

Coastal Bend Regional Water Planning Group

6300 Ocean Drive, NRC 3100, Corpus Christi, Texas 78412

Phone: 361-825-3193; Fax: 361-825-3195

Executive Committee:

Mr. Jerry Kane, Co-Chair
Industries
Ms. Carola Serrato, Co-Chair
Water Utilities
Dr. Patrick Hubert, Secretary
Small Businesses
Mr. Scott Bledsoe, III
Water Districts
Mr. Bernard Paulson
Port Authorities

Members:

Mr. Bernie DeLaune
Small Businesses
Mr. Billy Dick
Municipalities
Mr. Ben Figueroa
Public
Mr. Ariel Garcia
River Authorities
Mr. Robert Kunkel
Industries
Judge Josephine Miller
Counties
Mr. Mark Scott
Municipalities
Mr. Greg Carter
Electric Utilities
Mr. Bobby Nedbaek
Agriculture
Dr. Jennifer Smith-Engle
Environmental
Mr. Fausto Yturria
Agriculture

Non-Voting Members:

Mr. Ralph Boeker
TWDB
Mr. Vincente Guerra
Freer WCID
Mr. Dexter Svetlik
NRCS
Mr. Jim Tolan
TPWD
Mr. Jon Sunday
TDA
Mr. Robert Fulbright, Liaison
Rio Grande RWPG
Mr. Con Mims, Liaison
South Central Texas RWPG
Mr. Cole Rowland, Liaison
Lower Colorado RWPG

Staff:

Mr. Con Mims
Ms. Rocky Freund
Ms. Gabby Grunkemeyer
Nueces River Authority

May 29, 2002

Ms. Phyllis Thomas
Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711-3231

Re: Final Infrastructure Financing Report

Dear Ms. Thomas:

Enclosed please find one unbound single-side camera-ready original and nine bound double-sided copies of the Final Infrastructure Financing Report (IFR) for the Coastal Bend Regional Water Planning Group (RWPG). The report consists of policy recommendations and the infrastructure financing survey results. The following Appendices are also included with the report:

- A. Documentation For Contacting The Political Subdivisions
- B. Documentation of Comments Received on the Draft Infrastructure Financing Report
- C. Potential Funding Sources for Conservation-Irrigation Water Management Strategies
- D. Documentation of Changes to the Draft Infrastructure Financing Report
- E. Notice Of The Public Meeting At Which The Regional Water Planning Group Adopted The Infrastructure Financing Report
- F. Copies of Returned Surveys (Not included in the bound copies.)

Sincerely,



Rocky A. Freund
Director of Environmental and Information Programs

Attachment

RECEIVED

MAY 30 2002

GRANTS MANAGEMENT

2002-483-425
FINAL REPORT

**COASTAL BEND REGIONAL WATER PLANNING GROUP
FINAL INFRASTRUCTURE FINANCING REPORT**

**POLICY RECOMMENDATIONS
AND
INFRASTRUCTURE FINANCING SURVEY RESULTS**

POLICY RECOMMENDATIONS

COASTAL BEND REGIONAL WATER PLANNING GROUP FINAL REPORT ON INFRASTRUCTURE FINANCING AND POLICY RECOMMENDATIONS

INTRODUCTION

Senate Bill 2 requires that an Infrastructure Financing Report (IFR) be added to the regional water planning process. The report consists of two parts: (1) the cost of the water management strategies and (2) policy recommendations concerning the proper role of the State in financing the water supply projects identified in the approved regional water plan. At the Coastal Bend Regional Water Planning Group (RWPG) meeting on April 18, 2002, Co-Chair Carola Serrato appointed a "Subcommittee on IFR Policy Recommendations" and charged this group with developing a final set of policy recommendations for consideration by the Coastal Bend RWPG at the May 16, 2002.

CURRENT STATE FUNDING

State financing has been available through a subsidized loan program (State Participation Program) and unsubsidized State loans (TWDB Loan II). In addition, federal and State funds are combined in the State Revolving Fund for both water and wastewater treatment facilities. There are also federally subsidized programs to help Economically Distressed Areas, Colonias and water systems that need new facilities to meet requirements of the Safe Drinking Water Act, but these are available only to designated counties, communities, or providers that meet special conditions.

