

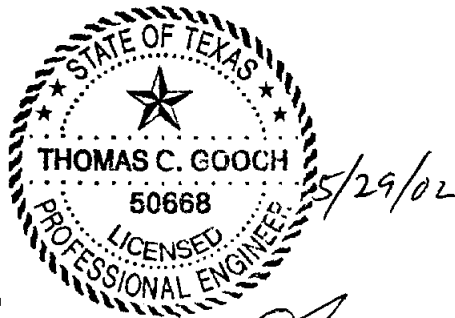
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**Infrastructure
Financing Survey
Report**

Region F

May 2002

Prepared for:
**Region F Water
Planning Group**



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REGION F
INFRASTRUCTURE FINANCING SURVEY REPORT

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1.0 Introduction

The 2001 Regional Water Plans identified over \$17 billion in improvements (1999 dollars) needed by 2050 to meet the projected water demands in Texas. The regional water plans also recommended that the State increase funding for water supply to assist with development of needed projects. In response to potentially significant increases in state and local financial contributions for water infrastructure projects, the Texas Legislature requested that an infrastructure financing survey be conducted to better assess the State's role in financing the identified water projects.

The *Region F Regional Water Supply Plan* recommended water supply strategies with a total estimated capital cost of over \$379 million. The purpose of this report is to identify the portion of capital improvements recommended for Region F that will require outside financial assistance, identify potential financing sources, and develop policy recommendations regarding the State's role in financing water infrastructure.

Section 2 of this report describes the survey process and summarizes the results. Section 3 describes the individual responses to the survey. Section 4 is an overview of potential financing options. Section 5 lists the policy recommendations adopted by the Region F Water Planning Group. Appendix A contains the actual survey responses. Appendix B documents the attempts to contact entities that did not return surveys. Appendix C is a review of programs that could potentially be used to finance water infrastructure projects in the region. Appendix D contains the Texas Water Development Board's template summary of the survey results. Appendix E contains the responses to the Board's comments on the draft report.

2.0 Surveys

A survey was used to identify funding options. The infrastructure financing surveys were mailed on January 7, 2002, to twenty-four entities representing forty-six water user groups in Region F with identified needs. Surveys were also mailed to the County Judge in each of Region F's thirty-two counties. In areas with agricultural needs, surveys were mailed to either the underground water conservation district with authority in the county or to the County Judge. Surveys regarding steam-electric needs were mailed to representatives of TXU and West Texas Utilities, the largest electricity providers in the region. In addition to the above surveys, a survey was sent to the Upper Colorado River Authority to respond to financing of brush control alternatives. As of April 16, 2002, thirty-six surveys have been returned.

The survey contained six questions. The survey was based on a four-question survey developed by the Texas Water Development Board (TWDB). The TWDB required questions 3 through 6, which sought information about how a strategy might be funded from local or state sources. The Region F Water Planning Group added questions 1 and 2, asking whether the strategy in the plan or an alternative strategy to meet needs was being considered.

Table 1 summarizes the results of the survey. The *Total cost of strategies from the Region F Plan* includes costs for water user groups and major water providers. The row labeled *Total cost of surveyed strategies from the Region F Plan* is the sum of the capital costs from the Region F plan for water user groups that were sent surveys (some aggregated entities such as mining did not receive a survey). *Total SB-1 costs of strategies – IFR responses* is the sum of the capital costs in the Region F plan for those responding to the survey. *Revised total cost of strategies – IFR response* is the cost replacing the Region F plan costs with revised capital costs as provided by the survey responses. The last three rows in Table 1 give a summary of the amount that water user groups can afford, the amount identified with state participation, and the total that the region cannot afford, using revised capital costs. Table 2 gives a more detailed summary of the responses. The actual responses to the survey may be found in Appendix A.

Table 1
Summary of Financing Needs in Region F

Total cost of strategies from the Region F Plan ^a	\$379,673,593
Total cost of strategies for surveyed Water User Groups	\$325,038,562
Total SB-1 cost of strategies – IFR responses	\$324,104,762
Revised total cost of strategies – IFR responses	\$337,654,061
Amount Respondents CAN afford	\$63,128,500
Amount Respondents CAN afford with state participation	\$46,128,500
Amount of revised costs respondents CANNOT afford	\$274,525,561

a Includes costs for major water providers

Four water user groups identified a strategy that was substantially different from the one specified in the Region F plan. Two water user groups stated that a strategy was not being considered but did not offer an alternative strategy. Six water user groups gave different capital costs from the costs in the plan. Ten water user groups said they could not afford to pay for any capital improvements with current revenue sources. Five water user groups said they could afford to pay for a portion of the capital improvements. Three water user groups plan to finance all of the capital costs for improvements using their own financial resources. The remaining seventeen respondents either did not specify the portion of the capital improvements they could pay for, gave inconsistent results, or did not plan to implement the strategy. Two entities were in the process of implementing a strategy and had already secured funding. For the portion of capital costs that the entities could not finance, grants, low interest loans and private financing were identified as possible funding mechanisms. Table 3 summarizes the responses of the entities that identified possible funding sources. Three entities specifically identified state participation as an option.

The data in Tables 1, 2 and 3 are based upon the surveys, many of which contained inconsistent or incomplete answers. Therefore, the data in these tables may not be an accurate representation of the amount of money that entities within the region can and cannot afford. The actual surveys may be found in Appendix A.

**Table 3
Potential Funding Options Identified in Survey**

Water User Group	County	Water Management Strategy	Potential Funding Options
Early	Brown	Purchase treated water from BCWID	TWDB loans/grants
Robert Lee	Coke	Lake Spence RO	State participation program, Community Development Program (Texas Dept. of Housing & Community Affairs & Rural Development), low interest loans through Rural Development or local bank
County-Other	Concho	Ivie WTP	TWDB
Eden	Concho	Lake Ivie WTP	TWDB loans/grants
Junction	Kimble	Upgrade water treatment, remove sediment behind dam, wells with RO system	Drinking Water State Revolving Fund or other options.
Mining	Martin	Non-potable water from Natural Dam Lake and Sulphur Draw Reservoir	Most likely self-financed
Midland	Midland	T-Bar well field in Winkler and Loving Counties	Bond issue to cover remaining expenses over some period of time. State revolving fund may be an option as well.
Miles	Runnels	Miles WTP	STEP or other grants
Winters	Runnels	Connect to WCTMWD Ivie pipeline	\$450,000 for pipeline from Texas Community Development Program STEP Grant, \$1 million USDA grant for RO plant
Eldorado	Schleicher	Expand existing well field	Community Development Block Grant program if local sources insufficient to cover cost
Irrigation	Tom Green	San Angelo effluent storage	TWDB grant
San Angelo	Tom Green	Improvements to delivery from CRMWD	TWDB grant
San Angelo	Tom Green	Pipeline from McCulloch well field to Ivie Reservoir	TWDB grant
CRMWD	Various	Winkler well field	Finance in-house or through revenue bonds
UCRA	Various	Brush control	General appropriations or TWDB water bonds

3.0 Needs and Survey Results

Municipal Needs

Brown County Other

The Region F plan identified potential shortages in rural areas of northern Brown County due to limited groundwater supplies. A conceptual design for a water line from the Brown County Water Improvement District #1 (BCWID) treatment plan to the community of May was used in the plan to get an idea of the capital costs of serving these

rural areas. BCWID was sent a survey regarding potential shortages in Brown County, although it is unlikely that BCWID would directly provide water to these areas. There are no immediate plans by any entities to provide water to northern Brown County, so financing options or revised capital costs are not available.

City of Early

The Region F plan identified potential treatment capacity limitations for the City of Early and its customers some time between 2020 and 2030. The strategy analysis included two options: expansion of the existing Early treatment plant and a 10-inch water line to the BCWID treatment plant. The connection to the BCWID plant was determined to be more cost effective in the plan. The City of Early's survey stated that TNRCC contacted the city in 2001 regarding an immediate need to expand its facilities. The city is initiating construction of a two-mile 18-inch connection to the BCWID plant. The estimated cost is \$2.8 million, which is significantly higher than the \$535,000 from the Region F plan. This project will be financed with TWDB loans, paid off by revenues.

City of Bronte

The Region F plan identified the City of Bronte as having concerns about the reliability of water from Oak Creek Reservoir, which has been severely impacted by on-going drought. The plan recommended that the City of Bronte and the City of Robert Lee join together in developing a regional water supply from Lake Spence. According to the survey, the City of Bronte is not pursuing this option. The city's preferred strategy is for two new water wells in the vicinity of Oak Creek Reservoir, which would tie into the city's existing water line. The estimated capital cost of this project is approximately \$180,000. The city can afford to finance \$70,000 itself. The city has not identified funding options for the remainder of the capital costs.

The survey mentioned an alternative strategy for an 8-mile pipeline to a proven well, which would require RO treatment to reduce sulfides. The estimated cost of this alternative project is \$950,000.

City of Robert Lee

The Region F plan recommended development of a regional water treatment facility, including reverse osmosis (RO), at Robert Lee to serve the Cities of Robert Lee and Bronte. Water would come from Lake Spence. The facility would require a new intake structure to be built in Lake Spence to replace the temporary facility currently used by the City of Robert Lee. The estimated cost for the new treatment plant and intake structure was approximately \$2.5 million. Bronte has elected not to participate in a regional facility. However, the City of Robert Lee is going ahead with plans for a RO unit and intake structure to meet their own needs. The approximate cost of the RO unit is \$725,000. The city estimates that an intake structure would be at least \$1 million. The city did not specify the amount that they could finance locally. However, they did state that increases in taxes and utility rates were not a consideration. The city identified potential sources of funding as the State Participation Program, grant funds through the Community Development Program and Rural Development, and low interest loans from Rural Development or the local community bank.

City of Eden

In the Region F plan, the City of Eden was assigned as the sponsor of a \$13.8 million regional treatment facility on Lake Ivie. The city also had two additional strategies: development of a new well field in the Edwards-Trinity aquifer and participation in a regional system that obtained water from Brady Creek Reservoir and new well fields in the Ellenburger and Hickory aquifers. The city plans to participate in a \$10.6 million regional treatment facility on Lake Ivie sponsored by the Millersview-Doole Water Supply Corporation, which is practically identical to the Region F plan's strategy with a different sponsor. Eden's share of that facility would be \$4.45 million. The city can afford to pay for \$3,472,500, assuming that 0% interest loans with forgiveness of a portion of the debt are available to both Eden and Millersview-Doole. The portion the city cannot pay is \$997,500.

The strategy of drilling new Edwards-Trinity wells is now considered a long-term strategy by the city, possibly occurring in 2030 or later. The regional system from Brady Creek Reservoir and other sources is not being implemented at this time.

A major source of water supply for the City of Eden is the Hickory aquifer, which exceeds drinking water standards for radium. The City of Eden is being pro-active in developing new supplies but has limited means to develop such sources. According the city's survey response, participation in the Ivie regional treatment facility will obligate the city's financial resources, leaving little money for maintenance and replacement of the aging water distribution system, the sewer system, streets and other facilities.

Concho County Other

Needs in the Concho County Other category were assigned to the Ivie regional water treatment plant. These needs will most likely be met by the Millersview-Doole regional facility at Lake Ivie.

City of Junction

In the Region F plan, the recommended strategy for the City of Junction was development of two new wells in the Edwards-Trinity aquifer. Although the city has pursued this option to some extent, it has not yet located supplies of adequate quality. The long-term quantity of water from groundwater is also unknown. The city is considering dredging their impoundment on the South Llano River and pursuing additional surface water rights. The estimated cost of dredging is \$2 million. The city estimates that at least \$3 million will be required to meet supply obligations in the next 50 years. Because the city has not finalized potential sources of additional supply, the actual cost is unknown at this time.

The City of Junction has the ability to raise rates and taxes to meet some of these requirements. However, a large portion of the city's resources will be dedicated to meeting Safe Drinking Water Act rules, which is estimated to cost the city approximately \$4 million. The city anticipates accessing Drinking Water State Revolving Funds, as well as loans and grants, as funding sources.

City of Brady

The City of Brady is in the process of building a treatment plant for water from Brady Creek Reservoir. This facility will include RO as part of the process. The City has already received funding for this project, which is estimated to cost \$9.4 million.

Water from this facility will be mixed with groundwater from the Hickory aquifer. An unknown portion of the water from this plant may be available to meet needs in the County Other category.

McCulloch County Other

The Region F plan developed several strategies to meet needs in the McCulloch County Other category, including development of a new well field in the Ellenburger aquifer, development of a new well field in low-radium portions of the Hickory aquifer, purchasing water from the City of Brady, and participation in the Ivie regional treatment facility. Rochelle Water Supply Corporation, the only respondent to the survey in this category other than Millersview-Doole WSC, does not plan to participate in any of these strategies, nor do they believe the strategies are appropriate for their situation.

Needs in McCulloch County Other are solely the results of the radium content of water in the Hickory aquifer, which exceeds federal drinking water standards. Water from other known sources is either insufficient in quantity, of poor quality or expensive to develop. In general, the providers of water from the Hickory aquifer do not believe that the radium content in the water is a significant health hazard. However, it is recognized that action may have to be taken to meet the MCL for radium to avoid enforcement penalties under the regulations.

Treatment to remove radium, which is a viable option and may be cost-effective, was not evaluated as a strategy in the previous round of planning because at that time there were no state regulations for the disposal of treatment byproducts. Because disposal options were unknown, costs for treatment could not be developed. In the next round of planning, evaluation of treatment as a strategy to remove radium may give a different set of recommendations for Hickory aquifer users.

City of Menard

The recommended strategy for the City of Menard was to drill a well in the Edwards-Trinity aquifer. An approximate location was not available, so the Region F plan developed a generic cost for drilling a well in this area. The city has received a Texas Department of Housing and Community Affairs grant to explore for additional

water, which will probably come from the Edwards-Trinity aquifer. Exploration has not yet started, so a better estimate of capital costs is not available. The city was unable to complete the survey because the cost and treatment requirements are unknown. The city will most likely need some monetary assistance to develop this source.

City of Midland

The City of Midland has owned water rights in Winkler and Loving Counties for many years. The city has no immediate plans to develop this source of water. The Region F plan estimated that these supplies would not be needed until 2040. According to the survey, the city would be unable to develop this source of water using its own resources. A bond issue would cover the remaining expenses. State Revolving Funds may be an option as well.

City of Miles

The City of Miles needs additional supplies because of concerns regarding the quality and reliability of its existing groundwater supplies. The Region F plan had the city participating in the regional system from Lake Ivie. The city does not plan to pursue this strategy. It has reached an agreement with the Upper Colorado River Authority for water from O.C. Fisher, Lake Ivie and Lake Spence. Engineering studies have not been completed at this time for this project. The city estimates that the capital costs would be at least \$1.3 million. Possible funding source include STEP grants or other grants.

City of Winters

The Region F plan recommended an increase in the capacity of the existing connection between the City of Ballinger and the City of Winters via the North Runnels Water Supply Corporation. Supplies for these cities and rural customers of the North Runnels WSC system would be supplemented by water released from Lake Spence during drought periods. According to the survey, the preferred strategy for the City of Winters is to connect to the pipeline between Lake Ivie and the City of Abilene. The City of Winters would pay \$52,000 per year to the City of Abilene for water from the pipeline. The city has applied for grants from the Texas Community Development Program and the U.S. Department of Agriculture to cover the \$1.5 million capital cost of the project.

At this time it is uncertain whether the City of Winters will be able to complete an agreement for supplies from Lake Ivie.

City of Eldorado

The Region F plan recommended a new Edwards-Trinity well for the City of Eldorado. The city did not formally respond to the survey. However, they did state that they have used Community Development Block Grants in the past and would probably continue to do so if local financial sources were unavailable.

City of San Angelo

Two strategies were identified in the Region F plan that involved the City of San Angelo: development of the McCulloch County well field and improvements to existing delivery facilities from CRMWD.

McCulloch County Well Field

The city has owned water rights in McCulloch County for several years but has not yet developed a supply from this source. The approximate capital cost in the Region F plan for this option was \$44.4 million. The city submitted a revised capital cost for this option of \$76 million, which includes development of the field, construction of a pipeline, and an RO facility to meet water quality standards. Of this capital cost, the city can afford to pay \$30 million. The remainder is expected to come from TWDB grants.

Improvements to Delivery from CRMWD

A second strategy for the city was approximately \$6.5 million in improvements to existing delivery facilities from Lake Spence and Lake Ivie. The city estimates that it can afford to finance \$2 million using its own resources. The remainder would come from a TWDB grant.

Tom Green County Other

The Region F plan suggested that potential shortfalls in rural Tom Green County could be met by increased sales from the City of San Angelo and from the Lake Ivie regional facility. According to the survey from the City of San Angelo, the city does not

have sufficient supplies to meet its own needs and is not considering taking on additional customers.

Colorado River Municipal Water District

The Region F plan identified development of a well field in Winkler County as a strategy for the Colorado River Municipal Water District (CRMWD), a Region F major water provider. CRMWD already owns water rights in Winkler County. CRMWD updated the cost of the Winkler well field to \$8 million. CRMWD has historically financed all of their water supply projects by issuing revenue bonds and adjusting water rates. It is not anticipated at this time that CRMWD will request state financing.

Other Water Supply Needs

Irrigation Needs

Irrigated agriculture had the most significant water supply needs identified in the Region F plan. In the plan, costs were developed to implement water conservation strategies. In counties with irrigation needs surveys were sent to the underground water conservation district with authority in the county. If the county did not have a conservation district, the survey was sent to the County Judge. Three districts returned the surveys. These surveys indicated they could not self-finance the recommended conservation strategies. The districts did not identify a source of funding to implement the strategies.

