9 INFRASTRUCTURE FINANCING RECOMMENDATIONS

The Region F Water Planning Group surveyed nine wholesale water providers or water suppliers. Each entity has a projected water supply deficit and recommended strategies to meet that need, or they have an identified need for a water supply infrastructure project that might be eligible for state financial assistance. Three of the nine entity surveyed submitted responses. Survey responses summarized here include those for Colorado River Municipal Water District and the City of San Angelo. The City of Midland did respond to the survey but indicated that they would not be seeking financial assistance from the state.

The entities were surveyed to determine their proposed method(s) for financing the estimated capital costs involved in implementing the water supply strategies recommended in the *2011 Region F Water Plan*. Unlike infrastructure financing surveys conducted for previous regional water plans, questions during this planning cycle focused on projected needs for financial assistance from five programs administered by the TWDB. The TWDB will aggregate the projected requests for funding from these programs from the 16 water planning regions to provide estimates of long-term funding needs.

9.1 State Water Planning Funding

The TWDB offers financial assistance for the planning, design and construction of projects identified in the regional water plans or State Water Plan. Programs available include the State Participation Fund (SP), the Water Infrastructure Fund (WIF) and the Economically Distressed Areas Program (EDAP). In order to be eligible to apply for funding from any of these sources, the applicant must be a political subdivision of the state, or in some cases a water supply corporation, and the proposed project must be a recommended water management strategy in the most recent approved regional plan or State Water Plan.

In 2007 the 80th Texas Legislature appropriated funding to enable the issuance of $812 million in bonds for water plan projects, an amount estimated to meet water supply needs identified in the 2007 State Water Plan through 2020. The results of the current surveys carried

out by each of the planning regions will be used to identify the amount of additional funds that will be needed for water supply projects through the end of the 2060 planning horizon.

9.1.1 Water Infrastructure Fund (WIF)

The Water Infrastructure Fund (WIF) provides subsidized interest rate loans for planning, design and construction. For projects that have a long lead time for development costs, a portion of the WIF is available specifically for planning, design, permitting and other costs associated with state or federal regulatory activities. This WIF-Deferred fund offers the option of deferring all interest and principal payments for up to 10 years or until the end of project construction.

9.1.2 State Participation Fund (SP)

The State Participation Fund (SP) is geared towards large projects which are regional in scope and meant to capitalize on economies of scale in design and construction, but where the local project sponsors are unable to assume the debt for an optimally sized facility. The TWDB assumes a temporary ownership interest in the project, and the local sponsor repays the cost of the funding through purchase payments on a deferred schedule. The goal of the program is to build a project that will be the right size for future needs, even if that results in the short term in building excess capacity, rather than constructing one or more smaller projects now. On new water supply projects, the TWDB can fund up to 80 percent of the costs, provided that the applicant can fund the other 20 percent through an alternate source and that at least 20 percent of the total capacity of the project serves current needs.

9.1.3 Rural and Economically Distressed Areas (EDAP)

Both grants and 0% interest loans for planning, design and construction costs are offered through these programs, which are available to eligible small, low-income communities. Rural and economically distressed areas that meet population, income and other criteria are eligible to apply for these funds. EDAP funding eligibility also requires adoption of the Texas Model Subdivision Rules by the applicant planning entities.

9.2 Infrastructure Financing Survey

The surveys were conducted online, with a unique URL address supplied to each surveyed entity. Each survey was prefaced with an explanation of its purpose in identifying the need for financial assistance programs offered by the State of Texas and administered by the TWDB. The available funding programs (WIF, SP and EDAP) were summarized, and the survey participant was asked to identify the amounts they would like to receive from each funding source for each identified project or strategy.

The surveys listed each recommended strategy and its total capital cost. Following this basic data, the water user group or wholesale water provider was asked: 1) the amount to be requested from each TWDB funding source; and 2) the earliest date the funds would be needed, by fund type. The Region F Planning Group did not add any additional, region-specific questions to the survey during this planning cycle.

Political subdivisions of the state whose water supply strategies were noted in the regional plan as having zero capital costs were not surveyed. Where a water user group with needs and strategies to meet those needs have multiple water management strategies, some of which have capital costs and others that have no capital costs, those water user groups were only surveyed for the strategies with a capital cost. Surveys were delivered in the first week of August received until October 6, 2010.

Table 9-1 summarizes the total capital costs for all recommended strategies in Region F. Each entity was asked to provide estimates of how much of this funding would be sought from state funding programs. Table 9-2 summarizes the individual project cost and the projected earliest date of implementation.

Table 9-1. Summary of Total Capital Costs by Entity

Entity	Total Capital Cost for Recommended Strategies
City of Andrews	$6,717,000
City of Bronte Village	$1,364,900
Colorado River Municipal Water District	$347,059,990
City of Eden	$4,382,000
City of Menard	$1,684,000
City of Midland	$168,507,000
City of Robert Lee	$2,436,000
City of San Angelo	$254,904,000
City of Winters	$2,158,000
TOTAL	**$789,212,890**

Table 9-2 Summary of Capital Costs by Entity and Project

Entity	Project Name	Earliest Date of Implementation	Sum of Capital Costs
City of Andrews	Desalination	2020	$6,717,000
City of Bronte Village	Rehabilitation Of Pipeline	2010	$1,364,900
CRMWD	Desalination	2040	$131,603,990
CRMWD	Develop Cenozoic Aquifer Supplies	2030	$76,268,000
CRMWD	Replacement Well	2010	$10,440,000
CRMWD	Reuse	2020	$128,748,000
City of Eden	Advanced Treatment	2010	$2,582,000
City of Eden	Replacement Well	2010	$1,800,000
City of Menard	Develop Hickory Aquifer Supplies	2010	$1,684,000
City of Midland	Develop Cenozoic Aquifer Supplies	2030	$168,507,000
City of Robert Lee	New WTP And Storage Facilities	2010	$2,436,000
City of San Angelo	Desalination	2040	$75,440,000
City of San Angelo	Develop Hickory Aquifer Supplies	2010	$173,307,000
City of San Angelo	Rehabilitation Of Pipeline	2030	$6,157,000
City of Winters	Reuse	2020	$2,158,000
TOTAL			**$789,212,890**

9.3 Summary of Responses to Surveys

Three of the nine entities surveyed responded. Those entities were CRMWD, the City of San Angelo, and the City of Midland. The City of Midland responded that they would not be seeking state funding for their project. The City of San Angelo and CRMWD both responded that they plan to seek state assistance for 100 percent of their projects. The total funding required for these two entities would be $601,963,990, which is about 76 percent of the total costs ($789,212,890) for recommended strategies in Region F.