POLICY ISSUES

The Legislature's primary interest is to gauge the level of State financial assistance that may be needed to fund water management strategies that exceed the capacity of any one provider to meet.

- What is the proper role and goal of State assistance?
- What is the proper balance between local and State funding?
- How should State funding assistance be targeted?
- From what source should State funds be generated?

POLICY RECOMMENDATIONS

1. What is the proper goal of State assistance?

To facilitate the process for both large and small communities for obtaining a safe, secure supply of water, realizing that population is a factor but that water availability and quality are priorities, regardless of entity size.

What is the proper role of State assistance?

- a. TWDB should be the State's sole agency for providing and administering low interest loans and loan/grant funds to finance water and wastewater infrastructure and non-traditional water resource projects.
- b. The State should be a partner and assume a leadership role in demonstration projects that would have statewide impacts in enhancing knowledge about the feasibility of innovative technologies, such as desalination.
- c. TWDB should provide education and technical assistance.

- d. TWDB should simplify the process by provide “one-stop shopping” for all guidelines, loan/grant information, and permits.
 - e. TWDB should provide an “answer desk” for those entities that have questions or concerns but are reluctant to seek answers because they fear fines or enforcement actions.
 - f. TWDB should provide recommendations and assistance to the Texas Legislature with respect to growth and development, ensuring that counties and developers have evaluated all aspects of water needs prior to platting approval.
2. What is the proper balance between local and State funding?
- a. The State should implement a two-tier process with respect to evaluating needs; one for small system tracts (rural and remote systems where regionalization is not feasible), and one for large systems.
 - b. Consideration should be given to an entity’s ability to repay a loan, and each application should be looked at on a case by case basis.
 - c. Rural systems, which have some of the greatest needs, should be treated equally with respect to interest rates. (The present State programs mostly favor municipalities and impose higher interest costs on the private rural water supply companies.)
 - d. Grant programs should be expanded to help smaller water providers meet future growth.
 - e. TWDB should maintain an equitable priority ranking process for all water and wastewater projects requesting financial assistance in the form of loan or loan/grant applications with higher priorities or a point weighing criteria assigned to projects with urgent public service or compliance needs.
 - f. The State should use grants and/or deferred and/or subsidized interest payments to create incentives for small systems to cooperate in regional projects that would be more economical to build.
 - g. State financial assistance should be directed to supplement water projects of all communities, regardless of size, that prove to be economically feasible.
3. How should State funding assistance be targeted?
- a. The State should support funding of non-traditional water resource solutions such as agricultural water conservation programs, aquifer storage and recovery, brush control, rainwater harvesting, cloud seeding, resource reclamation, and/or advanced conservation measures with appropriated funds for grants and loans.

- b. The Legislature should pledge adequate funding through TWDB to effectively meet the water infrastructure financing needs identified in the State Water Plan and subsequent revisions.
 - c. Greater consideration should be given to larger entities that are willing to serve the smaller entities on a regional basis.
 - d. Greater consideration should be given to the plans that provide the greatest return in water savings.
 - e. Greater consideration should be given to developers that are willing to develop long-term development plans, accept rules for development to prevent the same problems from happening again, and be accountable for how the funds are spent.
 - f. Private companies should be offered tax incentives, providing they also are willing to develop long-term development plans, accept rules for development, and be accountable for how the funds are spent.
 - g. Entities that fail to comply with the long-term development plans, rules for development, or accountability, would be charged higher interest rates or be excluded from obtaining future loans.
 - h. Greater consideration should be given to the loan and grant recipients that exhibit a history of adopting sufficient rates to not only repay loans, but also for adequate operation and maintenance costs as well as depreciation factors.
4. From what source should State funds be generated?
- a. A Constitutional Amendment authorizing issuance of the State's General Obligation Bonds in an amount necessary to most of the forecasted water and wastewater infrastructure needs identified at the close of each five-year update of the State Water Plan.
 - b. Appropriation from the State's General Revenue Fund to the TWDB to use as match-funds for federal grant subsidies.
 - c. Impose a sales tax on bottled drinking water to provide a source of revenue for the Water Infrastructure Fund.
 - d. **DO NOT IMPOSE A TAX OR ADDITIONAL FEES ON WATER RIGHTS OR WATER AT THE TAP.**