Steam-Electric Needs

The Region F plan identified several strategies to meet anticipated shortages in steam-electric water supply. In all cases these shortages were due to anticipated increase in generating capacity. Sufficient supplies were available to meet current generation demands. Surveys were sent to representatives of TXU and West Texas Utilities, the largest power generators in the area. A revised cost and financing options were given for expansions to an existing well field in Pecos County to meet needs in Crockett County. For the remaining strategies, neither organization anticipated implementing the recommended strategies, nor did they identify potential sponsors or sources of funding for implementing the strategies.

Mining Needs

There were several counties in Region F that had shortages in the mining category. In some cases the shortage shown may not really materialize because mining interests are not in direct competition for water with irrigation or municipal supplies and will be able to meet their needs with poorer quality groundwater. Because this is an aggregated water use category and the oil and gas industry in Region F is heterogeneous, most of the mining needs were not surveyed. However, a survey was sent to the Colorado River Municipal Water District regarding a potential strategy to supply water from Sulphur Draw Reservoir and Natural Dam Lake. (CRMWD already sells water from their chloride control projects for water flood operations.) CRMWD expressed concern that water from these sources was not a reliable supply. If these sources were developed as a supply, the District would most likely finance the capital costs on their own without state money.

Brush Management

The Upper Colorado River Authority requested a survey for this project so that financing for brush management projects would be considered. Mr. Stephen Brown of UCRA provided the information in this section as a supplement to UCRA's survey response.

The State of Texas, through appropriations of the Legislature, is currently conducting two major brush control programs in Region F. Both programs involve watersheds on the Concho and Colorado River drainage basins and affect groundwater recharge and surface stream enhancement on rivers and tributaries that affect O. C. Fisher Reservoir, Twin Buttes, E. V. Spence, O. H. Ivie, Lake Ballinger, Oak Creek Lake and Champion Reservoir.

Both programs are administered by the Texas State Soil & Water Conservation Board with state cost share paying 70 percent and local landowners paying 30 per cent.

The funding for the first brush management program was authorized by the legislature in 1999 for the North Concho River and its tributaries that flow into O. C. Fisher Reservoir. To date \$12 million has been funded by the legislature during the past

two legislative sessions with the final \$1.8 million needed to complete the project anticipated to be funded by the legislature when it meets in the next session beginning January 2003. Counties included in the North Concho brush control project include Tom Green, Coke, Glasscock and Sterling. Approximately 400,000 acres in this watershed have been targeted. To date, more than 300,000 acres have either been treated or contracted to be treated. The final \$1.8 million will provide the funds to complete the project next year. The state has provided \$12 million for cost share in the brush program and local landowners in the affected counties have guaranteed or paid \$3.5 million. The feasibility study funded by TWDB on the North Concho and which was conducted by Upper Colorado River Authority, Texas A&M and Blackland Research Center predicts that, on average, 35,000 acre feet of water per year will be produced for aquifer recharge and additional stream flow, producing more water for the people of Texas and Region F¹.

The second brush control project funded by the legislature in 2001 included \$11 million funding for brush control on the Concho and Colorado Rivers and respective tributaries, affecting the drainage areas of Twin Buttes Reservoir, O. H. Ivie Reservoir, Lake Spence, Ballinger Lake, Oak Creek Lake and Champion Creek Reservoir. The total state cost of this project over a 10-year period is \$70 million. The \$11 million authorized in 2001 by the legislature was initial funding.

This project was implemented in 2002 allocating \$6.75 million to the Twin Buttes watershed, which includes the Middle Concho, South Concho Rivers, Spring Creek, Dove Creek; \$500,000 to Ballinger Lake and its main tributary Valley Creek; and \$1 million to Oak Creek Lake along Oak and Antelope Creeks.

In addition \$2.75 million was set aside in the initial phase for special project areas affecting O. H. Ivie Reservoir, Lake E. V. Spence and Champion Creek Reservoir.

Counties affected by this second brush state funded brush program in Region F include Tom Green, Concho, Runnels, Coke, Mitchell, Irion, Reagan and Schleicher Counties. While the state cost share is projected to be \$70 million, the local share paid by individuals in affected counties will be \$21 million. Feasibility studies conducted by

¹ Upper Colorado River Authority: *North Concho River Watershed Brush Control Planning, Assessment & Feasibility Study*, 1998.

Upper Colorado River Authority, Texas A&M University and Blackland Research Center project predict that, upon completion of this brush program, on average an additional 190,000 acre feet of water per year will be produced for aquifer recharge and additional stream flow producing more water for the people of Texas and Region F.²

Therefore to date the State Legislature has authorized to date \$23 million in public funds for brush control in Region F. And to date the local share spent or obligated by landowners in affected counties has been \$7 million.

For the next legislative session \$1.8 million will be requested to complete the North Concho program and the second phase of the Concho and Colorado Basin will require \$15.4 million to concentrate on watersheds affecting Lake O. H. Ivie and E. V. Spence Reservoir.

That appropriation can either be general appropriations or through water bonds issued by the Texas Water Development Board and contracted to the Texas State Soil & Water Conservation Board as was done in 2001.

4.0 Funding Mechanisms

Several funding options are available to bridge the gap between what respondents can afford to spend to implement recommended water supply strategies and what is needed. Table 4 provides a summary of federal, state, and local funding programs available to municipal water users. Table 5 provides a summary of funding programs available to non-municipal water users. Some of the funding options shown in Table 5 require a political subdivision to take the lead and establish a policy that benefits non-municipal users. More detailed information may be found in Appendix C.

² Texas Agricultural Experiment Station et al., *Brush Management/Water Yield Feasibility Studies for Eight Watersheds in Texas*, prepared for the Texas State Soil and Water Conservation Board, The Texas Water Resources Institute, TWRI TR-182 BRC Report 01-01, November 13, 2000.

Table 4
Summary of Funding Options for Municipal Users

Program	State/ Federal/ Local	Agency*	Type	Eligible Water Supply Projects
Private Financing	N/A	N/A	All	All
Fees and Tax Increases	Local	N/A	All	All
Municipal Bonds	Local	N/A	All	All
Colonia Plumbing Loan Program	State	TWDB	Loans	Assists low-to-moderate income colonia residents with financing for plumbing connections to water and wastewater systems in Federally designated border counties. No counties in Region F are eligible for this funding.
Community Self-Help Program for Water and Sewer	State	TWDB	Grant	Water and wastewater systems where local residents provide volunteer labor to construct facilities. Eligible counties in Region F include Andrews, Coleman, Crane, Mitchell, Pecos, Reagan, Reeves, Scurry, Upton, Ward and Winkler.
Drinking Water State Revolving Fund	State	TWDB	Loans	Water supply and source water protection
Economically Distressed Area Program for Water and Sewer Service	State	TWDB	Grant, Loans	Water and wastewater systems to economically distressed areas. Eligible counties in Region F include Andrews, Coleman, Crane, Mitchell, Pecos, Reagan, Reeves, Scurry, Upton, Ward and Winkler.
Groundwater Conservation District Startup Program	State	TWDB	Loans	Finance startup costs of groundwater conservation districts
Water and Wastewater Loan Program	State	TWDB	Loans	Planning, acquisition and construction of water related infrastructure
Water Desalination Research and Development Program	Federal		Grants	Develop more cost-effective, technologically efficient and implementable means by which usable water can be produced from saline water or water otherwise impaired.
Clean Water State Revolving Fund Program	State	TWDB	Loans	Wastewater recycling and reuse facilities
State Participation Program	State	TWDB	Loans	Regional wastewater recycling and reuse facilities
Agriculture Water Conservation Loan	State	TWDB	Loans	Install efficient irrigation equipment on private property
Water Infrastructure Fund	State	TWDB	Loans	Water management strategies recommended in state or regional water plans
Rural Water Assistance Fund	State	TWDB	Loans	Development or regionalization of rural water supplies

Table 4 (cont.)

Program	State/ Federal/ Local	Agency*	Type	Eligible Water Supply Projects
Farm Ownership Program	Federal	USDA	Loans, loan guarantees	Water conservation
Rural Utilities Service Water and Waste Disposal Loans and Grants	Federal	USDA	Grants, loans, loan guarantees	Drinking water, wastewater collection and treatment facilities in rural areas
Watershed Protection and Flood Prevention Program	Federal	USDA/NRCS	Grants	Plan and install watershed-based projects on private land
Texas Capital Fund Infrastructure Development Fund	State	TDA	Grants	Water and sewer infrastructure improvements
Linked Deposit Program	State	TDA	Interest buy-down	Water conservation, stock tanks, brush control, and dam construction
Rural Development Finance Program	State	TDA	Loans, loan guarantees	Non-specific
Loan Guaranty Program	State	TDA	Loan guarantees	Non-specific
Young Farmer Loan Guaranty Program	State	TDA	Loan guarantees	Non-specific
Public Works Program	Federal	USDC	Grants	Water and sewer systems for industrial use
7a Loan Guaranty Program	Federal	SBA	Loan guarantees	Non-specific
Certified Development Company (504) Program	Federal	SBA	Loans	Improvements, utilities
Texas Capital Access Fund	State	TDED	Reserve account	Non-specific
Texas Industrial Bond Revenue Program	State	TDED	Bonds	Non-specific
Texas Enterprise Zone Program	State	TDED	Tax refunds, credits	Non-specific
Small Towns Environment Program (STEP)	Federal	TCHCA	Grants	Small town or rural water and sewer systems
Local economic development incentives	Local	N/A	Tax abatements, etc.	Non-specific

* TWDB = Texas Water Development Board, USDA = U.S. Department of Agriculture, NRCS = National Resources Conservation Service, TDA = Texas Department of Agriculture, USDC = U.S. Department of Commerce, SBA = U.S. Small Business Administration, and TDED = Texas Department of Economic Development.

Table 5: Summary of Funding Programs for Non-Municipal Water Users

Program	State/ Federal/ Local	Agency*	Non- Municipal Users Eligible to	Type	Eligible Water Supply Projects	Water Users with Potential to Receive Funding				
						Manufact- uring	Mining	Irrigation	Livestock	Steam Electric Power Generation
Private Financing	N/A	N/A	Yes	All	All	x	x	x	x	x
Clean Water State Revolving Fund Program	State	TWDB	No	Loans	Wastewater recycling and reuse facilities	x	x	x		x
State Participation Program	State	TWDB	No	Loans	Regional wastewater recycling and reuse facilities	x	x	x		x
Agriculture Water Conservation Loan	State	TWDB	Indirect	Loans	Install efficient irrigation equipment on private property			x		
Water Infrastructure Fund	State	TWDB	No	Loans	Water management strategies recommended in state or regional water plans	x	x	x	x	x
Rural Water Assistance Fund	State	TWDB	No	Loans	Development or regionalization of rural water supplies	x		x	x	x
Farm Ownership Program	Federal	USDA	Yes	Loans, loan guarantees	Water conservation			x	x	
Rural Utilities Service Water and Waste Disposal Loans and Grants	Federal	USDA	No	Grants, loans, loan guarantees	Drinking water, wastewater collection and treatment facilities in rural areas	x	x	x	x	x
Watershed Protection and Flood Prevention Program	Federal	USDA/NRCS	Indirect	Grants	Plan and install watershed-based projects on private land	x	x	x	x	
Texas Capital Fund Infrastructure Development Fund	State	TDA	No	Grants	Water and sewer infrastructure improvements	x	x	x	x	x
Linked Deposit Program	State	TDA	Yes	Interest buy-down	Water conservation, stock tanks, brush control, and dam construction			x	x	
Rural Development Finance Program	State	TDA	Yes	Loans, loan guarantees	Non-specific	x	x			x
Loan Guaranty Program	State	TDA	Yes	Loan guarantees	Non-specific			x	x	
Young Farmer Loan Guarantee Program	State	TDA	Yes	Loan guarantees	Non-specific			x	x	
Public Works Program	Federal	USDC	No	Grants	Water and sewer systems for industrial use	x	x			x
7a Loan Guaranty Program	Federal	SBA	Yes	Loan guarantees	Non-specific	x	x	x	x	
Certified Development Company (504) Program	Federal	SBA	Yes	Loans	Improvements, utilities	x	x	x	x	
Texas Capital Access Fund	State	TDED	Yes	Reserve account	Non-specific	x	x	x	x	
Texas Industrial Bond Revenue Program	State	TDED	Indirect	Bonds	Non-specific	x	x			x
Texas Enterprise Zone Program	State	TDED	Indirect	Tax refunds, credits	Non-specific	x	x	x	x	x
Emergency Conservation Program	Federal		Yes	Grant	Emergency water conservation or water enhancing measures during periods of severe droughts			x	x	
Interest Assistance Program	Federal		Yes	Loan	Non-specific			x	x	
Local economic development incentives	Local	N/A	Yes	Tax abatements, etc.	Non-specific	x	x			x

* TWDB = Texas Water Development Board, USDA = U.S. Department of Agriculture, NRCS = National Resources Conservation Service, TDA = Texas Department of Agriculture, USDC = U.S. Department of Commerce, SBA = U.S. Small Business Administration, and TDED = Texas Department of Economic Development.

** No: Some of these programs are open to political subdivisions but not to non-municipal water users. For non-municipal users to benefit from these programs, a political subdivision must take the lead in project development. Indirect: Some of these programs are open to political subdivision but target private enterprise or improvements on private land.

Table 3 summarizes the funding mechanisms identified in the IFR surveys. Many respondents specified only a general category of TWDB loans or grants without identifying the specific type of loan or grant that the respondent was seeking. Others gave a list of options without specifying the amount of money that the entity will seek from each source. Only two respondents gave specific amounts of money from each source. In many cases, the strategy has not yet been developed sufficiently for an entity to identify a funding source.

5.0 Policy Recommendations

The Region F Water Planning Group supports the following recommendations from the *TWDB Policy Issue Number 2, Financing Water Infrastructure*. Direct quotations are indicated in italics. Additions by the RWPG are in normal text.

- 1) *The role of State assistance programs needs to be expanded to ensure that problems are addressed and long-term state goals are achieved. State assistance should be provided as required to supplement local efforts to:*
 - a) *Achieve goals established by regional water planning groups for implementation of recommended water management strategies;*
 - b) *Support cost effective regional projects, including, but not limited to, the current State Participation program;*
 - c) *Support disadvantaged communities or communities with limited access to traditional capital markets with low interest loans and grants including consolidation subsidies to encourage cost effective regional solutions, and;*
 - d) *Support funding non-traditional solutions, including, but not limited to, brush management, weather modification, desalination and reuse.*
- 2) The State should review the health risks associated with the elements found in water, the justification of the MCL's contained in the drinking water standards, the policies related to administrating the drinking water standards, and the methods available for treating water.
- 3) *In programs where demand exceeds funding, the State should adopt priority ranking criteria for projects receiving state assistance which should consider the following (not listed in priority order):*
 - a) *Higher priority for projects to address urgent public health and safety needs;*
 - b) *Higher priority for creation of regional or multi-community water and wastewater systems;*
 - c) *Higher priority for projects that meet the needs of small, rural, disadvantaged or geographically isolated communities;*

- d) *Higher priority for water supply projects derived from reuse;*
 - e) *Higher priority for projects with environmental benefits;*
 - f) *Higher priority for projects with desalination or demineralization;*
 - g) *Higher priority for projects which require additional water treatment as mandated by federal drinking water standards;*
 - h) *Higher priority for projects that produce more water with less total funding;*
 - i) *Higher priority for projects that maximize conservation, including agriculture; and,*
 - j) *TWDB staff support to implement priority projects.*
- 4) *The following dedicated funding sources should be considered to enhance the state's ability to assist local government in implementing water infrastructure projects:*
 - a) *Increased agricultural funding sources (federal);*
 - b) *Increased State Revolving Fund funding;*
 - c) *General revenue;*
 - d) *Statewide bond issue.*
 - 5) *The Legislature should consider providing funds for loans to be made available for municipal conservation program activities, such as fixture replacement and other incentive programs.*
 - 6) *The Legislature should consider expanding tax exemptions for fixtures and equipment that are identified to lower water use and increase available supply.*
 - 7) *The TWDB should remove unnecessary administrative burdens related to State Revolving Fund funding within authority of TWDB.*
 - 8) *Multiple purpose projects should be encouraged to take advantage of economies of scale and cost sharing.*
 - 9) *A comprehensive financing package using state and federal agency funding mechanisms should be developed. These packages should be made available through a 'one-stop' application process.*
 - 10) *Training programs in financial and technical management should be developed and outreach assistance provided to communities who lack these skills so that they can access financial assistance and implement water infrastructure projects.*

Appendix A
Survey Responses

WATER INFRASTRUCTURE FINANCING SURVEY**Region Name:** Region F**Name of Political Subdivision:** Brown County WID #1**Contact Person:** Sam Oswood **Title:** General Manager**Telephone:** 915)643-2609 **E-mail:** bcwid.adm@gte.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: County-Other

Water Management Strategy Name: Additional supplies from Lake Brownwood

Capital Cost: \$7,211,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Unknown at this time

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ NA

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Early

Contact Person: Ken Thomas **Title:** City Administrator

Telephone: 915/643-5451 **E-mail:** earlytx1@gte.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

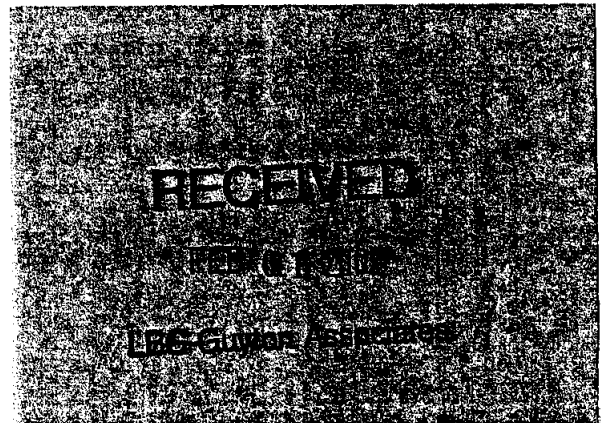
Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

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5.2.5 City of Early

The City of Early, in Brown County currently receives raw water from Lake Brownwood and treats it at the City's water treatment plant. In addition to supplying their city customers, Early provides approximately 300 acre-feet a year of treated water to Zephyr Water Supply Corporation for rural municipal use.

