State Water Planning and SWIFT Update
Bech Bruun – Board Member
Regional Water Planning

Statutory interests:
- Public
- Counties
- Municipalities
- Industries
- Agriculture
- Environment
- Small businesses
- Electric-generating utilities
- River authorities
- Water districts
- Water utilities
- Groundwater management areas
Regional Water Planning Groups

- Approximately 450 members in the 16 groups:
  - Select host political subdivision
  - Select technical consultant
  - Self-govern (e.g., own bylaws)
  - Hold regular public meetings
    - Quarterly to monthly + subgroup meetings
    - Significant public notice requirements
Regional water planning process

- Project future population and water demand over 50-year planning horizon
- Quantify existing and future water supplies available during repeat of drought of record
- Identify surpluses and needs
- Evaluate and recommend water management strategies

Existing Water Supplies - Projected Water Demand = Surplus (+) or Need (-)
Planning for Water User Groups

Cities: 971 (>500 pop)
Utilities: 362
County-Others: 254
Manufacturing: 174
Steam-Electric: 85

Livestock: 254
Mining: 229
Irrigation: 239
2012 State Water Plan – Quick Facts

- Population to increase by 82% by 2060
- Water demand to increase by 22%
- Existing water supply to decrease by 10%
- Need for additional water supply:
  - 3.6 million acre-feet per year in current decade
  - 8.3 million acre-feet per year by 2060
- Strategies recommended to result in additional 9 million acre-feet per year by 2060
Water Management Strategies – The Big Picture

• **Conservation and reuse** – Meeting needs by making more efficient use of what we have
  – 34% of volume, 12% of capital costs

• **Other surface water** – Developing infrastructure to transport/access supplies already developed.
  – 34% of volume, 45% of total capital costs

• **New supply development** – reservoirs, groundwater development, desalination, and others
  – 32% of volume, 43% of total capital costs
Cost of Water Supply Strategies - 2012 State Water Plan

- $53.1 billion to implement
- Project sponsors need access to $26.9 billion of project capital costs through state assistance

Financing State Water Plan Projects

- $26.9 billion
- $26.2 billion

- Other mechanisms
- State loan and grant programs
Total Water Infrastructure Capital Costs

- Capital costs of wastewater treatment and collection, $81.7
- Capital costs of water treatment and distribution, $88.9
- Capital costs of flood control, $7.5
- Capital costs of water management strategies recommended in 2012 State Water Plan, $53.1

Total capital costs: $231 billion
What Does it Cost if We Do Nothing?

• In the current decade:
  – $12 billion annual lost income
  – $1 billion annual lost state/local business tax revenue
  – 115,000 lost jobs

• By 2060:
  – $116 billion annual lost income
  – $10 billion annual lost state/local business tax revenue
  – 1 million lost jobs
  – 1.4 million lost population growth
What will the SWIFT fund?

HB4 was created exclusively to support projects in the state water plan.

Only political subdivisions and nonprofit water supply corporations will be eligible for funds.
Eligible Applicants & Projects

- Applicants must be associated with a project/strategy in the state water plan

- Eligible Projects:
  - Appears in regional and state water plans *with an associated capital cost*
  - The project/strategy in the plan has submitted an *Infrastructure Finance Report (IFR) survey response associated with it*
Undertake to use:
At least 20 percent
to support water conservation and reuse projects.

At least 10 percent
to support projects serving rural communities and agricultural.
SWIFT Assistance

- SWIFT offers 3 categories of assistance:
  - Low-interest Loans
  - Deferred Loans
  - Board Participation

- Up to 2 cycles per year
SWIFT Assistance

Low-Interest Loans

- Loan terms of 20-30 years
- Interest rate subsidy for 20-year loan is 35.5% off TWDB’s cost of funds
- Reduced interest rate subsidy for longer loans
- Eligible Phases: Planning, Acquisition, Design, and Construction
Deferred Loans

– Loan terms of 20-30 years
– Principal & interest both deferred for up to 8 years or until the end of construction
– Interest rate subsidy for 20-year loan is 15%
– No subsidy available for longer-term loans
– Eligible phases: Planning & Design only
Board Participation

- TWDB purchases a temporary ownership interest in regional water supply projects, which the entity buys back over time
- Only funds the excess capacity provided by a project
- Regional projects only
- Eligible phases: Planning, Acquisition, Design, Construction
SWIFT Abridged Applications

Source: NPR StateImpact
<table>
<thead>
<tr>
<th>Highest consideration:</th>
<th>Max Points</th>
<th>Additional criteria:</th>
<th>Max Points</th>
</tr>
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<tbody>
<tr>
<td>Serve a large population</td>
<td>30</td>
<td>Local contribution &amp; leveraging state, local, and federal funds</td>
<td>5</td>
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<tr>
<td>Assist a diverse urban and rural population</td>
<td>30</td>
<td>Financial capability of the applicant to repay</td>
<td>2</td>
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<tr>
<td>Provide regionalization</td>
<td>30</td>
<td>Emergency Need</td>
<td>5</td>
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<tr>
<td>Meet a high percentage of water supply needs</td>
<td>30</td>
<td>Readiness to proceed</td>
<td>8</td>
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<td></td>
<td>Effect on water conservation</td>
<td>15</td>
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<tr>
<td></td>
<td></td>
<td>Priority assigned by regional water planning group</td>
<td>15</td>
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<tr>
<td><strong>Max “Highest Consideration” Subtotal</strong></td>
<td><strong>50</strong></td>
<td><strong>Max “Additional Criteria” Subtotal</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

**Maximum Total Points: 100**
SWIFT Implementation

Feb 3, 2015
- Abridged applications due
- TWDB prioritizes abridged applications
- TWDB determines availability of funds by category and financing terms
- TWDB authorizes bond sale
- Invitations to apply are extended
- Entities submit complete applications

Spring 2015
- TWDB bond sale and closing
- Borrowers close loans

Summer 2015
- TWDB considers and approves applications
- TWDB authorizes bond sale
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