INFRASTRUCTURE FINANCING SURVEY RESULTS

Agency	Project ID	Year	Category	Activity	Code	Activity Code	Description	Cost	Year	Source	Source	Source	Source			
BENAVIDES	140074000	N	0074	0050	066	22	REALLOCATION OF GROUNDWATER	403	12515	GULF COAST AQUIFER	\$303,000.00	2005				No Reply
BENAVIDES	140074000	N	0074	0050	066	22	SHORT-TERM OVERDRAFTING OF AQUIFER	402	06615	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
FALFURRIAS	140292000	N	0292	0197	024	22	REALLOCATION OF GROUNDWATER	403	02415	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
FALFURRIAS	140292000	N	0292	0197	024	22	SHORT-TERM OVERDRAFTING OF AQUIFER	402	02415	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
FREER	140316000	N	0316	0218	066	21	SMALL DESALT PLANT	401	06615	GULF COAST AQUIFER	\$3,350,000.00	2005			\$3,350,000.00	
PREMONT	140721000	N	0721	0486	125	22	REALLOCATION OF GROUNDWATER	403	12515	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
SAN DIEGO	140792000	N	0792	0534	066	22	REALLOCATION OF GROUNDWATER	403	12515	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
SAN DIEGO	140792000	N	0792	0534	066	22	SYSTEM INTERCONNECT (ALICE TO SAN DIEGO)	406	210A1	LAKE/RESERVOIR SYSTEM	\$3,364,000.00	2005			\$3,364,000.00	
COUNTY-OTHER	140996024	N	0996	0757	024	22	REALLOCATION OF GROUNDWATER	403	02415	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996024	N	0996	0757	024	22	REALLOCATION OF GROUNDWATER	403	02415	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996024	N	0996	0757	024	22	SHORT-TERM OVERDRAFTING OF AQUIFER	402	02415	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996125	N	0996	0757	125	22	SHORT-TERM OVERDRAFTING OF AQUIFER	402	12515	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996137	N	0996	0757	137	22	REALLOCATION OF GROUNDWATER	403	13715	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996149	N	0996	0757	149	21	REALLOCATION OF GROUNDWATER	403	14915	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996178	N	0996	0757	178	22	WATER	4C10	16010	TEXANA LAKE/RESERVOIR	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996178	N	0996	0757	178	22	MANUFACTURING	4A2	210A1	LAKE/RESERVOIR SYSTEM	\$0.00					No Survey - No Cost
MANUFACTURING	141001178	N	1001	1001	178	22	WATER	4C10	16010	TEXANA LAKE/RESERVOIR	\$0.00					No Survey - No Cost
MANUFACTURING	141001178	N	1001	1001	178	22	ASR PROJECTS	4N	17815	GULF COAST AQUIFER	\$14,118,000.00	2050	\$14,118,000.00	\$14,118,000.00	\$0.00	San Patricio Municipal Water District (SPMWD) also responded to this survey. They indicated that they could afford to pay \$8,000,000, which is the district's share determined by % usage of regional supply.
MANUFACTURING	141001178	N	1001	1001	178	22	CONSERVATION - MANUFACTURING	4A2	210A1	CORPUS CHRISTI-CHOKE CANYON LAKE/RESERVOIR SYSTEM	\$2,073,000.00	2031	\$2,073,000.00	\$2,073,000.00	\$0.00	SPMWD also responded to this survey. They indicated that they could afford to pay total amount, which includes participation from industries.
MANUFACTURING	141001205	N	1001	1001	205	20	WATER	4C10	16010	TEXANA LAKE/RESERVOIR	\$0.00					No Survey - No Cost