In 2001 the city was notified by Texas Natural Resource Conservation Commission of the need to expand their facilities to adequately serve the city and Zephyr. The city is currently exceeding 85% of their treatment plant.

Quantity, Reliability and Cost

The city is currently working with engineers to implement a water line to the Brown County Water Improvement District (BCWID) for treated water. This will require a new 2-mile transmission line. The line proposed will be an 18-inch line to deliver 5.5 MGD of treated water to supplement the water treatment plant. Four million gallons is reserved for Early and the remaining 1.5 for Zephyr. Zephyr is receiving funding for upgrades of their existing system.

The reliability would be high because there is sufficient supply in Lake Brownwood to address the demand for increases. The plant improvements would also increase the reliability of the existing supply that is treated by the city.

The City is anticipating the cost to be approximately 2.8 million dollars, of which Zephyr will pay their pro rata share of approximately 27%. The city's treatment plant has been updated and will continue to be the source of distribution for Early and Zephyr.

Environmental Factors

Potential impacts on environmentally sensitive areas from the pipeline can be minimized if existing right-of-ways are used. The crossing of Pecan Bayou may require a detailed environmental study.

Impact on Water Resources

There will be no major impact to water resources because of the supply of water at Lake Brownwood and the treatment capacity at BCWID.

Impacts on Agriculture and Natural Resources

There are no identified impacts on agriculture or natural resources.

Other Relevant Factors

There are no identified relevant factors.

Water User Group: City of Early – Brown County

Population:

<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2030</u>	<u>2040</u>	<u>2050</u>
2588	2900	3200	3500	3800	4100

Long Term Strategy: 18" pipe line at cost of approximately 3 million dollars and
Delivery of 5.5 million gallons

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Early

Water Management Strategy Name: Purchase treated water from BCWID

Capital Cost: ~~2535000~~ 2.8 Million

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

The City of Early in conjunction with Zephyr Water Supply Corporation will be undertaking a project to lay an 18 inch waterline for treated water to Brown County Water Improvement District in the coming year. The cost of this project is approximately 2.8 million. The city will continue to purchase raw water and process it in our treatment plant. There are no plans to expand the treatment plant at this time, just upgrade.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 3 million

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Early

Water Management Strategy Name: Renew Existing Contract

Capital Cost: \$0

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

RECEIVED

FEB 13 2002

Region Name: Region F

LBG-Guyton Associates

Name of Political Subdivision: City of Bronte

Contact Person: Martin Lee Title: Mayor

Telephone: 915/473-3501 E-mail: _____

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Bronte

Water Management Strategy Name: Purchase water from Robert Lee, construct pipeline

Capital Cost: \$1,541,500

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

We propose to drill wells in the Oak Creek Lake area and tie into our existing water line. The water has been proven to some degree.

Cost: 2 Wells - \$30,000; 3+ Miles Of Pipeline - \$150,000.

ALTERNATE PLAN: 8 miles of pipeline to proven well - \$450,000;
RO Unit to reduce sulfides from 2000 to 200 - \$500,000.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 180,000 Alternate Plan - \$950,000

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ 70,000.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ 70,000.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 110,000.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

We know of nothing available at this time, but would appreciate all help you could give us.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: Coke County

Contact Person: JACKIE WALKER Title: County Judge

Telephone: 915-453-2641 E-mail: cokecoj@wcc.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
 LBG-Guyton Associates
 1101 S. Capital of Texas Highway
 Suite B-220
 Austin, TX 78746-6437
 FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Bronte

Water Management Strategy Name: Purchase water from Robert Lee, construct pipeline

Capital Cost: \$1,541,500

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

We propose to drill wells in the Oak Creek Lake area and tie into our existing water line. The water has been proven to some degree.

Cost: 2 Wells - \$30,000; 3+ Miles Of Pipeline - \$150,000.

ALTERNATE PLAN: 8 miles of pipeline to proven well - \$450,000;
RO Unit to reduce sulfides from 2000 to 200 - \$500,000.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 180,000 Alternate Plan - \$950,000

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

- 3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ 70,000.

- 4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ 70,000.

- 5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 110,000.

- 6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

We know of nothing available at this time, but would appreciate all help you could give us.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Robert Lee

Contact Person: Kay Torres **Title:** City Secretary

Telephone: 945-453-2831 **E-mail:** rltexas@wcc.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

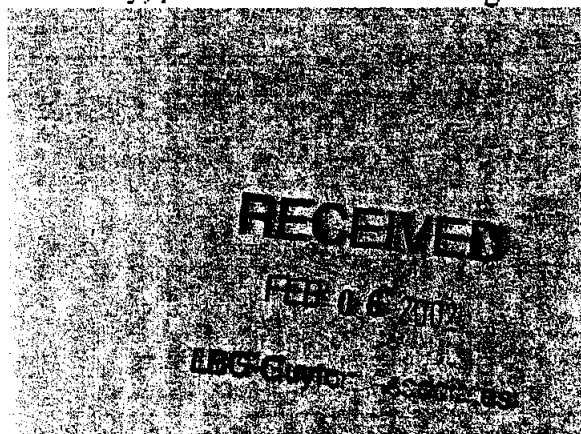
Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

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FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.



WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Robert Lee

Water Management Strategy Name: Lake Spence RO Treatment Facility

Capital Cost: \$713,395

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

In July 1999, A reverse osmosis study was completed for the city by Hibbs & Todd Inc., the city's engineering firm. The capital cost is comparative to this survey. Due to strict TNRCC permitting regulations and requirements the question arises of permitting approval to dispose the reject from the RO treatment. Additionally, improvements to the Water Treatment facility will be necessary to ensure optimum performance. Upgrades are currently in process but additional improvements will be absolute. At this time the city has taken no action regarding the reverse osmosis system. Due to drought conditions it is felt that any amount of reject would be against "water conservation" and due to financial factors.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy). Yes

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

- 3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ See #6.

- 4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ See #6.

- 5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ See #6.

- 6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

At this time implementing tax and/or utility increases are not a consideration.

Access to State Participation Program, grant funds through both the Community Development Program administered by the Texas Department of Housing & Community Affairs and Rural Development. Low interest loans through Rural Development or the local community bank.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F
Name of Political Subdivision: Millersview-Doole Water Supply Corporation
Contact Person: Tony Matthews **Title:** Manager
Telephone: 915-483-5438 **E-mail:** _____

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

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WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: (Includes Ballinger And Winters)

Water Management Strategy Name: Long-term – Lake Ivie via Millersville-Doole, or water from Lake Coleman via North Runnels WSC

Capital Cost:

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Yes.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 19.5 million

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

- 3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ — .

- 4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ — .

- 5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ — .

- 6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

Millersview-Doole WSC can only afford to finance approximately 65% of the project cost assuming eligibility for TWDB loan forgiveness and 0% interest



"The Garden in the Center of Texas"

City of Eden

P.O. Box 915
Eden, Texas 76837

RECEIVED

FEB 01 2002

LBG-Guyton Associates

January 30, 2002

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437

Dear Mr. Ashworth:

Enclosed is the completed water infrastructure financing survey for the City of Eden. If you have any questions or need further information please contact me.

Sincerely,

Ed Medders
City Administrator
City of Eden

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Eden

Contact Person: Ed Medders **Title:** City Administrator

Telephone: 915 869-2211 **E-mail:** edencity@wcc.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For **each** of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Eden

Water Management Strategy Name: Regional system that uses a combination of Brady Creek Reservoir, Ivie WTP, Ellenburger well field, New Hickory well field

Capital Cost: \$13,773,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Refer to Addition Sheets (2 sheets) for answers to Questions No. 1

through No. 6. Also see Additional Comments.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ _____.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ _____.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ _____.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

WATER INFRASTRUCTURE FINANCING SURVEY ADDITIONAL SHEET

Name of Political Subdivision: Eden

Water Management Strategy Name: Regional system that uses a combination of Brady Creek Reservoir, Ivie WTP, Ellenburger well field, New Hickory well field

Capital Cost: \$13,773,000

Question No. 1: Yes, in part. Millersview-Doole Water Supply Corporation (MvD) has negotiated an agreement with Colorado River Municipal Water District to purchase 1100 ac-ft per year of raw water from Lake O. H. Ivie. Eden is currently negotiating with MvD to purchase 300 ac-ft per year of potable water. MvD is in the process of developing construction plans for a raw water intake, treatment plant, pipelines, and pumping stations to distribute water to its rural customers and the communities of Eden, Melvin, and Eola. The estimated cost of the total project is \$10,612,500. Eden's share of the total cost is \$4,450,000. Of the \$4,450,000, \$2,900,000 will finance by loans and grants made to MvD. To finance the remaining \$1,550,000 (principally a pipeline from the MvD system to Eden), Eden is in the process of applying for loans and grants administered by the Texas Water Development Board.

Question No. 2: Revised project cost:

Total project cost \$10,612,500

Eden's portion of the total project cost \$4,450,000

Question No. 3: The political subdivision can afford to pay \$3,472,500.

Note: This assumes that MvD can get 0% interest loans and 15% of the principal forgiven. It further assumes that Eden can get 0% interest loans and 35% of the principal forgiven.

Question No. 4: The political subdivision can afford to pay \$3,472,500. See Note under Question No. 3.

Question No. 5: The political subdivision cannot afford to pay \$977,500. See Note under Question No. 3.

Question No. 6: Eden is applying for funding from the Texas Water Development Board. To finance this project, Eden assumes that MvD will receive loans and grants in the amount of \$9,062,500. Eden assumes it will receive loans and grants amounting to \$1,550,000. See Note under Question No. 3.

Additional Comments: The City of Eden is a community of 1191 living in households and 1370 inmates located at the Eden Detention Center (2000 Census). It serves 534 residential customers, 85 commercial customers, and the detention center.

The taxable assets of the City are \$42,000,000 with a current tax rate of \$0.51 per \$100 evaluation. Current water and sewer indebtedness is \$1,465,000 at 6% interest. Upon completion of this project and assuming that loans and grants described in Question No. 3 are forthcoming, the City's

obligations will increase to \$4,937,500. User fees pay the present indebtedness. They will also pay for future indebtedness. The current cost of water is \$2.63/1000gal. It is estimated that the cost of water will increase to \$6.10/1000gal or 232% to Eden's customers when the project is complete.

The City's water system is more than 75 years old. Although Eden receives state TCDP funds to upgrade the system, it must find funds to replace the older sections in order to improve water conservation, efficiency, and customer satisfaction. In addition, future highway construction (Texas Trunk System) will require replacement of water mains and laterals. Eden does not have a good replacement cost estimate, but it could easily be several million dollars.

Eden has been using water from the Hickory Sandstone aquifer since 1945. Since that time, Hickory water has been blended with water from the Edwards-Trinity aquifer. The rate of blending depends upon whether or not the area is under a drought condition. To date, there is no documented evidence that water from the Hickory has caused any health problems within the community or area.

The City of Eden needs to plan and secure additional water resources. The community can not maintain itself and develop without an adequate water supply. However, the radionuclide regulations that USEPA and TNRCC have placed on the use of Hickory water have reduced Eden's reliable options to one, participating in the MvD project. This is a good project and reliable source of water, but a very expensive one. At Eden, estimates indicate that water produced from Lake Ivie will cost three times that produced from the Hickory aquifer.

It is imperative that MvD and Eden receive maximum benefits from state financial assistance programs. With assistance described in the Note under Question No. 3, financing the MvD-Eden project will siphon off large amounts of financial resources that are needed now and in the future to operate, maintain, and replace the City's aging water, sewer, and street infrastructure. However, the City believes it has no alternative but to participate with MvD. It can only hope that significant financial assistance is forthcoming from the state to off set the costs imposed by low-density, dispersed population, scarcity of water, and water supply regulations.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Eden

Water Management Strategy Name: New wells in the Edwards-Trinity

Capital Cost: \$3,980,315

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Refer to additional sheet.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ Yes

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ _____.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ _____.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ _____.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

**WATER INFRASTRUCTURE FINANCING SURVEY
ADDITIONAL SHEET**

Name of Political Subdivision: Eden

Water Management Strategy Name: New wells in the Edwards-Trinity

Capital Cost: \$3,980,315

Question No. 1: Yes, however, this strategy has moved from an alternative short-term strategy to an alternative that may be required in the out years of 2030 and beyond.

The new strategy to meet Eden's anticipated water needs is to purchase water from the Millersview-Doole Water Supply Corporation through about 2030. Eden is currently negotiating with Millersview-Doole to purchase 300 ac-ft per year of potable water. The Corporation has negotiated with the Colorado River Municipal Water District to purchase at total of 1100 ac-ft/yr. from Lake O. H. Ivie. Designs, construction plans, permits, and applications for financial assistance is being developed by consulting engineers.

Fax Cover Sheet

CITY OF JUNCTION
730 MAIN STREET
JUNCTION, TEXAS 76849
915-446-2622
915-446-3003

Send: LBG GUYTON	From: K. VIVIAN SAIZ
Attention: ALAN STANDEN	Date: March 7, 2002
Office Location: AUSTN, TX	Office Location: 730 MAIN STREET
Fax Number: 512-327-5573	Phone Number: 915-446-2622
	Fax Number: 915-446-3003

- Urgent
- Reply ASAP
- Please comment
- Please Review
- For your information

Total pages, including cover: 6

Comments:

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Junction

Water Management Strategy Name: Develop Edwards-Trinity aquifer wells

Capital Cost: 3000,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

No. ① We believe the demands will exceed 1000 AC-FT/YR during the planning period and that the projected demands of 940 AC-FT/YR decreasing to 877 AC-FT/YR are inadequate.

② The groundwater quality in the area is sporadic and long term withdrawals have not been studied. Blending groundwater with the surface water in the quantities anticipated may not provide sufficient dilution of the dissolved solids. ③ The City is pursuing the availability of additional surface water rights, but has been unsuccessful to date.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 3,000,000 See Attachment

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

- 3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ UNKNOWN - See Attached

- 4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ UNKNOWN - See attached

- 5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ UNKNOWN See Attached.

- 6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

The City is familiar with the DRAWING Water - State Revolving Fund program and would consider that program as well as grants, and grant/loan funding sources.

5.2.4 City of Junction

The city of Junction is located in central Kimble County and relies upon municipal diversions from a channel dam on the South Llano River. During drought conditions, the City has the potential to experience some small shortages throughout the planning period. The projected need for Junction is 78 acre-feet/year in year 2000, which decreases to 15 acre-feet/year by 2050. To increase the reliability of their supply, Junction could develop ground water supply from the Edwards-Trinity aquifer in Kimble or Howard Counties. For this plan it is assumed that Junction will install two wells within three miles from the City to supplement their existing supplies. As an alternative strategy, the City may lease existing water rights on the South Llano River upstream of the City for additional surface water supply.

Quantity, Reliability and Cost

There is available supply in the Edwards-Trinity aquifer in Kimble County. However, the average well yields tend to be low (less than 35 gpm). The reliability of the Edwards-Trinity is moderate to high depending on local drawdowns. The estimated costs for the two local wells are \$996 per acre-foot (\$2,147,000 gallons).

Environmental Factors

There is the possibility that the development of water wells could affect local spring flows. Otherwise, the environmental impacts should be low. The transmission line could be routed around environmentally sensitive areas, if needed. Once the well field and transmission route are chosen, a more detailed environmental review should be conducted.

Impacts on Water Resources and Other Management Strategies

There are no known impacts to ground water resources since there is adequate supply from this aquifer. However, there is the possibility that ground water use could affect area spring flows. There are no other known strategies that would be affected.

Impacts on Agriculture and Natural Resources

There are no known impacts to agriculture and natural resources.

Other Relevant Factors

The water quality of the Edwards-Trinity is unknown. There is the possibility that ground water will need to be treated at Junction's water treatment plant. A combination of surface water and ground water would provide the highest reliability of supply for Junction.

Water User Group:	City of Junction - Kimble County						Capital Cost
	2000	2010	2020	2030	2040	2050	
Population (number of persons)	2,757	2,810	2,837	2,851	2,858	2,861	
Water Demand (ac-ft/yr)	940	924	894	883	878	877	
Current Supply (ac-ft/yr)	862	861	861	861	862	862	
Supply - Demand (ac-ft/yr)	-78	-63	-33	-22	-16	-15	
Recommended Short Term Strategy - Develop new wells (ac-ft/yr)	0	112	112	112	112	112	\$808,000
Long Term Strategy (ac-ft/yr)	None identified						

Item 1. Continued.

The impoundment behind the dam on the So. Llano River serves as the source of raw water supply for the existing water plant. This impoundment is rapidly filling with gravel, boulders and rocks and could impact the firm yield from the impoundment. To protect the surface water supply, the gravel deposits should be removed from the impoundment.

