</b>	<b>\$ 92,352.22</b>

PHARR, CITY OF #10064	L	L78700	4/26/1993	1/1/1996	Withdrawn	\$ 1,370,000.00	\$ -	\$ -	\$ -	\$ -	\$ 1,370,000.00
<b>Borrower Total</b>						<b>\$ 1,370,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,370,000.00</b>

PRIMERA, CITY OF	G	G22800	10/26/2004	9/1/2007		\$ 32,175.00	\$ 4,610.70	\$ 27,564.30	\$ 2,201.36	\$ 535.00	\$ -
	L	L135200	10/26/2004	10/31/2006		\$ 357,500.00	\$ 51,230.00	\$ 306,270.00	\$ 30,404.00	\$ -	\$ -
<b>Borrower Total</b>						<b>\$ 389,675.00</b>	<b>\$ 55,840.70</b>	<b>\$ 333,834.30</b>	<b>\$ 32,605.36</b>	<b>\$ 535.00</b>	<b>\$ -</b>

SAN BENITO, CITY OF #10338	G	G13900	9/20/2000	9/19/2003		\$ 9,000.00	\$ -	\$ -	\$ -	\$ -	\$ 9,000.00
	L	L126900	9/20/2000	9/19/2003	Withdrawn	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ 100,000.00
<b>Borrower Total</b>						<b>\$ 109,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 109,000.00</b>

<b>Total</b>						<b>\$ 6,114,372.00</b>	<b>\$ 1,983,357.74</b>	<b>\$ 568,335.30</b>	<b>\$ 1,876,333.60</b>	<b>\$ 84,323.80</b>	<b>\$ 3,562,678.96</b>
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	\$	273,191.70	<= Grant Disbursements	<= from ASAP	CS480001-01-0						
	\$	1,710,166.04	<= Loan Disbursements	<= from Interest							
	\$	<b>1,983,357.74</b>	<b>G/L Disbursements</b>								

<b>Active Commitments as of 8/31/08</b>											
Town of Combes	\$	381,500.00	<= Grants Commitments								
City of Primera	\$	389,675.00	<= Loan Commitments								
	\$	<b>771,175.00</b>									
	\$	<b>(202,839.70)</b>	<= Paid to date								
	\$	<b>568,335.30</b>	<= Balance to be paid on active commitments								

<b>Original Commitments</b>											
	\$	433,672.00	<= Grants Commitments								
	\$	5,280,700.00	<= Loan Commitments								
	\$	<b>5,714,372.00</b>									

<b>Balances</b>											
Town of Combes	\$	19,116.00	Grant	Loan							
El Paso County	\$	-									
City of Primera	\$	27,564.30									
	\$	46,680.30									
<b>Total Balances</b>	\$	<b>568,335.30</b>									

\*Reconciliation was adjusted for a FY2006 payment.

	\$	477,836.92	<= Paid from Admin.
	\$	1,876,333.60	<= Paid from ASAP
	\$	84,323.80	<= Paid from Interest
	\$	<b>2,438,494.32</b>	<= Total Disbursements

**ATTACHMENT B**

*Construction Completions between  
9/1/2007 and 8/31/2008*

## Construction Completions

### Economically Distressed Areas Program Project Finals for FY 2008

Projects Funded by EDAP Statewide Construction Complete After 9/1/07 and Before 8/31/08

<b>Program</b>	<b>Project Description</b>	<b>Project ID</b>	<b>Start</b>	<b>Work Complete</b>
EDAP/CWTAP	City of Roma	10043	3/20/2000	12/4/2007
EDAP/CWTAP	City of Roma	10350	2/20/2006	12/4/2007
EDAP/CWTAP	City of Mercedes	10029	10/15/2001	3/18/2008
CWTAP	City of Mission	10200	6/22/2004	8/25/2008

Note: This list is provided for information purposes only. The Board has received permission from EPA to transfer all remaining Colonia Plumbing Loan Program funds to the Clean Water State Revolving Fund in FY 2009.