MANUFACTURING	141001205	N	1001	1001	205	20	ASR PROJECTS	4N	17815	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
MANUFACTURING	141001205	N	1001	1001	205	20	CONSERVATION - MANUFACTURING	4A2	210A1	LAKE/RESERVOIR SYSTEM	\$0.00					No Survey - No Cost
MINING	141003004	N	1003	1003	004	20	SHORT-TERM OVERDRAFTING OF AQUIFER	402	00415	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
MINING	141003066	N	1003	1003	066	22	RECYCLE/REUSE GW	405	06615	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
MINING	141003066	N	1003	1003	066	22	USE OF NON-POTABLE GW	404	06615	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
MINING	141003149	N	1003	1003	149	21	RECYCLE/REUSE GW	405	14910	CARRIZO-WILCOX AQUIFER	\$0.00					No Survey - No Cost
MINING	141003149	N	1003	1003	149	21	USE OF NON-POTABLE GW	404	14910	CARRIZO-WILCOX AQUIFER	\$0.00					No Survey - No Cost
IRRIGATION	141004066	N	1004	1004	066	22	CONSERVATION - IRRIGATION	4A1	06615	GULF COAST AQUIFER	\$610,000.00					No Survey - Aggregate
IRRIGATION	141004137	N	1004	1004	137	22	REALLOCATION OF GROUNDWATER	403	13715	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
IRRIGATION	141004149	N	1004	1004	149	21	CONSERVATION - IRRIGATION	4A1	14915	GULF COAST AQUIFER	\$119,000.00					No Survey - Aggregate
IRRIGATION	141004149	N	1004	1004	149	21	REALLOCATION OF GROUNDWATER	403	14915	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
IRRIGATION	141004149	N	1004	1004	149	21	UN-MET NEEDS	406	99999	STRATEGY NOT IDENTIFIED	\$0.00					No Survey - No Cost
CORPUS CHRISTI	140205000	N	0205	0135	178	22	CONTRACT RENEWAL	4P	16010	TEXANA LAKE/RESERVOIR	\$0.00					No Survey - No Cost
KINGSVILLE	140472000	N	0472	0323	137	22	NO MANAGEMENT STRATEGY IDENTIFIED	99999	STRATEGY NOT IDENTIFIED	\$0.00						No Survey - No Cost
COUNTY-OTHER	140996066	N	0996	0757	066	21	SHORT-TERM OVERDRAFTING OF AQUIFER	402	06615	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996066	N	0996	0757	066	22	SHORT-TERM OVERDRAFTING OF AQUIFER	402	06615	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996125	N	0996	0757	125	21	SHORT-TERM OVERDRAFTING OF AQUIFER	402	12515	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996178	N	0996	0757	178	21	REALLOCATION OF GROUNDWATER	403	17815	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996178	N	0996	0757	178	21	IRRIGATION SUPPLY	4E1	66	NUECES RIVER RUN-OF-RIVER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996178	N	0996	0757	178	22	REALLOCATION OF GROUNDWATER	403	17815	GULF COAST AQUIFER	\$0.00					No Survey - No Cost
COUNTY-OTHER	140996178	N	0996	0757	178	22	IRRIGATION SUPPLY	4E1	66	NUECES RIVER RUN-OF-RIVER	\$0.00					No Survey - No Cost
MANUFACTURING	141001178	N	1001	1001	178	20	NO MANAGEMENT STRATEGY IDENTIFIED	99999	STRATEGY NOT IDENTIFIED	\$0.00						No Survey - No Cost
MANUFACTURING	141001178	N	1001	1001	178	21	NO MANAGEMENT STRATEGY IDENTIFIED	99999	STRATEGY NOT IDENTIFIED	\$0.00						No Survey - No Cost
MANUFACTURING	141001178	N	1001	1001	178	22	GARWOOD PIPELINE	4C11	34A	COLORADO RIVER RUN-OF-RIVER	\$0.00					No Survey - No Cost
MANUFACTURING	141001205	N	1001	1001	205	20	GARWOOD PIPELINE	4C11	34A	COLORADO RIVER RUN-OF-RIVER	\$0.00					No Survey - No Cost