Item 2. If additional surface water is used to meet demands, the surface water plant will have to be expanded at a cost of \$3 to \$4 per gallon of capacity. If groundwater is used as the source of supply, removal of TDS (total dissolved solids) may be required. Removal of the gravel from the surface water impoundment could be \$2 million or more. The total cost to meeting the water demands of the City of Junction for the next 50 years is estimated at a minimum of \$3,000,000.

Item 3 & 4 The City of Junction has the ability to raise rates and taxes to meet obligations. However, Junction is a low income community and is currently in the process of upgrading its water plant to meet the Safe Drinking Water Act Rules, effective Jan 1, 2004. This project is a \$4,000,000 program and results in significant rate increases over the next 25 to 30 years. The ability to absorb additional tax and rate increases in the community is unknown, but will be a financial hardship.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Brady

Contact Person: Mike Taylor

Title: City Mgr

Telephone: 915-597-2152

E-mail: Brady@Classinet.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

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Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

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WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Manufacturing

City of Brady

Water Management Strategy Name: Purchase water from ~~McCurtain County~~ Other

Capital Cost: Unknown Cost

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Yes

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ *9,400,000*

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Brady

Contact Person: Marta Taylor

Title: City Mgr

Telephone: 915-597-2152

E-mail: Bradyco@ClassicNet.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

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Name of Political Subdivision: Brady

Water Management Strategy Name: Regional system that uses a combination of Brady Creek Reservoir, ~~Ivie WTP, Ellenburger well field~~, New Hickory well field

Capital Cost: ~~\$17,390,000~~

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ _____.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ _____.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ _____.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Brady

Contact Person: Mike Taylor

Title: City Mgr

Telephone: 915-597-2152

E-mail: BradyCo@ClassicNet.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

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WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: County-Other

Water Management Strategy Name: Purchase water from City of Brady

Capital Cost: Unknown Cost

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: County-Other

Water Management Strategy Name: ~~New Ellenburger Well Field~~

Capital Cost: ~~\$10,823,000~~

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ _____.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ _____.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ _____.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

WATER INFRASTRUCTURE FINANCING SURVEY

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Name of Political Subdivision: County-Other

Water Management Strategy Name: New Hickory Well Field

Capital Cost: \$15,195,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

Rochelle Water Supply Corporation

P. O. Box 70

Rochelle, Texas 76872

4 February 2002

Mr. John Ashworth
LBG - Guyton Associates
1102 S. Capital of Texas Highway
Suite B-220
Austin, Texas 78746-6437

Dear Mr. Ashworth:

This accompanies a letter, dated 4 February 2002, from the Rochelle Water Supply Corporation (RWSC) to Mr. J. Kevin Ward, of the Texas Water Development Board (TWDB). The letter to TWDB was our response to that board's request for information about the RWSC plan to deal with reported levels of radionuclides in our water.

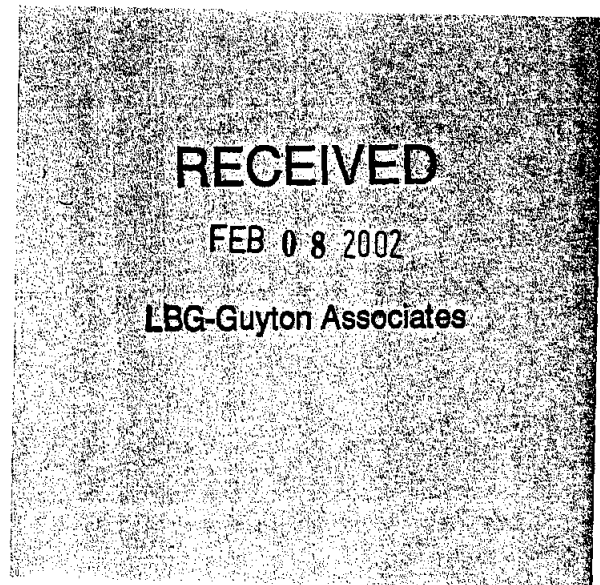
Please consider our letter to TWDB to also be the RWSC reply to the "Water Infrastructure Financing Survey," as that survey applies to Region F and specifically as the Region F survey applies to systems that use water from the Hickory aquifer.

Respectfully,

Board of Directors
Rochelle Water Supply Corporation

cc: John Grant, Chairman
Region F Water Planning Group

Jimmy E. Lorge, President
Tom Bourdon, Secretary
Drew Earl
Dennis Baker
Alvin Lewis Bolton



Rochelle Water Supply Corporation
P. O. Box 70
Rochelle, Texas 76872

4 February 2002

J. Kevin Ward
Deputy Executive Director
Office of Project Finance and Construction Assistance
Texas Water Development Board
P. O. Box 13231
Austin, Texas 78711-3231

Dear Mr. Ward:

This letter accompanies Forms DW-007 and DW-008. The purpose of the letter is to inform you about an impossible situation that confronts the Rochelle Water Supply Corporation (RWSC), and to request that you place the RWSC on the list of systems that might apply for a DWSRF loan in the future.

Rochelle is a small, unincorporated rural community in McCulloch County, Texas, with a population of about 300. The RWSC supplies water to the community from two Hickory wells that were permitted by the TNRCC. There are 118 meters on the system, but at any time, only about 100 of those are used regularly. Every customer has a private septic system. The largest single consumer is the Rochelle School System. With a median household income of under \$22,000.00, Rochelle would be classed as a "disadvantaged community" under the State of Texas guidelines. In 2001, total revenues for the RWSC were \$40,762.50. The RWSC has one employee; we do not have the engineers or financial administrators referred to in the letter from TNRCC that is described below.

According to TNRCC records, our well water exceeds the maximum MCLs for radionuclides set by the United States EPA. Recently, we received two documents that require our immediate answers to address this phenomenon. One document, dated 6 January 2002, is from the Region F Water Planning Group. It is a survey that lists the only approved strategies that are available to bring our water supply into compliance, but RWSC cannot reasonably implement any of these strategies, either technically or financially. The Region F strategies carry estimated costs in the tens of millions of dollars. The Region F strategy that comes closest to being reasonable for Rochelle entails drilling wells in the Ellenberger formation, at a cost in excess of \$10,000,000. Even with a 0% loan, with 35% of the principal forgiven, we estimate the plan would add approximately \$180.00 *per month* to the water bill for *each* of our customers, for a period of 30 years. During the past year, the actual average water bill for a customer in Rochelle was \$28.75. What is more, the "best" strategy allowed by Region F would require us to drill in, and pump from, San Saba County, which is in Region K.

The survey requires that we provide our own alternate plan, certified by engineers, if we do not accept one of the strategies offered by Region F. The RWSC cannot develop such a plan on our own. In fact, the radionuclide content of water in the Hickory is a regional phenomenon that can only be addressed by plans developed on a regional basis, if it must be addressed at all.

The second document is a letter from TWDB, dated 15 November 2001, accompanied by a TNRCC letter dated 16 January 2002. The TWDB letter requests us to supply engineering estimates and costs for the strategy we have chosen from the ones provided to us by the Region F Water Planning Group. The letters from TWDB and TNRCC, both tell us that we must identify such a plan, so that we might be allowed to apply for a loan to implement it. Since no strategy on the list from Region F is appropriate for the RWSC, we cannot respond to this request. The TNRCC letter states that the RWSC must respond by Feb 4, 2002, to the TWDB, or else Rochelle cannot be placed on the IUP priority list for a future loan. The TNRCC letter further threatens that if we do not reply in time we will never be able to later claim that a lack of financial resources kept our water system from being in compliance.

Our only possible response is that, under the circumstances, we cannot identify a reasonable strategy to implement from the four strategies that were supplied to us by Region F, thus we cannot fully complete the DWSRF-Form 6 that is required. At the same time, we do not want to be excluded from this process, because we do not have the financial resources to bring our system into compliance, even if a reasonable strategy were available to us, later on.

In summary:

1. The Region F survey does not include a strategy that Rochelle could employ to bring it's water supply into compliance for radionuclide levels.
2. Rochelle has no alternative water supply.
3. Rochelle does not have the financial or technical resources to respond to the Region F strategies.
4. Rochelle can not afford the cost of bringing it's water into compliance.
5. The only reasonable solution might have been point-of-use water treatment, which we are told is not permitted as a solution. Point-of-source treatment would have been another possibility, but the Federal Government and the State of Texas have not come up with a way to handle the radioactive waste, making this approach unusable.
6. From all that we can learn, there is no evidence that use of the Hickory water in McCulloch County has ever caused any health problems, due to the presence of radionuclides. In fact, we have found recent research which concludes that water elsewhere in the United States, with levels of radionuclides similar to our own, does not produce any health problems as a consequence of the radionuclides. In the absence of medical evidence that radionuclide levels like ours cause any identifiable medical problem, our residents wonder why small rural systems, all over the nation, are required to spend millions of dollars – billions, when they are

all added together – to solve a problem that apparently does not exist.
Communities like ours are too poor to needlessly waste money that way.

Respectfully,

Board of Directors
Rochelle Water Supply Corporation

Jimmie G. Longe, President

Tom Bourdon, Secretary
Oron Earl Cox

Danny Baker

Alvin Lewis Bolton

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Menard

Contact Person: Sharon Key **Title:** City Administrator

Telephone: (915) 396-4706 **E-mail:** city@airmail.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

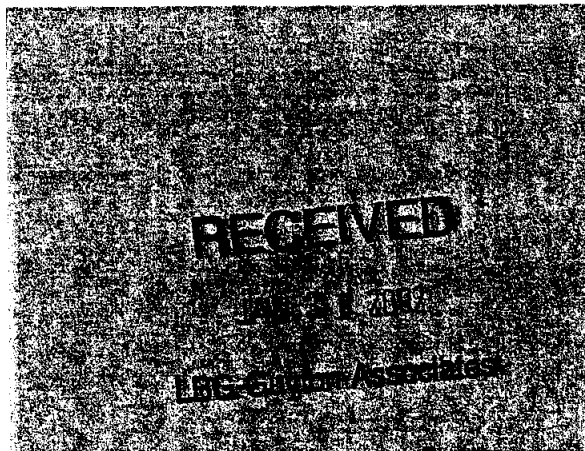
Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.



WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Menard

Water Management Strategy Name: Develop Edwards-Trinity aquifer wells

Capital Cost: \$517,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

The City of Menard has received a TDHCA grant for the purpose of
finding an additional watersource-probably in the Edwards-Trinity
Aquifer. Because exploration has not yet started, exact costs are
not available and we have no idea of the cost of piping & because we
do not have exact well depth-we have no idea of the treatment that will
be required.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ _____.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ _____.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ _____.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

Because of economic conditions in Menard County, some assistance will
required, but until the scope of work is fully understood-the monetary
amount of assistance needed is unknown.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: City of Midland

Contact Person: Kay Snyder Title: Interim Director of Utilities

Telephone: 915.685.7261 E-mail: ksnyder@mail.ci.midland.tx.us

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
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Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Midland

Water Management Strategy Name: Renew contract with CRMWD

Capital Cost: Unknown Cost

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Yes.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ - N/A -

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

- 3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ -N/A-

- 4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ -N/A-

- 5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ -N/A-

- 6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

This strategy should not require any capital
cost.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Midland

Water Management Strategy Name: Develop T-Bar Well Field

Capital Cost: \$65,848,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Yes. However, certain types of development in Midland could move the date to an earlier time for developing this well field.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 65,848,000

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ -0-.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ _____.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 65,848,000.-.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

We would propose bond issue to cover the
remaining expenses over some period of time.
State revolving fund may be an option
for the City, as well.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: City of Ballinger

Water Management Strategy Name: Expand Ballinger Water Treatment Plant

Capital Cost: \$2,813,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Ballinger is in the final design phase of a new 2.5 to 3.5 mgd water treatment plant.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 5,250,000.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: City of Miles

Water Management Strategy Name: Ivie Regional WTP

Capital Cost: 13,773,000 (total cost for regional plant)

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

No, the City of Miles has entered in an agreement with the Upper Colorado River Authority for 100 to 200 acre-feet of raw water from O.C. Fisher, E.V. Spence and O.H. Ivie. A treatment plant will be built at Miles to treat the water. Engineering studies have not been completed for the proposed project.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 1,000,000.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ 0.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ 0.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 1,000,000.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

Specific funding sources have not been attained at this time. Possibilities include

STEP grants or other low interest loans or grants



City of Winters

Aref Hassan From High Mountain of Afghanistan Dreams High as Etal Tower In the New World



FAX

FAX# 915-754-4284

TO: JOHN ASHWORTH, U.S. CUSTOMER
FROM: AREF HASSAN, Ph.D, CMC

DATE: 1-17-02

FAX#: (512) 327-5573

TOTAL PAGES INCLUDING COVER: 3

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INFRASTRUCTURE FINANCING SURVEY.

IF YOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, CALL 915-754-4424.

310 S. MAIN

PHONE 915 • 754 • 4424

WINTERS, TEXAS 79567

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: THE CITY OF WINTERS

Water Management Strategy Name: LAKE TIVE PIPELINE

Capital Cost: \$1,500,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ 52,000 ^{YEAR} ~~MONTHLY~~ COST OF RAW WATER TO THE CITY OF ABILENE.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ 52,000 ^{YEAR} ~~MONTHLY~~ COST OF RAW WATER TO THE CITY OF ABILENE.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 1,500,000 COST OF PIPELINE & RO PLANT

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

I HAVE APPLIED FOR A GRANT TO TEXAS COMMUNITY DEVELOPMENT GRANT PROGRAM STEP GRANT FOR COST A 4.5 MILE 18" PVC WATER LINE IN AMOUNT OF \$450,000. FOR REVERS OSMOSIS PLANT I HAVE APPLIED FOR \$1,000,000 GRANT, TO UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)

Allan Standen

From: City Of Eldorado [eldorado@wcc.net]

Sent: Friday, March 08, 2002 4:42 PM

To: astanden@lbg-guyton.com

Subject: water wells

I still haven't managed to visit with Cindy Cawley. However, for the purpose of your report please use the following:

The City of Eldorado has participated in the Community Development Block Grant program to fund water improvement projects and will continue to do so. We believe that drilling a water well would qualify as a project under those grants and would probably turn there for funding, if local sources weren't sufficient to cover the cost. If the State has any more it would like to send us, however, we would be happy to have it.

I hope this helps
Randy Mankin
City Administrator
City of Eldorado

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: San Angelo

Water Management Strategy Name: McCulloch well field development

Capital Cost: \$44,361,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Development of the McCulloch Well Field or other underground water
sources will require modification of the City's water treatment

plant since these new sources will not meet water quality standards.

The management strategy needs to include the addition of reverse-
osmosis treatment in development of the source.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 76,000,000

Well Field Development - \$51 million
Water Plant Upgrade - \$25 million

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ 30,000,000.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ 30,000,000.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 46,000,000.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

TWDB grants

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: San Angelo

Water Management Strategy Name: Enhance system operation (Pump addition on the Spence/Ivie line)

Capital Cost: \$6,497,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Yes

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ 2,000,000.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ 2,000,000.

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 4,497,000.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

TWDB grant

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: County-Other

Water Management Strategy Name: Purchase water from San Angelo and Millersview Doole WSC

Capital Cost: Unknown Cost

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

The City of San Angelo does not have adequate supplies to meet

its own needs; therefore, this option of supplying to other entities

is not agreeable to the City. These needs should be addressed in

some other manner in the Region F Report.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ -0-

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Steam Electric Power - Tom Green County

Water Management Strategy Name: Wastewater Reuse

Capital Cost: Unknown Cost

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

The Region F Plan shows the City of San Angelo supplying 2,500 A-F/yr
for electric generation from its treated wastewater. The City has
contracted for delivery of 100% of its treated wastewater to the
Tom Green County WCID #1 and therefore does not have any available
effluent to sell. The Region Plan needs to identify another source
to meet this demand.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ -0-

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Tom Green County Irrigation

Water Management Strategy Name: Additional storage for San Angelo effluent

Capital Cost: \$9,141,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

Yes

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY**Region Name:** Region F**Name of Political Subdivision:** Santa Rita Underground Water Conservation District**Contact Person:** Cindy Weatherby **Title:** District Manager**Telephone:** 915 884-2893 **E-mail:** sruwcd@gte.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 30, 2002 to:

**John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573**

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Irrigation

Water Management Strategy Name: Improve irrigation practices to maximize benefit of existing supplies

Capital Cost: \$16,491,033

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

yes

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy). *yes*

Revised project cost \$ _____

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: Glasscock County Underground Water
Conservation District

Contact Person: Ricky Harston Title: Gen MGR

Telephone: 915-354-2430 E-mail: gcuvwd@worldnet.atx.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Irrigation

Water Management Strategy Name: Improve irrigation practices to maximize benefit of existing supplies

Capital Cost: \$21,590,201

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

yes

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ OK

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: Glasscock County Underground Water Conservation District

Contact Person: Ricky Harston Title: Gen. MGR

Telephone: 915-354-2430 E-mail: genmgr@glasscockwaterconservation.com

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

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FAX (512) 327-5573

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WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Irrigation

Water Management Strategy Name: Improve irrigation practices to maximize benefit of existing supplies

Capital Cost: \$16,491,033

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

yes

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ OK

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: Lipan-Kickapoo Underground Water Conservation District

Contact Person: ALLAN J. LANGE Title: GEN. MGR

Telephone: 915-469-3988 E-mail: 1Kwcd@airmail.net

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Irrigation

Water Management Strategy Name: Improve irrigation practices to maximize benefit of existing supplies

Capital Cost: \$15,803,361

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

YES.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ OK

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Irrigation

Water Management Strategy Name: Enhanced use of treated effluent from San Angelo

Capital Cost: \$9,141,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

N/A SURFACE WATER USE.
WE MANAGE ONLY GROUNDWATER.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ N/A.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: WTU

Contact Person: Chris Bissett Title: Principal Engineer

Telephone: 915-674-7235 E-mail: cbissett@acp.com

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Steam Electric Power

Water Management Strategy Name: Expand existing well field in Edwards-Trinity in Pecos County

Capital Cost: \$3,433,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

No. Additional wells will be drilled in the Trinity as additional water supplies are needed. Capital costs will depend on future needs

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ 40,000.00 per year for 40 years

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ 100%.