**ATTACHMENT C**

*Grant and Loan Disbursements*



**ATTACHMENT D**

*TWDB Financial Reports*  
(To be sent at a later date)

**ATTACHMENT E**

*Indirect Cost Rate Approved for FY 2008*





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

June 21, 2007

OFFICE OF  
ADMINISTRATION  
AND RESOURCES  
MANAGEMENT

Ms. Veronica Hinojosa-Segura  
Chief Financial Officer  
Texas Water Development Board  
P.O. Box 13231  
1700 N. Congress Avenue  
Austin, Texas 78711-3231

Dear Ms. Hinojosa-Segura:

Enclosed is a negotiation agreement reflecting an understanding reached about the indirect cost rates to be used on grants and contracts with the Federal Government.

I have already signed the agreement. Please have the agreement countersigned by a duly authorized representative of your organization. Photocopy the agreement for your files and return the original to Jackie Smith. Please give this matter your immediate attention.

Return the countersigned original agreement as follows:

Jackie Smith, Rate Negotiator (3802R)  
Financial Analysis and Oversight  
Service Center  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, D.C. 20460

If you have any questions, please contact Jackie Smith on (202) 564-5055.

Sincerely yours,

A handwritten signature in cursive script that reads "Carol D. Reid".

Carol D. Reid, Team Leader  
Financial Analysis and  
Oversight Service Center

Enclosure



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

OMB CIRCULAR A-87 COGNIZANT AGENCY
NEGOTIATION AGREEMENT

State of Texas
Water Development Board
Austin, Texas

Date: June 21, 2007

Filing Ref: July 19, 2006

The indirect cost rates contained herein are for use on grants and contracts with the Federal Government to which Office of Management and Budget Circular A-87 applies, subject to the limitations contained in the Circular and in Section II, A below.

SECTION I: RATES

Table with 5 columns: Type, Effective Period (From, To), Rate, Base. Rows include Fixed: Release Time, Fringe Benefits, and Indirect Costs.

Basis for Application

- (a) Chargeable salaries (direct salaries and wages excluding vacation, sick, holiday, and other paid absences).
(b) Direct salaries and wages including release time.

Treatment of Fringe Benefits: Release time (vacation, sick, holiday and all other absences) are recovered through the release time rate. Fringe benefits are included in the indirect cost rate listed above.

SECTION II: GENERAL

A. LIMITATIONS: The rates in this Agreement are subject to any statutory and administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the department/agency or allocated to the department/agency by an approved cost allocation plan were included in the indirect cost pool as finally accepted; such costs are legal obligations of the department/agency and are allowable under governing cost principles; (2) The same costs that have been treated as indirect costs have not been claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the department/agency which was used to establish the rates is not later found to be

State of Texas  
Water Development Board  
Austin, Texas

materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. CHANGES. The fixed rate contained in this agreement is based on the organizational structure and the accounting system in effect at the time the proposal was submitted. Changes in the organizational structure or changes in the method of accounting for costs which affect the amount of reimbursement resulting from use of the rates in this agreement, require the prior approval of the authorized representative of the responsible negotiation agency. Failure to obtain such approval may result in subsequent audit disallowances.

C. THE FIXED RATES contained in this agreement are based on an estimate of the cost which will be incurred during the period for which the rate applies. When the actual costs for such a period have been determined, an adjustment will be made in the negotiation following such determination to compensate for the difference between the cost used to establish the fixed rates and that which would have been used were the actual costs known at the time.

D. NOTIFICATION TO FEDERAL AGENCIES: Copies of this document may be provided to other Federal agencies as a means of notifying them of the agreement contained herein.

E. SPECIAL REMARKS: None

ACCEPTANCE

By the State Agency:

By the Federal Agency:

Melanie Callahan  
(Signature)

Carol D. Reid  
(Signature)

Melanie Callahan  
(Name)

Carol D. Reid, Team Leader  
Financial Analysis and  
Oversight Service Center  
U.S. Environmental  
Protection Agency  
June 21, 2007

Chief Accounting Officer  
(Title)

Texas Water Development  
(Agency)

7/10/07  
(Date)

Negotiated by: Jacqueline Smith  
Telephone: (202) 564-5055