MANUFACTURING	141001205	N	1001	1001	205	21	NO MANAGEMENT STRATEGY IDENTIFIED	99999	STRATEGY NOT IDENTIFIED	\$0.00				No Survey - No Cost	
MINING	141003066	N	1003	1003	066	21	NO MANAGEMENT STRATEGY IDENTIFIED	99999	STRATEGY NOT IDENTIFIED	\$0.00				No Survey - No Cost	
MINING	141003178	N	1003	1003	178	20	SHORT-TERM OVERDRAFTING OF AQUIFER	402	17815	GULF COAST AQUIFER	\$0.00			No Survey - No Cost	
MINING	141003178	N	1003	1003	178	22	SHORT-TERM OVERDRAFTING OF AQUIFER	402	17815	GULF COAST AQUIFER	\$0.00			No Survey - No Cost	
							GARWOOD PIPELINE				\$83,250,000	2031	\$83,250,000	\$83,250,000	This survey was also sent to the City of Corpus Christi and SPMWD replied to this survey. The City indicates that they can pay the entire amount, but their estimated cost is \$86,000,000. SPMWD indicated that they could afford to pay \$42,000,000, which is the district's share determined by % usage of regional supply.

Appendix A

Documentation For Contacting The Political Subdivisions

**Status Report On
Infrastructure Financing Report (IFR) Planning Activities
For the Coastal Bend Regional Water Planning Group**

April 30, 2002

TWDB Contract No. 2002-483-425
Between the Texas Water Development Board
And the Nueces River Authority, on behalf of the
Coastal Bend Regional Water Planning Group

Reporting Period: October 17, 2001 through April 30, 2002

Planning Activities:

Nueces River Authority staff reviewed the Adopted Coastal Bend Regional Water Plan to identify all Water User Groups (WUGs) with projected water needs. A total of 21 WUGs were identified as having shortages within the 50-year planning timeframe. However, of these 21 WUGs, only 5 qualified to be sent IFR surveys. The remaining 16 WUGs were excluded from being surveyed, either on the basis of being aggregate use categories, or having recommended water management strategies requiring no capital cost.

Surveys were mailed, via First Class mail, to the following WUGs on March 8, 2002. It was requested that the completed surveys be returned to the Nueces River Authority, Coastal Bend Division Office by March 29, 2002.

City of Benavides – C/O Mr. José Tomas Garcia, President, Duval County Conservation and Reclamation District

No response by March 29, 2002

Rocky Freund called Duval County Conservation and Reclamation District (361-256-3605) on April 2, 2002 at 1:40pm and left a message for Mr. Garcia to return the call.

Rocky Freund called again on April 3, 2002 at 8:55am and left a message for Mr. Garcia to return the call.

Rocky Freund called again on April 4, 2002 at 3:45pm and left a message for Mr. Garcia to return the call.

Mr. Garcia returned the call April 5, 2002. It was the wrong José Garcia. The secretary said that she would fax it to José Tomas Garcia.

Mr. Homer Castillo with Alpha Engineering call April 12, 2002 at 9am to clarify what was needed. He said that he would return the survey by early next week.

City of Freer – C/O Mr. Vincente Guerra, General Manager, Freer Water Conservation and Improvement District.

No response by March 29, 2002

Rocky Freund called the City of Freer (361-394-7336) on April 2, 2002 at 1:30 pm and left a message for Mr. Guerra to return the call.

Rocky Freund called again on April 3, 2002 at 8:45am and left a message for Mr. Guerra to return the call.

Mr. Guerra returned the call April 3, 2002 at 9:45 am. He had not had time to fill out the survey, but would try to have it by the end of the week.

Rocky Freund called again on April 10, 2002 at 8:15am. Mr. Guerra said that he would fax it the next morning after discussing it at the board meeting that night.
Received response on April 11, 2002.

City of San Diego – C/O Mr. Vic Casas, General Manager, San Diego Municipal Utility District No. 1

Received response March 22, 2002.