4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

The political subdivision can afford to pay \$ private business and not eligible

5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ 0.

6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

Not applicable

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: WTU

Contact Person: _____ **Title:** _____

Telephone: _____ **E-mail:** _____

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, TX 78746-6437
FAX (512) 327-5573

If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Steam Electric Power

Water Management Strategy Name: Use treated effluent from San Angelo,

Capital Cost: \$8,498,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

AEP has no plans to use San Angelo treated effluent. We did not originate the item and have no knowledge of the cost structure. The AEP plant in San Angelo will use water from Lake Newberry in the foreseeable future

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

WATER INFRASTRUCTURE FINANCING SURVEY

Region Name: Region F

Name of Political Subdivision: WTU

Contact Person: _____ **Title:** _____

Telephone: _____ **E-mail:** _____

Background: On January 5, 2001, Regional Water Planning Groups (RWPGs) all across the State of Texas formally submitted 16 adopted regional water plans to the Texas Water Development Board (TWDB) per requirements of Senate Bill 1 (75th Texas Legislature). The adopted regional water plans examined and analyzed the water supply needs for all water users in the State. Based on the analysis, the RWPGs identified water management strategies necessary to ensure a sufficient supply of water for the 50-year planning period. The RWPGs also developed preliminary capital cost estimates for each of the strategies recommended in the approved regional water plan.

Senate Bill 2 (77th Texas Legislature) expanded the RWPG's assignment. Senate Bill 2 charges the RWPGs with examining what financial assistance, if any, is needed to implement the water management strategies and projects recommended in the most recently approved regional water plan.

Senate Bill 2 specifically requires that the RWPG report to the TWDB how political subdivisions all across Texas propose to pay for future water infrastructure needs.

The purpose of this survey is to complete this charge with your input.

Please return the completed survey by January 31, 2002 to:

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If you have any questions regarding this survey, please contact: Jon Albright of Freese and Nichols at (817) 735-7267.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Steam Electric Power

Water Management Strategy Name: Develop new well field in Winkler County

Capital Cost: \$8,935,000

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

AEP has no plans to use water in Winkler County

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____.

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

Allan Standen

From: avalenc1@txu.com
Sent: Friday, March 01, 2002 1:38 PM
To: astanden@lbg-guyton.com
Subject: Infrastructure Finance Survey

Andrew
Valencia

Steam Electric
Power
Mitchell County
TXU

I have reviewed the surveys sent to me for Steam Electric Power, and at this time, none of these strategies apply to TXU. Feel free to contact me if there are any questions.



February 25, 2002

Mr. John Ashworth
LBG-Guyton Associates
1101 S. Capital of Texas Highway
Suite B-220
Austin, Texas 78746-6437

Re: Water Infrastructure Financing Survey
Region F – RWPG

Dear Mr. Ashworth:

Enclosed please find the District's response to the Water Infrastructure Financing Survey. We apologize for being so tardy in returning this to you.

Should you have any questions please call me at (915) 267-6341.

Very truly Yours,

A handwritten signature in cursive script that reads 'C. L. Wingert'.

C. L. Wingert, P.E.
Assistant General Manager

Enc.

cc: Mr. Jon Albright, Freese & Nichols, Inc.

WATER INFRASTRUCTURE FINANCING SURVEY

The Colorado River Municipal Water District received the Water Infrastructure Financing Survey requesting information on recommended strategies in the regional water plan to meet our water needs. The District has always taken a “long” view in water supply development, realizing the acquisition, permitting, design, construction, and operation of a new system can take decades. Therefore, it is our privilege to submit the following response to the survey:

- 1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).*

---Mining (Non-Potable) Water---

Sulphur Draw Chloride Control Project. The survey identifies a future need for additional non-potable mining water in Martin County. This need may be met by delivering water from the Sulphur Draw Reservoir.

One problem with this proposal may be reliability. Today, Sulphur Draw Reservoir is empty. Before any project is constructed, a yield study should be performed to prove the systems ability to meet the need. Additionally, water from Natural Dam Lake may be considered in such a project, to increase the availability of non-potable water.

---Municipal Water Supply (if needed)---

Winkler County Well Field: The District owns 5.5 sections of land in Winkler County south of the City of Wink. Studies show that 100,000 acre-feet of recoverable water exist beneath this tract. The District estimates this water could be developed, and transported to our Ward County Pump Station for \$8 million. From that point, it would travel through our existing 33-inch water line to the City of Odessa.

Other Winkler – Loving County Well Fields. The District has considered purchasing additional lands within Winkler County for well field development. Such a field might contain as much as 450,000 acre-feet of water reserves, and could have a pipeline system capable of delivering water to the Odessa – Midland area alone, or in conjunction with the delivery of water from our existing Winkler County Well Field.

Additionally, the City of Midland owns the T-Bar Ranch in northern Winkler and Loving Counties. The District may be able to participate in a joint pipeline system with Midland, which could transport water from T-Bar, our existing Winkler County Field, and any future well field sites directly into the Odessa – Midland area.

Other area Well Fields. In 2000, the District commissioned a study of the groundwater within 58 counties in western Texas and southern New Mexico. This study identified 26 areas within a 150-mile radius of the Odessa – Midland area which had the potential of producing 100,000 acre-feet or greater of municipal quality water.

Other Options. The District will continue to explore innovative methods of water treatment and management to stretch our supplies. Demineralization of poor quality water and sewage effluent reuse are two such options.

2. *Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of required capital costs.*

---Mining (Non-Potable) Water---

Sulphur Draw Chloride Control Project. The estimated cost of \$5.3 million may or may not be adequate for this project. The location of the water flood, and the option of using water from Natural Dam Lake are two unknowns that could drastically influence this cost estimate. The District could finance this in-house, or may consider selling Revenue Bonds in conjunction with the financing of other activities. Revenue from the sale of this poor quality water would be used to retire any debt, as well as pay for the operation and maintenance of the facilities.

---Municipal Water Supply (if needed)---

Winkler County Well Field. Estimated cost for the project is approximately \$8 million for water delivery to the Ward County Pump Station. The District could finance this in-house or may consider selling Revenue Bonds for the project in conjunction with the financing other activities.

Other Winkler – Loving County Well Fields. The District’s share of the development and transportation cost for a “new” Winkler County Well Field varies between \$75 and \$100 million, depending upon whether the pipeline system is designed for the new field alone, in combination with the District’s existing Winkler County property, or in combination with Midland’s T-Bar Ranch Well Field.

The District would sell Revenue Bonds to finance this project. Our water rates would be adjusted to recover the funds necessary to operate the system and retire the additional debt.

Other area Well Fields. Of the 26 areas identified, development and transportation costs were estimated for the 7 most practical sites. Those costs varied from \$147 to \$476 million.

The District would sell Revenue Bonds to finance this project. Our water rates would be adjusted to recover the funds necessary to operate the system and retire the additional debt.

Other Options. The exact scope and costs of such options is yet to be determined.

3. *Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?*

The District has never used Federal or State money in constructing any of our water supply facilities. We do not intend to rule out this option in the future, however, careful consideration would need to be made regarding the conditions carried with such outside monies.

Assuming the project is economically viable, and will benefit the citizens of our Member and Customer Cities, the District will likely finance any of these potential projects ourselves. Water rates would be adjusted to cover the additional operation, maintenance, debt service, and administrative costs.

4. *If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases.*

The District would probably finance the entire project, once it becomes necessary (see the answer to Question No. 3).

5. *How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?*

The District would probably finance the entire project, once it becomes necessary (see the answer to Question No. 3).

6. *For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider?*

See responses to Questions 3-5.

WATER INFRASTRUCTURE FINANCING SURVEY

Instructions: For each of the recommended strategies in the regional water plan to meet your water needs, please fill in the water management strategy name and cost (refer to the attached table showing the specific projects recommended for your political subdivision and the estimated capital costs). Answers to the following questions should be provided for each strategy. Use a new sheet for each water management strategy.

Name of Political Subdivision: Upper Colorado River Authority

Water Management Strategy Name: Brush control through cost share program administered by the Texas State Soil & Water Conservation Board
Capital Cost:

\$17.42 million for FY2004-2005 (state share)

\$ 7.47 million for local match (Landowner Participation)

1. Does the water management strategy described in the attached material match your plans for meeting your water supply needs? If not, please describe your proposed strategy (use additional sheets if necessary).

See attached summary. Continue TSSWCB Brush Control

Program with Upper Colorado and Concho River Basin.

Capital Cost estimate based on completing O.C. Fisher

Reservoir watershed (\$2.0 million) in FY04-05 and

remainder of basin within next four bienniums (FY2004-11)

@ state cost of \$15.42 million/biennium. Landowner

cost for the total program is \$37.16 million.

2. Are the capital costs reasonable for implementation of the water management strategy? If not, please give us your best estimate of the required capital costs. (If your strategy is different than the recommended strategy, give us the cost of your proposed strategy, not the recommended strategy).

Revised project cost \$ _____

If you are planning to use a different strategy or have a revised capital cost, please fill out the rest of the survey based upon what you actually plan to do, not the proposed strategy in the Region F Plan.

See attached summary. Completion of work should result in 191,817 acre feet per year of additional water at a cost of \$45.20 per acre feet (10 years).

- 3. Using current utility revenue sources, including implementing necessary rate and tax increases, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above?

The political subdivision can afford to pay \$ n/a

The local cost share for the above work is approximately 7.4 million

- 4. If you could access the State Participation Program, how much of the capital cost is the political subdivision able to pay for the water management strategy identified above using current utility revenue sources, including implementing necessary rate and tax increases?

100% of local match

The political subdivision can afford to pay \$ n/a

- 5. How much of the capital cost is the political subdivision unable to pay for the water management strategy identified above?

The political subdivision cannot afford to pay \$ n/a

- 6. For the costs the political subdivision cannot pay, what option(s) is proposed? What, if any, state funding sources would the political subdivision consider? (Use additional sheets, if necessary)

Continue existing Texas Brush Control Program

SUMMARY OF BRUSH CONTROL PROGRAM WITHIN WATERSHEDS OF MAJOR RESERVOIRS IN REGION F

AS ADMINISTERED BY THE TEXAS STATE SOIL & WATER CONSERVATION BOARD

Reservoirs Listed By Assigned Priority Of Work	Estimated Potential Water Yield Ac. Ft./Year	Estimated Total Costs \$ Millions	Appropriated Amount \$ Millions	Remaining Costs \$ Millions
1. O.C.Fisher Reservoir	30,000	\$ 14.0	\$12.0	\$2.0
2. Twin Buttes Reservoir	49,856	22.965	6.750	16.215
3. Oak Creek Reservoir	9,100	3.05	1.0	2.05
4. Ballinger Lake	6,016	1.595	0.5	1.095
5. Champion Creek	2,538	1.04	0.5*	0.54
6. E. V. Spence Reservoir	26,650	13.09	1.0*	12.09
7. O.H. Ivie reservoir	51,613	16.225	1.25*	14.975
8. Winters Lake	3,167	3.17	0	3.17
9. J.B. Thomas Reservoir	11,530	10.17	0	10.17
10. Lake Colorado City	1,347	1.405	0	1.405
Totals	191,817	86.71	23.0	63.71

Notes:

Estimated water yields based on 65% of modeled reservoir watershed increased yields from feasibility study. It has been assumed that 50% of the identified brush is removed utilizing priority system to treat most productive areas resulting in a greater than 50% increase of water production. The costs are based on the feasibility study reported costs with 50% removal and represent state costs only. The TSSWCB cost share program is based on 70% / 30% cost allocation between state / landowner. Local share of above through landowner costs is estimated at \$37.16 million. With the exception of O.C. Fisher, the reservoir priority system is based on recommendations contained within the Feasibility Study. Average costs of water production for above (10 years) is \$ 45.20 Ac. Ft.

*These allocations are based on estimations of the use of basin wide special project funds (\$2.750 million).

Appendix B
Follow-up Contact Information

Region F IFR No Response Phone Log

Water User Group	Entity	Contacted Person	Date of 1 st Call	Date of 2 nd Call	Phone #	Comments
Reeves County - Other	City of Balmorhea	Mrs. Mary Garcia	2/20/2002, 1430	3/1/02, 1510	915-375-2307	Tried to contact Mr. Sammy Baeza, does not work at county, forwarding phone is disconnected, 915-375-0519
Martin County Irrigation	Permian Basin UWCD	Mr. Mark Hoelscher, & Frank	2/26/02, 1100	3/6/2002, 1455	915-756-2136, 915-270-0010	Mark Hoelscher is no longer UWCD manager, Frank is new manager
Runnels County - Other	North Runnels WSC	Mr. Keith Martin, Brenda Anderson (Secretary)	2/21/02, 1545	3/6/02, 1520	915-754-5000	Mr. Perry Poe is no longer manager, Keith Martin has assumed job, Faxed New Copy of Questionnaire
Reeves County - Other	City of Pecos	Mr. Carlos Yerena	2/21/02, 1615	3/6/02, 1550	915-445-2421	Faxed New Copy of questionnaire

Appendix C
Financing Mechanisms

Appendix C – Financing Mechanisms

This appendix reviews funding programs available to water users in Region F for water supply infrastructure projects. For each program discussed below, the purpose of the program, eligible applicants, restrictions on the use of funds, the loan maturity, the interest rate, and the total available funding are reported where available. Water users that are interested in one of these programs should contact the program manager to determine whether additional restrictions apply.

1.0 Market Financing

Market financing through local bank loans and municipal bonds that are repaid through increased fees and revenues is the fundamental mechanism for funding municipal infrastructure projects. This funding mechanism places the burden of paying for the capital improvements on the beneficiaries of the project. It also provides for local control in the implementation and timing of the needed improvements. Private and local financing (both taxable and tax-exempt) will continue to be an integral component for financing water infrastructure, especially for non-municipal users. This is because most non-municipal water users are involved in for-profit activities, and most public water supply infrastructure funding programs are available only to non-profit entities. It will be necessary for many non-municipal users to locate private financing sources.

2.0 Texas Water Development Board Programs

Texas Water Development Board (TWDB) programs are targeted towards political subdivisions and non-profit water supply corporations and districts. Three programs benefit *colonias* and state-designated economically distressed areas. Since Region F does not contain any federally designated border counties, the Colonia Plumbing Loan Program cannot be accessed. Eleven Region F counties (Andrews, Coleman, Crane, Mitchell, Pecos, Reagan, Reeves, Scurry, Upton, Ward and Winkler) qualify as economically distressed counties and can access loans and grants through the Economically Distressed Area Program and the Community Self-Help Program.

However, none of these counties contains an identified municipal need. Other programs specific to municipalities include the Drinking Water State Revolving Loan Fund, Clean Water State Revolving Fund Program (CWSRF), Texas Water Development Fund II, State Participation Program (SPP), and the Water Infrastructure Fund.

Five TWDB programs that may provide indirect benefits to non-municipal users are the CWSRF, SPP, Agriculture Water Conservation Loans, the Rural Water Assistance Fund, and the Water Infrastructure Fund. The CWSRF and the SPP provide assistance for development of wastewater recycling and reuse projects.

Each of these TWDB programs is discussed below.

Economically Distressed Area Program

The Economically Distressed Area Program (EDAP) provides grants, loans, or a combination of both grants and loans in areas where

- Existing water and wastewater infrastructure cannot adequately meet minimal state standards
- The community does not have the financial resources to provide services that meet state standards
- There was an established residential subdivision on Jun 1, 1989¹

This program is only available in designated counties, which are counties with a per capita income 25 percent below the state average and an unemployment rate 25 percent higher than the state average for the last three years. Eleven Region F counties (Andrews, Coleman, Crane, Mitchell, Pecos, Reagan, Reeves, Scurry, Upton, Ward and Winkler) qualify as economically distressed counties. Eligible projects include construction, acquisition or improvements to water supply. Funds can also be used for wastewater improvements. Funds may also be used for facility planning, although TWDB currently has a moratorium on new planning grants. In most cases the TWDB can fund up to 75 percent of the costs of facility plans. 50 percent of the applicant's share may be in in-kind contributions. In hardship cases, TWDB may consider funding 100 percent of the cost of facility planning. Funding is not available for operation and maintenance of a system. All political subdivisions are eligible applicants, including cities, counties, water districts, and non-profit water supply corporations.

Before applying for the project, the county in which the project is located must adopt rules for the regulation of subdivisions consistent with TWDB model rules. If the applicant is a city, that city must implement similar rules as well. The applicant must also have or be applying for a Certificate of Public Convenience and Necessity (CCN) for the project area. An environmental review and water conservation plans are required to close the loans.

The length of the loans under this program is the useful life of the constructed facilities, with a maximum of 50 years. Interest rates vary based on the length of the loan and TWDB rules in 31 TAC 3653.33(a).