Nueces County, Manufacturing – C/O Mr. Ron Massey, Assistant City Manager for Public Works and Public Utilities, City of Corpus Christi (Major Water Provider)

No response by March 29, 2002

Rocky Freund called the City of Corpus Christi (361-880-3218) on April 2, 2002 at 1:30 pm and left a message for Mr. Massey to return the call.

Rocky Freund called again on April 3, 2002 at 8:45am and left a message for Mr. Massey to return the call.

Mr. Massey returned the call April 3, 2002 at 9:15am. He requested another copy of the survey via fax.

Received draft response on April 4, 2002.

Rocky Freund call Max Castenada on April 10, 2002 at 8:15am. Mr. Castenada said that he would have the final response later in the day.

Received final response on April 10, 2002.

San Patricio County, Manufacturing – C/O James P. Naismith, P.E., Engineer/General Manager, San Patricio Municipal Water District (Major Water Provider)

No response by March 29, 2002

Rocky Freund called the San Patricio Municipal Water District (361-643-6521) on April 2, 2002 at 1:30 pm and left a message for Mr. Naismith to return the call.

Mr. Naismith returned the call on April 3, 2002. He requested information on the State Participation Program.

Received response on April 3, 2002.

Appendix B

Documentation of Comments Received on the Draft Infrastructure Financing Report

**PUBLIC COMMENTS ON THE COASTAL BEND REGIONAL WATER PLANNING
GROUP DRAFT INFRASTRUCTURE FINANCING REPORT**

Received at the Coastal Bend Regional Water Planning Group Meeting on April 18, 2002:

“Possible funding sources should include a sales tax on bottled water.”

The planning group discussed this option, and it was noted that it was currently in the draft recommendations. The group agreed that it should be kept in the final recommendations.

**COMMENTS ON THE COASTAL BEND REGIONAL WATER PLANNING GROUP
DRAFT INFRASTRUCTURE FINANCING REPORT BY THE TEXAS WATER
DEVELOPMENT BOARD**

1. Please provide a copy of the notice of the public meeting at which the Regional Water Planning Group adopted the Infrastructure Financing Report (IFR).
The meeting notice at which the Regional Water Planning Group adopted the IFR is included as Appendix E.
2. The guidelines for the IFR state that “For the water user groups based on county aggregates, such as livestock or mining, where no political subdivision is responsible for the provision of water supplies, no survey will be necessary. However, in those cases, the RWPG will need to include summary discussions detailing probable mechanisms for meeting those needs.” Include a summary discussion in the final IFR report. It appears that this will only need to address irrigation needs and possibly some manufacturing needs. Generally, other aggregated needs can be met without infrastructure costs.
The possible funding sources are included as Appendix C.

**COMMENTS ON THE COASTAL BEND REGIONAL WATER PLANNING GROUP
POLICY RECOMMENDATIONS BY THE ENTIRE REGIONAL WATER PLANNING
GROUP**

The policy recommendations were reviewed at the Coastal Bend Regional Water Planning Group Meeting on May 16, 2002:

The comments/changes are included in the changes to the draft policy recommendations which are included as Appendix D.

Appendix C

Potential Funding Sources for Conservation-Irrigation Water Management Strategies

**Infrastructure Financing Report (IFR)
Potential Funding Sources for
Conservation-Irrigation Water Management Strategies
Within the Coastal Bend Regional Water Planning Area**

Nueces River Authority staff reviewed the Adopted Coastal Bend Regional Water Plan to identify all Water User Groups (WUGs) with projected water needs. A total of 21 WUGs were identified as having shortages within the 50-year planning timeframe. However, of these 21 WUGs, only 5 qualified to be sent IFR surveys. The remaining 16 WUGs were excluded from being surveyed, either on the basis of being aggregate use categories, or having recommended water management strategies requiring no capital cost.

The two aggregate use categories were for conservation-irrigation water management strategies for Duval and Live Oak Counties. Potential sources of funding include private sources and the Texas Water Development Board's Agriculture Water Conservation Grants and Agriculture Water Conservation Loans. Information on the state programs is available at http://www.twdb.state.tx.us/assistance/Assistance_main.htm.

Appendix D

Documentation of Changes to the Draft Infrastructure Financing Report

**CHANGES TO THE DRAFT INFRASTRUCTURE FINANCING REPORT
BASED ON REVIEW BY THE POLICY RECOMMENDATIONS REVIEW
SUBCOMMITTEE AT A MEETING ON MAY 6, 2002 AND SUBSEQUENT
REVIEW BY THE ENTIRE COASTAL BEND REGIONAL WATER PLANNING
GROUP AT THE MAY 16, 2002 MEETING**

Additions are underlined, deletions are crossed out. (There were no changes made to the infrastructure financing survey results.)

INTRODUCTION

Senate Bill 2 requires that an Infrastructure Financing Report (IFR) be added to the regional water planning process. The report consists of two parts: (1) the cost of the water management strategies and (2) policy recommendations concerning the proper role of the State in financing the water supply projects identified in the approved regional water plan. At the Coastal Bend Regional Water Planning Group (RWPG) meeting on April 18, 2002, Co-Chair Carola Serrato appointed a "Subcommittee on IFR Policy Recommendations" and charged this group with developing a final set of policy recommendations for consideration by the Coastal Bend RWPG at the ~~next meeting on~~ May 16, 2002 meeting.

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The Legislature's primary interest is to gauge the level of State financial assistance that may be needed to fund water management strategies that exceed the capacity of any one provider to meet.

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- What is the proper balance between local and State funding?
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DRAFT POLICY RECOMMENDATIONS

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To facilitate the process for both large and small communities for obtaining a safe, secure supply of water, realizing that population is a factor but that water availability and quality are priorities is a priority, regardless of size.

What is the proper role of State assistance?

- a. TWDB should be the State's sole agency for providing and administering low interest loans and loan/grant funds to finance water and wastewater infrastructure and non-traditional water resource projects.

- b. The State should be a partner and assume a leadership role ~~fund~~ in demonstration projects that would have statewide impacts in enhancing knowledge about the feasibility of innovative technologies, such as desalination.
- c. TWDB should provide education and technical assistance.
- d. TWDB should simplify the process by provide "one-stop shopping" for all guidelines, loan/grant information, and permits.
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- f. TWDB should provide recommendations and provide assistance to the Texas Legislature with respect to growth and development, ensuring that counties and developers have evaluated all aspects of water needs prior to platting approval.

2. What is the proper balance between local and State funding?

- a. The State should implement a two-tier process with respect to evaluating needs; one for small system tracts (rural water supply companies and remote systems where regionalization is not feasible), and one for large systems tracts.
- b. Consideration should be given to an entity's ability to repay a loan, and each application should be looked at on a case by case basis.
- c. Rural systems, which have some of the greatest needs, should be treated equally with respect to interest rates. (The present State programs mostly favor municipalities and impose higher interest costs on the private rural water supply companies, corporations.) Since many of the greatest needs exist among these rural systems, municipalities, other subdivisions of the State and the non-tax exempt organizations should be treated equally.
- d. Grants programs should be expanded to help smaller water providers meet future growth.
- e. TWDB should maintain an equitable priority ranking process for all water and wastewater projects requesting financial assistance in the form of loan or loan/grant applications with higher priorities or a point weighing criteria assigned to projects with urgent public service or compliance needs.
- f. A graduated impact fee should be imposed on future development to provide a source of funding for construction required by growth, rather than continued reliance on general rate increases affecting all water users.
- g. The State should use grants and/or deferred and/or subsidized interest payments to create incentives for small systems to cooperate in regional projects that would be more economical to build.
- h. State financial assistance should be directed to supplement water projects of all

communities, regardless of size, that prove to be economically feasible, ~~and yield a positive benefit to cost ratio.~~