Community Self-Help Program

The Community Self-Help Program (CSHP) provides grants to grass roots water and wastewater projects in economically distressed areas and colonias². In order to qualify for these grants, at least 40% of the cost of the project must be in the form of volunteer labor (sweat equity) and/or donations of equipment material or supplies. Other eligibility requirements are identical to the EDAP program. The Rensselaerville Institute (TRI) or Border Waterworks (BWW), who have a cooperative agreement with TWDB, may provide planning assistance. The applicant must provide a 10 percent match of the TWDB grant. The match can be in the form of a loan from TRI or BWW. Funds may not be used for operation and maintenance of the system.

Drinking Water State Revolving Loan Fund

The Drinking Water State Revolving Loan Fund (DWSRF) provides low interest loans to finance projects for public drinking water systems. Additional subsidies are available for disadvantaged communities. The purpose of this program is to assist applicants in providing water that meets drinking water regulations. Applicants may be a political subdivision of the state, non-profit water supply corporation, privately owned water system or state agency.

The loans can be used for planning, design and construction of projects to upgrade or replace water infrastructure, purchase additional capacity, and/or purchase land integral to the project. This land could be for the construction of the project or to protect

the source water from potential contamination, such as nitrate contamination of a municipal well field.

Applicants to the DWSRF program must submit an information form to the TWDB each year for inclusion in the TWDB's intended use plan for the year. The TNRCC prioritizes potential DWSRF projects and funding is distributed based on the priority rating and applicant's readiness to proceed. The interest rate is 1.2 percent below open market and the maximum repayment period is 20 years after completion of construction. The DWSRF program has a budget of approximately \$606 million in 2002.

Clean Water State Revolving Fund Program

The Clean Water State Revolving Fund Program (CWSRF) provides low-interest loans for planning, design, and construction of wastewater recycling and reuse facilities³. The applicant for assistance from the CWSRF program must be a political subdivision. Therefore, any reuse project to provide reclaimed water for non-municipal users must also benefit a political subdivision, and the political subdivision must plan, design, and construct the project.

Applicants to the CSWRF program must submit an information form to the TWDB each year for inclusion in the TWDB's intended use plan for the year. The TWDB identifies priority projects and requests funding applications for these projects. Depending on the source of funds, interest rates vary from 0.7 percent to 1.7 percent below market interest rates. The maximum repayment period is 20 years after completion of construction. The CWSRF program has a budget of approximately \$400 million in 2002.

State Participation Program

Deferred interest loans from the TWDB's State Participation Program may be used for regional systems where the project sponsors are unable to assume debt for an optimally sized facility⁴. In return for state participation, the TWDB may acquire ownership interest in the project. The benefits of assistance from the State Participation Program include deferred payments until the customer base grows into the project capacity and no interest on the deferred payments. TWDB participation is limited to the

maximum of the excess project capacity or 50 percent of the project. Remaining costs may be eligible for funding from other TWDB programs.

Applicants must be political subdivisions or water supply corporations that are sponsoring construction of a regional project, which may include new water supplies, reuse or transmission from a developed supply. For non-municipal users, a political subdivision must take the lead. Applications are accepted on a first-come, first-served basis. An application must consist of an engineering feasibility report and environmental information, as well as general, fiscal, and legal information.

The maximum repayment term for assistance from the State Participation Program is 34 years. The repayment schedule may be obtained from the TWDB. State Participation Program funding will vary depending on funds received from ongoing participation projects.

Texas Water Development Fund II

The Development Fund II is a pure state loan fund used for financing water supply, water quality enhancement, flood control and municipal solid waste. This program provides financing for water supply infrastructure as well as acquisition of water rights. The applicants can be political subdivisions of the state and water supply corporations with applicable projects.

Interest rates for the loans will vary depending on the length of the loan and other factors. The maximum length of a loan is 50 years. System revenues and/or tax pledges are typically required to secure the loans.

Agriculture Water Conservation Loans

Under this program, the TWDB loans money to borrower and lender districts, such as soil and water conservation districts, irrigation districts and underground water conservation districts. In turn, these districts make loans to individual borrowers to purchase and install more efficient irrigation equipment on private property for agricultural water conservation purposes⁵. Eligible applicants include soil and water conservation districts, underground water conservation districts or districts authorized to supply water for irrigation. Although only these public entities may apply for funding

under this program, the purpose is to encourage lending to individual borrowers. Therefore, non-municipal water users may indirectly benefit from this funding program.

Funds may be used for the following purposes: capital equipment or materials, labor, preparation costs and installation costs to improve water-use efficiency in existing irrigation systems; preparing irrigated land to be converted to dryland conditions; preparing dryland for more efficient use of natural precipitation; brush control; and precipitation enhancement programs.

The interest on the loan to the district is tied to the TWDB's cost of funds. In February 2002, the TWDB interest rate for an agricultural loan was 2.16 percent. The interest rate on the district's loan to a borrower is up to 1 percent greater than the district's interest rate. Since 1995, the TWDB has loaned \$37.1 million to 17 districts across the state.

Water Infrastructure Fund

Senate Bill 2, passed in 2001 during the 77th Session of the Texas Legislature, created a Water Infrastructure Fund and a Rural Water Assistance Fund. Using the Water Infrastructure Fund, the TWDB will provide funding at below-market interest rates for water management strategies recommended in the state or regional water plans. Only political subdivisions are eligible to apply. Therefore, to use funds from this program to implement a recommended water management strategy for non-municipal users, a political subdivision must lead the project.

Funds may be used for eligible projects and for planning and design costs, permitting costs, and other costs associated with state or federal regulatory activities with respect to a project⁶. An eligible project is "any undertaking or work, including planning and design activities and work to obtain regulatory authority, to conserve, mitigate, convey, and develop water resources of the state, including any undertaking or work done outside the state that the board determines will result in water being available for use in or for the benefit of the state."⁵

The Water Infrastructure Fund is a new program and is not yet funded.

Rural Water Assistance Fund

Using the Rural Water Assistance Fund, the TWDB will provide low-interest loans for development of rural water supplies or for regionalization of rural water supplies. Eligible applicants are rural political subdivisions, defined as a “nonprofit water supply or sewer service corporation, district, or municipality with a service area of 10,000 or less in population or that otherwise qualifies for financing from a federal agency or a county in which no urban area exceeds 50,000 in population.”⁷ Non-municipal water users are not eligible for this program, but these users may be able to work with eligible rural political subdivisions to obtain funding for water supply infrastructure projects. Joint applications between a rural political subdivision and the U.S. Department of Agriculture, the Texas Department of Agriculture, or the Texas Department of Housing and Community Affairs are permitted.

Funds may be used for the following purposes: water or water-related projects, including the purchase of well fields, the purchase or lease of rights to produce groundwater, and interim financing of construction projects; to enable a rural political subdivision to obtain water supplied by a larger political subdivision or to finance the consolidation or regionalization of neighboring political subdivisions, or both; or as a source of revenue for the repayment of principal and interest on water financial assistance bonds issued by the board if the proceeds of the sale of these bonds will be deposited into the fund⁷. The term of the loan cannot exceed 120 percent of the average estimated useful life of the project.

The Legislature did not fund the Rural Water Assistance Fund during the last session. TWDB is planning to use the State of Texas Private Activity Bond program for funding. Federal law limits the amount of bonds that are available each year, and the bonds are distributed among state agencies using a lottery system. TWDB received \$25 million in the October 2001 lottery⁸.

3.0 U.S. Department of Agriculture Programs

The U.S. Department of Agriculture administers the Farm Ownership program (through its Farm Service Agency), the Rural Utilities Service, and the Watershed Protection and Flood Prevention Program. Each of these is discussed below.

Farm Ownership Program

The Farm Ownership program provides direct loans or loan guarantees to be used for purchase of farmland, construction or repair of buildings or other facilities, development of farmland to promote soil and water conservation, or refinancing of debt. Eligible applicants must be U.S. citizens; must have sufficient education, training, or experience in managing or operating a farm or ranch; must be unable to get credit elsewhere; must not have received debt forgiveness from the Farm Service Agency (with some exceptions); must not be delinquent on any federal debt; and must be the owner or tenant operator of a family farm after the loan closes⁹.

The maximum loan guarantee amount is the lesser of 90 percent of the loan amount or \$759,000. The maximum direct loan amount is \$200,000. The maximum term of the loan is 40 years. The interest rate is negotiated with the lender and must not exceed the rate charged to the lender's average farm customer. Under the Interest Assistance program, the Farm Service Agency may subsidize 4 percent of the interest rate.

Rural Utilities Service Water and Waste Disposal Loans and Grants

The Rural Utilities Service Water and Environmental Programs division provides loans, grants, and loan guarantees for drinking water, sanitary sewer, solid waste, and storm drainage facilities in rural areas or in cities of 10,000 people or less¹⁰. Eligible applicants are public bodies, non-profit organizations, and recognized Indian tribes. Non-municipal water users are not eligible for this program, but these users may be able to work with eligible public bodies, non-profit organizations, or recognized Indian tribes to obtain funding for water supply infrastructure projects.

Direct loans and grants have been set aside for communities along the U.S.-Mexico border designated as "colonias;" areas designated Empowerment Zones/Enterprise Communities and Rural Economic Area Partnership Zones; certain

projects where at least 50 percent of the users of the facility/project are Native Americans; rural Alaskan villages; and water emergencies and disaster relief¹⁰.

Loans and grants may be used to construct, repair, modify, expand, or otherwise improve water supply and distribution systems and waste collection and treatment systems, including storm drainage and solid waste disposal facilities; acquire needed land, water sources, and water rights; and pay costs such as legal and engineering fees when necessary to develop the facilities¹⁰.

Grants may be made for up to 75 percent of eligible project costs. The maximum term of a loan is the lesser of 40 years or the useful life of the facilities being financed. The interest rate may be a poverty rate of 4.5 percent, a market rate, or an intermediate rate, depending on the project.

In fiscal year 2001, the Rural Utilities Service Water and Waste Disposal program provided nationwide approximately \$883 million in direct loans, \$75 million in guaranteed loans, and \$564 million in grants.

Watershed Protection and Flood Prevention Program

The Watershed Protection and Flood Prevention Program, also known as the Small Watershed Program or the PL566 Program, is operated by the Natural Resources Conservation Service (NRCS). This program provides grants and technical assistance to local sponsoring organizations, state, and other public agencies to voluntarily plan and install watershed-based projects on private lands¹¹. Eligible watershed projects include watershed protection; flood prevention; water quality improvements; soil erosion reduction; rural, municipal and industrial water supply; irrigation water management; sedimentation control; fish and wildlife habitat enhancement; and creation and restoration of wetlands and wetland functions¹¹. Eligible applicants include state or local agencies, counties, municipalities, towns or townships, soil and water conservation districts, flood prevention/flood control districts, Indian tribes or tribal organizations, or other governmental subunits. Projects are limited to watersheds containing no more than 250,000 acres¹².

Although only governmental subunits may apply for funding, projects funded under this program are targeted at private land and can be used for rural and industrial water supply. Therefore, this program is indirectly applicable to non-municipal users.

Projects involving more than \$5,000,000 of federal assistance or involving a single structure having a storage capacity of more than 2,500 acre-feet require approval from Congress. Other plans are approved administratively. Typical projects entail \$3.5 million to \$5 million in federal assistance¹².

In fiscal year 2000, the funding available from the Watershed Protection and Flood Prevention Program was an estimated \$99.4 million nationwide.

4.0 Texas Department of Agriculture Programs

The Texas Department of Agriculture administers the Texas Capital Fund Infrastructure Development Program. Funding from this source may be used for water supply infrastructure improvements. In addition, the Texas Agricultural Finance Authority (TAFA), a public authority within the Texas Department of Agriculture, administers the following finance programs: the Texas Capital Fund Infrastructure Development Program, the Linked Deposit Program, the Rural Development Finance Program, Loan Guaranty Program, and the Young Farmer Loan Guarantee Program.

The Texas Capital Fund Infrastructure Development Program and the Linked Deposit Program specifically mention use of funds for water supply infrastructure projects. The Rural Development Finance Program, the Loan Guaranty Program and the Young Farmer Loan Guarantee Program do not specifically mention water supply infrastructure projects, but the rules are very general, and this use of funds may be acceptable. At the very least, funding from these programs may allow non-municipal water users to shift funds from other uses to water supply infrastructure projects. Each of these programs is reviewed below.

Texas Capital Fund Infrastructure Development Program

The Texas Capital Fund Infrastructure Development Program provides grants to non-entitlement communities to assist in economic development. Eligible applicants include incorporated city or county governments that are not entitled to receive

Community Development funding from the U.S. Department of Housing and Urban Development. In addition, eligible cities must have a population of less than 50,000 people. Non-municipal water users are not eligible for this program, but these users may be able to work with eligible city or county governments to obtain funding for water supply infrastructure projects.

Funds from the Texas Capital Fund Infrastructure Development Program may be used for public infrastructure to assist a business that commits to create and/or retain permanent jobs, primarily for low- and moderate-income persons. Funding may be used for the following public infrastructure improvements: water and sewer; road/street improvements; natural gas lines; electric, telephone, & fiber optic lines; harbor/channel dredging; purchase of real estate related to infrastructure; drainage channels and ponds; pre-treatment facilities; traffic signals and signs; and railroad spurs¹³.

Award amounts are directly related to the number of jobs created and to the matching funds available. In the regular program, the minimum award is \$50,000, and the maximum award is \$750,000. Up to an additional \$750,000 may be awarded if the project creates a sufficient number of permanent jobs (the “jumbo” program). The award may not exceed 50 percent of the total project costs.

Linked Deposit Program

The TAFAs Linked Deposit Program encourages private commercial lending at below market rates. The Linked Deposit Program is an interest buy down program and not a guaranteed loan program. Eligible applicants are businesses that are in the business of¹⁴: processing and marketing agricultural crops in Texas; producing alternative crops in Texas; producing agricultural crops in Texas, the production of which has declined markedly because of natural disasters; producing agricultural crops in Texas using water conservation equipment; developing water conservation projects; or providing nonagricultural goods or services in a rural area.

Eligible water conservation equipment includes: underground pipe; in-line valves; pipe increasers/reducers; gate valves; fittings and bushings; flow meters and accessories; complete circular watering systems; drip irrigation systems complete with installation; and any other equipment which can be identified and verified as water conservation

equipment for use within the state¹⁴. Eligible water conservation projects include: brush control projects, stock tank renovation or construction; dam renovation or construction; or any other project that can be identified as a water conservation project¹⁴.

Maximum loan amounts range from \$250,000 to \$500,000, depending on the use. The interest rate is “determined on the date the loan is funded and based on matching the loan maturity date to the closest treasury bill/note maturity date or the end of state’s fiscal biennium (August 31 of each odd numbered year).”¹⁴

Rural Development Finance Program

The TAFE Rural Development Finance Program provides loans and loan guarantees to non-agricultural businesses located in rural Texas. Eligible applicants must be located within Texas and must “provide significant benefits for rural areas, show evidence of creation or retention of employment, and prove evidence of reasonable equity in the project.”¹⁵ Funds may be used for purchase of land, for improvements, for equipment, and for working capital. Loan guarantee amounts range from \$100,000 to \$5 million. Loan amounts range from \$100,000 to an amount determined by the lender and the TAFE. The minimum interest rate is the Wall Street Journal Southwest Edition prime rate plus 2 percent. The maximum term of the loan is 20 years or the life of the assets being financed.

Two other TAFE programs are similar to this one: the Direct Loan Program and the Participation Purchase program. Information about these programs is available from the Texas Department of Agriculture.

Loan Guaranty Program

The TAFE Loan Guaranty Program provides “financial assistance through loan guarantees to agricultural businesses that are, or propose to be, engaged in innovative, diversified, or value-added production, processing, marketing, or exporting of an agricultural product or other agricultural-related rural economic development projects.”¹⁶ Eligible applicants must be located within the state and must “provide significant benefits for Texas agricultural products, show evidence of creation or retention of employment, and prove evidence of reasonable equity in the project.”¹⁴ Funds may be used for the

purchase of real estate, improvements, equipment and working capital. Loan guarantee amounts range from \$30,000 to \$5 million. The typical interest rate for this program is the Wall Street Journal Southwest Edition prime rate plus 2 percent. The maximum term of the loan is 20 years or the life of the assets being financed.

Young Farmer Loan Guarantee Program

The TAFA Young Farmer Loan Guarantee Program provides loan guarantees to applicants wishing to “establish or enhance their farm and/or ranch operation or establish an agricultural-related business.¹⁷” Applicants must be at least 18 years of age but less than 40 years of age. Funds may be used to “provide working capital for operating the farm and/or ranch including the lease of facilities and the purchase of machinery and equipment, or for any agriculture-related business purpose, including the purchase of real estate for the agricultural-related business, as identified in the plan.¹⁵” The maximum loan amount is \$250,000. Interest rates are determined by the lender and approved by the TAFA. If eligible, the applicant and lender may apply for the Interest Reduction Program, which reimburses the applicant up to 3% of the fixed interest rate. The maximum loan term is 10 years or the useful life of the assets being financed.

5.0 U.S. Department of Commerce Economic Development Administration Public Works Program

Through its Economic Development Administration (EDA) Public Works Program, the U.S. Department of Commerce provides “direct grants, on a cost-share basis, for projects that will create and retain private-sector jobs and leverage public and private investment in distressed areas.¹⁸” Funds may be used for public works and development facilities to support industrial, commercial, and technology-based employment. In particular, water and sewer systems for industrial use are eligible for funding. Eligible applicants include units of state and local government, Indian tribes, economic development districts, public and private non-profit organizations, universities, and other institutions of higher learning.