3. How should State funding assistance be targeted?
 - a. The State should support funding of non-traditional water resource solutions such as agricultural water conservation programs, aquifer storage and recovery, brush control, rainwater harvesting, cloud seeding, resource reclamation, and/or advanced conservation measures with appropriated funds for grants and loans.
 - b. The Legislature should pledge adequate funding through TWDB to effectively meet the water infrastructure financing needs identified in the State Water Plan and subsequent revisions.
 - c. Greater consideration should be given to larger entities that are willing to serve the smaller entities on a regional basis.
 - d. Greater consideration should be given to the plans that provide the greatest return in water savings.
 - e. Greater consideration should be given to developers that are willing to develop long-term development plans, accept rules for development to prevent the same problems from happening again, and be accountable for how the funds are spent.
 - f. Private companies should be offered tax-free incentives, providing they also are willing to develop long-term development plans, accept rules for development, and be accountable for how the funds are spent.
 - g. Entities that fail to comply with the long-term development plans, rules for development, or accountability, would be charged higher interest rates or be excluded from obtaining future loans.
 - h. Greater consideration should be given to the loan and grant recipients that exhibit a history of adopting sufficient rates to not only repay loans, but also for adequate operation and maintenance costs as well as depreciation factors.
 - i. ~~Potential funding sources include:~~
4. From what source should State funds be generated?
 - a. A Constitutional Amendment authorizing issuance of the State's General Obligation Bonds in an amount necessary to most of the forecasted water and wastewater infrastructure needs identified at the close of each five-year update of the State Water Plan.
 - b. Appropriation from the State's General Revenue Fund to the TWDB to use as match-funds for federal grant subsidies.

- c. Impose a sales tax on bottled drinking water ~~at the point of sale and use these funds to attract federal grants~~ to provide a source of revenue for the Water Infrastructure Fund.
- d. DO NOT IMPOSE A TAX OR ADDITIONAL FEES ON WATER RIGHTS OR WATER AT THE TAP.

Appendix E

**Notice Of The Public Meeting At Which The Regional Water Planning Group
Adopted The Infrastructure Financing Report**

NOTICE OF MEETING AND AGENDA

**The Coastal Bend Regional Water Planning Group
 for the Senate Bill 1 Regional Water Planning Program
 will meet on Thursday, May 16, 2002 at 1:30 p.m.
 in the Auditorium at the TAMU Research and Extension Center
 10345 Agnes Street, Corpus Christi, Texas 78406
 (Hwy. 44, between Robstown and the Corpus Christi International Airport)**

MEETING AGENDA

- I. Call to Order
- II. Roll Call
- III. **ACTION ITEM: Approval of Minutes of 04/18/2002 Meeting of the Coastal Bend Regional Water Planning Group**
- IV. Discussion: Infrastructure Financing Report – Subcommittee’s proposed policy recommendations for the final report – Carola Serrato, Co-Chair
- V. **ACTION ITEM: Approval of the Final Infrastructure Financing Report and Authorization for the Nueces River Authority, on behalf of the Coastal Bend RWPG, to submit Final Infrastructure Financing Report to the Texas Water Development Board**
- VI. **ACTION ITEM Authorizing the Nueces River Authority, on behalf of the Coastal Bend RWPG, to execute a contract with the Texas Water Development Board for a Regional Water Planning Grant to revise the Coastal Bend Regional Water Plan.**
- VII. **ACTION ITEM Authorizing the Nueces River Authority, on behalf of the Coastal Bend RWPG, to execute a contract with HDR Engineering, Inc. to serve as a subcontractor for the contract described in Item VI above.**
- VIII. Reports:
 - RWPG/TWDB Administrative Issues – Carola Serrato/Ralph Boeker*
 - 2001 and 2002 Local Administrative Expense Budgets – Carola Serrato
 - Planning Group Vacancies – Carola Serrato
 - Economically Distressed Areas Program – Ralph Boeker*
 - Total Dissolved Solids in Choke Canyon Reservoir – Rocky Freund*
 - Lake Corpus Christi Survey Results – Rocky Freund*
- IX. General Public Comment
- X. Set next meeting date
- XI. Adjourn

FOR MORE INFORMATION, CONTACT:

Nueces River Authority, Coastal Bend Division,
 6300 Ocean Drive, NRC 3100, Corpus Christi, Texas 78412
 361-825-3193 <http://nueces-ra.tamucc.edu>