Although non-municipal water users are not strictly eligible for funding, projects funded under this program are targeted at industrial and commercial development and can

be used for public works facilities to support this development. Therefore, this program is indirectly applicable to non-municipal users.

Projects must be consistent with the Comprehensive Economic Development Strategy (CEDS) approved by the EDA for the project area. Applicants must develop a preapplication for review by the EDA that shows how the project will address economic development needs and objectives outlined in the CEDS. Upon approval of the preapplication, applicants will be invited to submit a full application.

Public Works Program grants generally require a 50 percent match from applicant contributions, state and local grants and loans, general obligation bonds, and other public and private contributions¹⁸.

6.0 U.S. Small Business Administration Programs

Among other programs, the U.S. Small Business Administration (SBA) offers the 7a Loan Guaranty Program and the Certified Development Company (504) Program. The 7a Loan Guaranty Program does not specifically mention financing for water supply infrastructure projects, but the rules are very general, and this use may be acceptable. At the very least, funding from the 7a Loan Guaranty Program may allow non-municipal water users to shift funds from other uses to water supply infrastructure projects.

Each of the SBA programs is reviewed below.

7a Loan Guaranty Program

The 7a Loan Guaranty Program offers loan guarantees to small businesses that are unable to secure financing on reasonable terms through normal lending channels¹⁹. The proceeds may be used for most business purposes, including purchase of real estate to house the business operations; construction, renovation or leasehold improvements; acquisition of furniture, fixtures, machinery, and equipment; purchase of inventory; and, working capital¹⁹. The 7a Loan Guarantee Program is available to small businesses that are independently owned and operated and are not dominant in their field. These include, but are not limited to, retail and service businesses with annual receipts of \$3.5 million to \$13.5 million, construction businesses with annual receipts of \$7 million to \$17 million, agricultural businesses with annual receipts of \$0.5 million to \$3.5 million, wholesale

businesses with no more than 100 employees, and manufacturers with 500 to 1,500 employees.

The maximum loan guarantee amount is \$1 million, and the maximum loan to which the guarantee may be applied is \$2 million. For loans of \$150,000 or less, the maximum guarantee is 85 percent. For loans of more than \$150,000, the maximum guarantee is 75 percent. The maximum loan term is 25 years for real estate and equipment and 7 years for working capital. Interest rates may be fixed or variable, and they depend on the size of the loan. For a loan of more than \$50,000, the interest rate must not exceed the prime rate plus 2.25 percent if the loan maturity is less than 7 years and must not exceed the prime rate plus 2.75 percent if the loan maturity is 7 years or more.

Certified Development Company (504) Program

The Certified Development Company (CDC) Program offers businesses long-term, fixed-rate financing for major fixed assets, such as land and buildings²⁰. A CDC is a non-profit corporation formed for the purpose of economic development. There are approximately 270 CDCs nationwide, each covering a specific geographic area. CDCs that serve portions of Region F include the Council Finance, Incorporated, Caprock Business Finance Corporation, Inc., Capital Certified Development Corporation, Cen-Tex Certified Development Corporation and Texas Certified Development Company, Inc.²¹

Proceeds from loans may be used for the following purposes: purchasing land and improvements, including existing buildings; grading, street improvements, utilities, parking lots and landscaping; construction of new facilities, or modernizing, renovating or converting existing facilities; or purchasing long-term machinery and equipment²⁰. Eligible businesses must have a tangible net worth of less than \$6 million and an average net income of less than \$2 million after taxes for the preceding two years. In general, the business must also create or retain one job for every \$35,000 provided by the SBA.

A typical project includes “a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being

helped.²⁰” Loan maturities of 10 and 20 years are available. Interest rates are pegged to an increment above the current market rate for 5-year and 10-year U.S. Treasury issues.

7.0 Texas Department of Economic Development Programs

The Texas Department of Economic Development offers several financing programs, including the Texas Capital Access Fund, the Texas Industrial Revenue Bond Program, and the Texas Enterprise Zone Program. Other programs are also available, but these appear to be the most general in scope. None of these programs specifically target water supply infrastructure projects, but each could allow non-municipal water users to shift other funds to water supply infrastructure projects. Each of the above programs is reviewed below.

Texas Capital Access Fund

The Texas Capital Access Fund targets businesses and non-profit organizations that face barriers in accessing capital. The program establishes a reserve account at a lending institution to act as a credit enhancement. Eligible applicants include small businesses (100 or fewer employees), medium businesses (100 to 500 employees), or non-profit organizations. Eligible applicants must be domiciled in Texas or have at least 51 percent of its employees located in the state. Proceeds from this program may be used for “working capital or the purchase, construction, or lease of capital assets, including buildings and equipment used by the business.”²² The lender determines loan terms. The state contribution to the reserve account may range from 100 percent to 200 percent of the combined contribution of the borrower and the lender, depending on the project.

Texas Industrial Revenue Bond Program

The Texas Industrial Revenue Bond Program provides tax-exempt bond financing for land and depreciable property for industrial and manufacturing projects. Cities, counties, and conservation and reclamation districts may form non-profit industrial development corporations or authorities to issue taxable and tax-exempt bonds for eligible projects in their jurisdictions²³.

Texas Enterprise Zone Program

The Texas Enterprise Zone Program encourages job creation and capital investment in areas of economic distress using state and local incentives. As of February 2001, enterprise zones have been created in Brown, Ector, McCulloch, Midland, Pecos Reeves, Scurry, Tom Green, Ward and Winkler Counties. Qualified businesses must be nominated for the program by a city or county that governs the enterprise zone. A qualified business must be active within an enterprise zone, and 25 percent of its new employees must live in the jurisdiction of the governing body or be economically disadvantaged²⁴. State incentives may include refunds of state sales taxes or use taxes, franchise tax benefits, or franchise tax economic development credits. The Enterprise Zone program also requires that the governing body offer at least one local financial incentive²⁴.

8.0 Corps of Engineers Assistance

The Corps of Engineers has traditional been involved in large-scale flood damage reduction projects through the construction of reservoirs. In Region F, there are two Corps-operated reservoirs: O.C. Fisher in Tom Green County and Hords Creek in Coleman County. The Corps of Engineers offers federal financing opportunities through partnering and constructing projects with a federal purpose. Examples of such projects include new reservoir construction and wastewater reuse projects. The Corps can participate in multipurpose reservoir projects through their existing flood damage reduction, ecosystem restoration and water supply authorities. The cost sharing agreements for reservoir projects may vary with the local sponsor and ability to pay. Generally, under current policies the total non-federal interest should be a minimum of 35 percent of the project for flood control, 35 percent for the ecosystem restoration portion of the project and 100 percent for water supply. Reservoir projects that are primarily for water supply would not benefit from Corps assistance.

Water supply through reuse or brush management could be sponsored with the Corps through the ecosystem restoration authority. The purpose of this authority is to improve ecosystem functions to produce environmental benefits. For ecosystem restoration projects, the federal contribution is 65 percent for that portion of the project.

9.0 Texas Office of Rural Community Affairs

The Office of Rural Community Affairs (ORCA) administers the the Small Towns Environment Program (STEP). The STEP program is similar to TWDB's Community Self-Help program in that it promotes using local resources to solve water and wastewater problems. Funds are provided through the Community Development Block Grant program and are generally available to rural counties and cities with less than 50,000 people that are not eligible to participate in the entitlement portion of the federal Community Block Grant Program. Water and wastewater are eligible under the national program's objectives to a) benefit low- and moderate-income persons and b) meet community needs that represent an immediate threat to the health and safety of the residents of the community. The maximum grant available is \$350,000.²⁵

10.0 Local Economic Development Incentives

Local economic development agencies in Region F offer incentives for businesses to locate in certain areas. Incentives may include tax abatements, electric rate discounts, economic development grants, sales tax rebates, permit/development fee waivers, and infrastructure cost participation. The level of the incentives is generally predicated on the number of jobs that the business will create, the average wage and the gross payroll generated, the amount of capital investment, and the new taxes generated by the project. Economic development incentives that are not specifically targeted toward water supply infrastructure projects may still allow a potential water user to shift other funds to water supply infrastructure projects.

¹ "Economically Distressed Area Program (EDAP) & Colonias Wastewater Treatment Assistance Program (CWTAP)," Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/edapfund.htm, Austin, April 2002.

² "Community Self-Help Program (CSHP)," Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/self-help.htm, Austin, April 2002.

³ "Clean Water State Revolving Fund Program," Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/cwsrffund.htm, Austin, March 2002.

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- ⁴ “State Participation Program,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/StateParticipation.htm, Austin, March 2002.
- ⁵ “Agricultural Water Conservation Loan Program,” Texas Water Development Board, available online at http://www.twdb.state.tx.us/assistance/financial/fin_infrastructure/AgLoan.htm, Austin, March 2002.
- ⁶ “Water Infrastructure Fund,” Texas Administrative Code, Title 31, Chapter 382, available online at http://www.twdb.state.tx.us/publications/rules/Ch382_0102.pdf, March 2002.
- ⁷ “Rural Water Assistance Fund,” Texas Administrative Code, Title 31, Chapter 384, available online at http://www.twdb.state.tx.us/publications/rules/ch384_0102.pdf, March 2002.
- ⁸ “TWDB Introduces the Rural Water Assistance Fund”, *Water for Texas*, Vol. XII No. 2, Texas Water Development Board, Austin, Spring 2002.
- ⁹ “Farm Loan Programs,” Farm Service Agency, U.S. Department of Agriculture, available online at <http://www.fsa.usda.gov/dafl/default.htm>, Washington, D.C., March 2002.
- ¹⁰ “Water and Waste Disposal Programs Fiscal Year 2001,” Rural Utilities Service, U.S. Department of Agriculture, available online at <http://www.usda.gov/rus/water/docs/wwfact.pdf>, Washington, D.C., March 2002.
- ¹¹ “NRCS PL566 Watersheds,” Natural Resources Conservation Service, U.S. Department of Agriculture, available online at <http://www.ftw.nrcs.usda.gov/pl566/pl566.html>, Fort Worth, March 2002.
- ¹² Federal Funding Sources for Watershed Protection, Second Edition, Office of Water, U.S. Environmental Protection Agency, Publication EPA 841-B-99-003, Washington, D.C., December 1999. Available online at <http://www.epa.gov/owow/watershed/wacademy/fund/wfund.pdf>, March 2002.
- ¹³ “Texas Capital Fund Infrastructure Development Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/eco/rural_eco_devo/capital_fund/fin_infrastructure.htm, Austin, March 2002.
- ¹⁴ “Linked Deposit Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/eco/finance_ag_development/tafa/fin_linked.htm, Austin, March 2002.
- ¹⁵ “Rural Development Finance Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/eco/finance_ag_development/tafa/fin_rdfp.htm, Austin, March 2002.
- ¹⁶ “Loan Guaranty Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/eco/finance_ag_development/tafa/fin_loanguar.htm, Austin, March 2002.
- ¹⁷ “Young Farmer Loan Guaranty Program,” Texas Department of Agriculture, available online at http://www.agr.state.tx.us/eco/finance_ag_development/tafa/fin_yfarmer.htm, Austin, March 2002.
- ¹⁸ “EDA Preapplication Process,” Economic Development Administration, U.S. Department of Commerce, available online at http://www.doc.gov/eda/pdf/1H6_preappQ_Abroch.pdf, Washington, D.C., March 2002.

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²⁰ “Financing Your Business – Loan Programs – CDC/504,” U.S. Small Business Administration, available online at <http://www.sba.gov/financing/frcdc504.html>, Washington, D.C., March 2002.

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²² “Texas Capital Access Fund,” Texas Department of Economic Development, available online at <http://www.txed.state.tx.us/TexasCapitalAccess/>, Austin, March 2002.

²³ “Industrial Revenue Bonds,” Texas Department of Economic Development, available online at <http://www.txed.state.tx.us/TexasIRBProgram/>, Austin, March 2002.

²⁴ “Texas Enterprise Zone Program Application and Benefit Updates,” Texas Department of Economic Development, Austin, January 2002. Available online at <http://www.txed.state.tx.us/TexasEnterpriseZone/EZincentives.DOC>, March 2002.

²⁵ “Community Development Block Grants Program Administration/Summaries,” Office of Rural Community Affairs, Austin, March 2002. Available online at <http://www.orca.state.tx.us/CDBG/admin.htm#STEP>

Appendix D
TWDB IFR Template

Appendix E
Response to TWDB Comments on
Draft IFR Report

May 28, 2002

Mr. John Grant
Colorado River Municipal Water District
P.O. Box 869
Big Spring, Texas 79721-0869

RE: Regional Water Planning Grant Contract Between the Colorado River Municipal Water District (CRMWD) and the Texas Water Development Board (Board), Contract No. 2002-483-433, Review of Draft Final Reports Entitled "Infrastructure Financing Survey Report"

Dear Mr. Grant:

Staff members of the Texas Water Development Board have completed a review of the draft report under TWDB Contract No. 2002-483-433. As stated in the above referenced contract, the CRMWD will consider incorporating comments from the EXECUTIVE ADMINISTRATOR shown in Attachment 1 and other commentors on the draft final report into a final report. The CRMWD must include a copy of the EXECUTIVE ADMINISTRATOR's comments in the final report. In addition, the Board has received a revised table and it appears to be complete, however, please verify that the revised table addresses comments shown in Attachment 1.

The Board looks forward to receiving one (1) electronic copy, one (1) unbound single-sided camera-ready original, and nine (9) bound double-sided copies of the final report on this planning project.

Please contact Ms. Sherry Cordry at (512) 936-0824 if you have any questions about the Board's comments.

Sincerely,

William F. Mullican, III
Deputy Executive Administrator
Office of Planning

Cc: Sherry Cordry, TWDB

ATTACHMENT 1
TEXAS WATER DEVELOPMENT BOARD
Infrastructure Financing Report
TWDB Contract No. 2002-483-433

REPORT COMMENTS

1. Please provide a copy of the notice of the public meeting at which the Regional Water Planning Group adopted the report.

Please make note that the following comments are based on the original table submitted. Please make sure that all comments have been addressed in your revised table.

2. Neither the printed IFR draft report nor the electronic spreadsheet draft submittal includes the TWDB 'template' spreadsheet fields or associated data as required by the Contract. The draft IFR data spreadsheet omitted numerous template data fields along with their associated data. For example, it does not include the fields 'WUG ID,' 'WUG BASIN ID,' and 'SO NAME.' The Final IFR data submission must include all original template data fields and data.
3. The submitted electronic data table format has been altered from the original TWDB spreadsheet template format into a text document format. Please prepare the final draft capital cost data table in the same spreadsheet format as the original template file format.
4. Numerous WMS names were altered from the original template WMS names. The final IFR report must retain the original TWDB template data including the WMS names.
5. It appears that some draft IFR WMS capital costs are greater than the WMS costs identified in the data template provided by TWDB. Without the full template data set, however, it is difficult to determine. Please reconcile IFR WMS capital costs with the WMS capital costs provided in the TWDB data template.
6. It appears that some capital costs provided in the original TWDB template are either not included in the draft IFR, lumped into a MWP capital cost or have been grouped into other WMSs. Without the full template data set, however, it is difficult to determine where this has occurred. The TWDB template includes 51 WMSs with capital costs associated with them, whereas, the IFR draft only lists 31 WMSs with capital costs. For example, the TWDB template includes 22 WMSs associated with 'Irrigation' WUGs for a capital cost total of \$81,980,786, whereas, the IFR draft only lists 5 WMSs for 'Irrigation' WUGs for a total of \$63,959,396. Because the total capital costs for the entire region are very similar (TWDB template: \$326,033,501 vs. Region F IFR draft: \$325,038,562) it may be possible that numerous (mostly irrigation) WMS costs were either lumped together or named incorrectly under different WMS. Because of the omission of the underlying template data fields, it is difficult to determine.
7. The following IFR draft WUGs and costs did not correspond directly with WUGs and/or capital costs in the TWDB template:

Water User Group	County	Entity Receiving Survey	Water Management Strategy	SB-1 Cost
Robert Lee	Coke	City of Robert Lee	Lake Spence RO	\$2,481,451
CRMWD	Various	CRMWD	Winkler well field	\$36,291,000
Irrigation	Glasscock	Glasscock Co UWCD	Advanced irrigation technologies	\$21,590,201
Irrigation	Reagan	Santa Rita UWCD, Glasscock UWCD	Advanced irrigation technologies	\$16,491,033
Irrigation	Tom Green	Lipan-Kickapoo UWCD	Advanced irrigation technologies	\$15,803,362

8. It appears that CRMWD may be a MWP rather than a WUG and that the above irrigation WUGs summarize several smaller WUGs from the template. Please break out the WUGs per the template and indicate instances where costs are associated with a MWP.
9. Cost summary data is contradictory and confusing in some cases. For example, the WUG 'Early' (see below) is characterized in the IFR draft as being both able and unable to pay the full cost amount (\$2,800,000). The survey data field headings should agree with the TWDB template.

Water User Group	Water Management Strategy	SB-1 Cost	Actual Cost, if Different	Amount Entity is Able to Pay	Amount Entity Can Pay with State Participation	Amount Entity Cannot Pay
Early	Purchase treated water from BCWID	\$535,000	\$2,800,000	\$2,800,000	\$2,800,000	\$2,800,000

10. The share of capital costs that WUGs 'able' and 'unable' to pay should add up to the full capital cost listed in the TWDB template. In the above example of the WUG 'Early', these costs are both larger than the template capital cost and, in any case, should add up to the \$535,000 cost. Additional, revised or new cost or strategy information may be provided in new data fields or new rows added to the template, if necessary.
11. Note: The Final IFR report survey results must be submitted to TWDB using the template spreadsheet format, including all original template data fields and data, that was provided by TWDB to the Contractor, per the Contract. Contractor may add additional data (and may add additional data fields if needed) but shall not alter any populated data fields (i.e. must not change any Water Management Strategy (WMS) reference names) or other pre-existing template data or headings. Contractor shall include all the template data fields, with original template field names, in all electronic data submissions. A copy of the IFR data spreadsheet must be submitted in electronic format along with the final report. Please indicate when WMS capital costs are associated with Major Water Providers (MWPs) as opposed to WUGs.

REGION F – RESPONSE TO COMMENTS ON IFR REPORT

Numbered text in italics are the comments on the April 29, 2000 Region F Infrastructure Financing report. Plain text following each comment is the response to the comment.

- 1. Please provide a copy of the notice of the public meeting at which the Regional Water Planning Group adopted the report.*

A copy of the notice and the notice recipients may be found following these responses.

- 2. Neither the printed IFR draft report nor the electronic spreadsheet draft submittal includes the TWDB 'template' spreadsheet fields or associated data as required by the Contract. The draft IFR data spreadsheet omitted numerous template data fields along with their associated data. For example, it does not include the fields 'WUG ID,' 'WUG BASIN ID,' and 'SO NAME.' The Final IFR data submission must include all original template data fields and data.*

The IFR template data was unintentionally left out of the electronic submission on April 30, 2002. It was sent to the TWDB on May 7, 2002, but was apparently unavailable for this review. A hard copy of the IFR template was included in the report as Appendix D. The required fields had not been altered, as specified in the contract. We apologize for any inconvenience caused by this omission.

- 3. The submitted electronic data table format has been altered from the original TWDB spreadsheet template format into a text document format. Please prepare the final draft capital cost data table in the same spreadsheet format as the original template file format.*

I assume you are referring to Table 2 of the text. Table 2 is a summary of the IFR results, not the template data submission. The IFR template data was included as Appendix D.

- 4. Numerous WMS names were altered from the original template WMS names. The final IFR report must retain the original TWDB template data including the WMS names.*

No WMS names were altered in Appendix D. A few WMS strategies were changed in Table 2 for clarity. For example, "Purchase water from Robert Lee" was changed to "Purchase water from Robert Lee regional system" to differentiate between the regional system proposed in the Region F plan and the City of Robert Lee's current plans to build an RO system without participation by the City of Bronte.

- 5. It appears that some draft IFR WMS capital costs are greater than the WMS costs identified in the State Water Plan (SWP) data template provided by TWDB. Without the full template data set, however, it is difficult to determine. Please*

reconcile IFR WMS capital costs with the WMS capital costs provided in the TWDB data template.

No WMS capital costs were changed in the CAP_COST column of Appendix D. An additional column labeled 'Revised Capital Cost' was added to report changed capital costs. The costs in this column are either updated costs for the SB1 strategy or the cost of an alternative strategy being pursued by the WUG. Alternative strategies are described in the 'Comment' column as well as the text of the report.

6. *It appears that some capital costs provided in the original TWDB template are either not included in the draft IFR, lumped into a MWP capital cost or have been grouped into other WMSs. Without the full template data set, however, it is difficult to determine where this has occurred. The TWDB template includes 51 WMSs with capital costs associated with them, whereas, the IFR draft only lists 31 WMSs with capital costs. For example, the TWDB template includes 22 WMSs associated with 'Irrigation' WUGs for a capital cost total of \$81,980,786, whereas, the IFR draft only lists 5 WMSs for 'Irrigation' WUGs for a total of \$63,959,396. Because the total capital costs for the entire region are very similar (TWDB template: \$326,033,501 vs. Region F IFR draft: \$325,038,562) it may be possible that numerous (mostly irrigation) WMS costs were either lumped together or named incorrectly under different WMS. Because of the omission of the underlying template data fields, it is difficult to determine.*

The Region F IFR template actually has 93 entries. All of these entries were retained in Appendix D. Table 2 only has entries for entities receiving a survey. Because many needs in Region F were associated with aggregated WUGs or did not have a capital cost, not every identified need received a survey.

7. *The following IFR draft WUGs and costs did not correspond directly with WUGs and/or capital costs in the TWDB template:*

Water User Group	County	Entity Receiving Survey	Water Management Strategy	SB-1 Cost
Robert Lee	Coke	City of Robert Lee	Lake Spence RO	\$2,481,451
CRMWD	Various	CRMWD	Winkler well field	\$36,291,000
Irrigation	Glasscock	Glasscock Co UWCD	Advanced irrigation technologies	\$21,590,201
Irrigation	Reagan	Santa Rita UWCD, Glasscock UWCD	Advanced irrigation technologies	\$16,491,033
Irrigation	Tom Green	Lipan-Kickapoo UWCD	Advanced irrigation technologies	\$15,803,362

It appears that CRMWD may be a MWP rather than a WUG and that the above irrigation WUGs summarize several smaller WUGs from the template. Please

break out the WUGs per the template and indicate instances where costs are associated with a MWP.

I assume that you are referring to entries in Table 2. Appendix D, the IFR template, did not have altered capital costs in the CAP_COST field. The entries in Table 2 can be explained as follows:

Robert Lee The Robert Lee RO treatment facility was inadvertently left out of Table 12 of the 2001 Region F plan, although the WMS was recommended in the text. This and other problems with Table 12 are addressed in a May 29, 2002 letter to TWDB.

CRMWD This WMS is for CRMWD, a major water provider, and was clearly described in the text of the 2001 Region F plan. It was also included in Table 13 of the plan. However, since this strategy will be pursued to increase the reliability and quality of the CRMWD system, it was not associated with a specific need in Table 12. Region F felt that it was important that major water providers be provided with a survey in case they also needed to access state-sponsored financing programs.

Irrigation Each of these counties required multiple entries in the TWDB tables because water for irrigation comes from multiple sources. In the main body of the report, costs for these use categories were combined on a countywide basis. We felt that it would be unnecessarily confusing for the survey recipients or casual readers of the report to have two different capital costs associated with the same strategy.

8. *Cost summary data is contradictory and confusing in some cases. For example, the WUG 'Early' (see below) is characterized in the IFR draft as being both able and unable to pay the full cost amount (\$2,800,000). The survey data field headings should be agree with the TWDB template.*

<i>Water User Group</i>	<i>Water Management Strategy</i>	<i>SB-1 Cost</i>	<i>Actual Cost, if Different</i>	<i>Amount Entity is Able to Pay</i>	<i>Amount Entity Can Pay with State Participation</i>	<i>Amount Entity Cannot Pay</i>
<i>Early</i>	<i>Purchase treated water from BCWID</i>	<i>\$535,000</i>	<i>\$2,800,000</i>	<i>\$2,800,000</i>	<i>\$2,800,000</i>	<i>\$2,800,000</i>

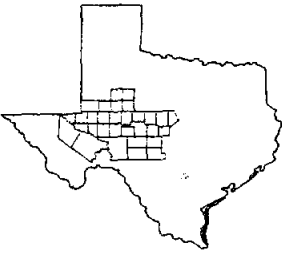
The share of capital costs that WUGs 'able' and 'unable' to pay should add up to the full capital cost listed in the TWDB template. In the above example of the WUG 'Early', these costs are both larger than the template capital cost and, in any case, should add up to the \$535,000 cost. Additional, revised or new cost or strategy information may be provided in new data fields or new rows added to the template, if necessary.

Entries in the IFR template must reflect survey responses even if those responses are inconsistent. Neither the Region nor the consultant should alter a WUG's response unless the responding party agrees to the change. The entries for the City of Early are exactly what the city put in their survey. Freese and Nichols contacted Ken Thomas, the City Administrator for the City of Early, on April 15, 2002 regarding the response of the City. He stated that all of the financing would be through TWDB loans, paid off by revenues. In his opinion, his survey response reflected the city's plans. A note will be added to the IFR template describing this response.

We disagree with the statement that the costs should add up to the SB-1 cost if the WUG provided an alternative cost. Many of the survey responses identified revised capital costs or new strategies that were different from the Region F plan. The Region felt that it was important that revised costs or alternative strategies be used in the report when provided by the WUG.

9. *Note: The Final IFR report survey results must be submitted to TWDB using the template spreadsheet format, including all original template data fields and data, that was provided by TWDB to the Contractor, per the Contract. Contractor may add additional data (and may add additional data fields if needed) but shall not alter any populated data fields (i.e. must not change any Water Management Strategy (WMS) reference names) or other pre-existing template data or headings. Contractor shall include all the template data fields, with original template field names, in all electronic data submissions. A copy of the IFR data spreadsheet must be submitted in electronic format along with the final report. Please indicate when WMS capital costs are associated with Major Water Providers (MWP) as opposed to WUGs.*

Freese and Nichols, Inc. apologizes for any problems that failure to submit the electronic IFR template with the draft report may have caused. Appendix D required fields were not altered. However, we feel that not allowing for updated costs, changed strategies, or including major water providers are serious flaws in the IFR process and should be addressed in the next round of regional planning.



Texas Water Development Board
Regional Water Planning
Region F Regional Water Planning Group

*Andrews, Borden, Brown, Coke, Coleman, Concho, Crane, Crockett,
 Ector, Glasscock, Howard, Irion, Kimble, Loving, Martin, Mason,
 McCulloch, Menard, Midland, Mitchell, Pecos, Reagan, Reeves, Runnels,
 Schleicher, Scurry, Sterling, Sutton, Tom Green, Upton, Ward, Winkler*

Voting Members:

- Len Wilson,
Public, Andrews
- Wendell Moody,
Public, Concho
- Judge Marilyn Egan,
Counties, Runnels
- Judge Johnny Jones,
Counties, Crockett
- Will Wilde, Secretary
Municipalities, Tom Green
- Charles Hagood, Jr.,
Municipalities, Kimble
- John Gayle,
Municipalities, Scurry
- Larry Sanders,
Industrial, Ector
- Kenneth Dierschke,
Agricultural, Tom Green
- Bert Striegler,
Agricultural, McCulloch
- D.A. Harral,
Agricultural, Pecos
- Steven C. Hofer, V-Chair
Environmental, Midland
- Caroline Runge,
Environmental, Menard
- Stuart Coleman,
Small Business, Coleman
- Andrew Valencia,
Elect. Gen. Utilities
- Stephen Brown, At-Large
River Authority
- John Grant, Chair
Water District
- Scott Holland,
Water District, Irion
- Cindy Cawley,
Water District, Schleicher
- Larry Tumbough,
Water District, Reeves
- Richard Gist, At-Large
Water Utilities, Brown

MEMORANDUM

To: Region F Water Planning Group

From: John Grant *JOG*

Date: May 10, 2002

Subject: Region F WPG Meeting
Monday, May 20, 2002, 10:30 a.m.

Enclosed is the agenda and supporting information for the next Region F Water Planning Group Meeting, which will be held on Monday, May 20, 2002, at 10:30 a.m., at Howard College, 1001 Birdwell Lane, Big Spring, Texas. The meeting will be in the Fireplace Room, which is located in the Student Union Building.

I am looking forward to seeing you at the meeting, and if any of the voting members will not be attending, please let me know prior to the meeting. You can reach me at 915-267-6341 or e-mail me at jgrant@crmwd.org.

MAY 10, 2002

NOTICE OF MEETING AND AGENDA

**THE REGION F WATER PLANNING GROUP
WILL MEET ON MONDAY, MAY 20, 2002, AT 10:30 A.M.
AT HOWARD COLLEGE IN THE FIREPLACE ROOM
LOCATED IN THE STUDENT UNION BUILDING
1001 BIRDWELL LANE- BIG SPRING, TEXAS**

MEETING AGENDA

1. Call to Order
2. Introductions and Opening Remarks
3. Consider approval of minutes for the Region F Regional Water Planning Group meeting held on March 18, 2002
4. Consider approval of minutes for the Region F Regional Water Planning Group meeting held on March 28, 2002
5. Ratification of Payments/Financial Report
6. Report from Texas Water Development Board
7. Consider Approval of Final Infrastructure Financing Report
8. Update on Status of Scope of Work and Contract
9. Discuss Process to Amend Regional Water Plan
10. Consider Revising Regional Water Plan to Include Costs for Brush Control
11. Consider Adding Point-of-Use Reverse Osmosis Filtration as a Recommended Water Management Strategy for Selected Small Rural Water Supply Systems
12. Other Discussion
13. Next Meeting Date(s)
14. Adjourn

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Brady, TX 76825

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City Manager
City of Coleman
P.O. Box 592
Coleman, TX 76834

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City Manager
City of Monahans
112 W. 2nd Street
Monahans, TX 79756

Mr. Wayne Reynolds
City Manager
City of Kermit
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Kermit, TX 79745

Ms. Windi Fuller
Executive Director
Economic Development Board
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City Manager
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Director of Utilities
City of Fort Stockton
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The Honorable John Nikolauk
Mayor
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City Manager
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Mr. Jack Smith
City Manager
City of Junction
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Mr. Mark Hahn
City Manager
City of Mason
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Mr. Stephen Shutt
City Manager
City of Colorado City
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Colorado City, TX 79512

Mr. Tommy New
City Manager
City of Ballinger
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Ballinger, TX 76821

Mr. Bill Sanders
City Manager
City of Crane
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Crane, TX 79731

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Mayor
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Ms. Evelyn Ammons
City Manager
City of Big Lake
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Big Lake, TX 76932

Mr. Aref Hassan
City Manager
City of Winters
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Winters, TX 79567

The Honorable Jimmie McClure
Mayor
City of McCamey
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McCamey, TX 79752

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Director of Utilities
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Mr. Ken Jones
Director of Utilities
City of Midland
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Midland, TX 79702

Mr. Todd Darden
Director of Public Works
City of Big Spring
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Big Spring, TX 79720

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City Administrator
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Mr. Drew Sykes
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Chairman
El Paso PSB
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Chair-Far West Texas Water Planning Group
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El Paso, TX 79902

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Brazos G RWPG
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Abilene, TX 79604

The Honorable John Garth
Chair-Brazos G RWPG
c/o Brazos River Authority
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Waco, TX 76714

Mr. Dale Henry
Commissioner
Mills County
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Mullin, TX 76864

Mr. John Burke
Chair-Lower Colorado Water Planning Group
Aqua Water Supply Corporation
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Bastrop, TX 78602

Mr. Steve Stevens
Mesa Water, Inc.
260 Preston Commons West
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Dallas, TX 75225

Mr. Johnathan Letz
Chair-Region J Water Planning Group
c/o Springhills Water Management District
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Mr. Thomas R. Vogt, PE, PMP
Department of the Army
Fort Worth District Corps of Engineers
Attn: CESWF-PM-C
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Oil & Gas Division, District 8 & 8A
Railroad Commission of Texas
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Midland, TX 79701

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District Manager
Texas Railroad Commissioner
San Angelo State Service Center
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San Angelo, TX 76903

Mr. John Haagensen
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Mr. Jed Barker
Regional Manager
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Mr. David Bell
WCTMWD
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Mr. Jim Ed Miller
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Pecos, TX 79772

Reeves County Water Improvement District #1
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Public Works Director
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Robert Lee, TX 76945

Mr. Art Tuttlebee
Plateau Water Planning Group
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Del Rio, TX 78840

Mr. David Kight
Howard County Extension Service
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Mr. David Maddox
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Regional Director
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Andrews County News
210 East Broadway
Andrews, TX 79714

Ballinger Ledger
P.O. Box 111
Ballinger, TX 76821

Big Lake Wildcat
P.O. Box 946
Big Lake, TX 76932

Big Spring Herald
P.O. Box 1431
Big Spring, TX 79721

Borden Star
P.O. Box 137
Gail, TX 79738

Brady Herald
P.O. Box 1151
Brady, TX 76825

Brownwood Bulletin
P.O. Box 1189
Brownwood, TX 76804

Chronicle & Democrat Voice
P.O. Box 840
Coleman, TX 76834

Colorado City Record
P.O. Box 92
Colorado City, TX 79512

Concho Herald
P.O. Box 307
Miles, TX 76861

Crane News
401 South Gaston
Crane, TX 79731

Devil's River News
228 East Main Street
Sonora, TX 76950

Eden Echo
P.O. Box 1069
Eden, TX 76837

Eldorado Success
P.O. Box 1115
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Fort Stockton Pioneer
P.O. Box 1528
Fort Stockton, TX 79735

Iraan News
P.O. Box 368
Iraan, TX 79744

Junction Eagle
P.O. Box 226
Junction, TX 76849

Martin County Messenger
P.O. Box 1488
Stanton, TX 79782

Mason County News
P.O. Box Q
Mason, TX 76856

Menard News & Messenger
P.O. Box 248
Menard, TX 76859

Midland Reporter Telegram
P.O. Box 1650
Midland, TX 79702

Miles Messenger
P.O. Box 307
Miles, TX 76861

Monahans News
P.O. Box 767
Monahans, TX 79756

The Observer-Enterprise
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Robert Lee, TX 76945

Odessa American
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Ozona Stockman
P.O. Box 370
Ozona, TX 76943

Pecos Enterprise
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Pecos, TX 79772

Rankin News
P.O. Box 445
Rankin, TX 79778

Rowena Press
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San Angelo Standard Times
P.O. Box 5111
San Angelo, TX 76902

Snyder Daily News
P.O. Box 949
Snyder, TX 79550

Sterling City News-Record
P.O. Box 608
Sterling City, TX 76951

Winkler County News
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