Water for Texas 2007

Texas Water Development Board
J. Kevin Ward
Executive Administrator

November 16, 2006
1957:
• TWDB created by Legislature
• $200M authorized by voters to finance water supply projects
• Legislature mandated formal water planning process

2007:
• Water Plan is the 8th created to date
Water Plan Evolved

1957 Mandated by legislature

1961 Recommended 45 new reservoirs

1968 Recommended 62 new reservoirs; addressed water quality issues

1990 Improved management of infrastructure

1992 Included stakeholders in water plan process

1997 Conservation large part of water strategies

2002 Incorporated SB 1 participation from regional planning groups

Water Planning Process
### Water Supply Needs & Costs Associated

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (million acre feet)</th>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Additional 3.7</td>
<td>2010</td>
<td>$9.1B</td>
</tr>
<tr>
<td>2030</td>
<td>5.9</td>
<td>2060</td>
<td>$98.4B</td>
</tr>
<tr>
<td>2060</td>
<td>8.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>State &amp; Local Taxes</th>
<th>Year</th>
<th>State &amp; Local Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$466M</td>
<td>2060</td>
<td>$5.4B</td>
</tr>
</tbody>
</table>

In 2060, 85% of state’s projected population would have unmet water needs during drought conditions, if water management strategies are not implemented.
Legislative Recommendations:

• Appropriate funds for grants and debt service on State Participation and Water Infrastructure Fund
  – $77.5 in FY08-09 results in $929.6 in project financing

• Maintain existing water and wastewater infrastructure financing
  – Maintains ongoing compliance with regulatory requirements
  – Ensures continued access to federal funds
Water Infrastructure Fund

- Senate Bill 2, 2001 Legislative Session
- Below Market Interest Loans with 10 year payment deferrals for Planning, Design, Permitting, & State and Federal Environmental Clearances
- Grants, Low & Zero Interest Loans for Rural & Disadvantaged Areas
- Below Market Interest Loans for State Water Plan Strategies
Water Infrastructure Fund

- Funding Includes Appropriations, General Obligation & Revenue Bonds, Gifts, Grants, Donations, Fees, Interest, Loan Repayments, etc.
- Uniquely Can Provide Assistance to Political Subdivisions to Provide Loans and Grants to Individuals for Water Conservation
- Uniquely Can Provide Grants & Low & Zero Interest Loans to Entities Sponsoring Disadvantaged & Rural Portions of Projects
State Participation Program

- Interest Deferrals Do not Compound
- Principal Represents State Ownership in All or Portion of Project
- Current Model Uses 32 Year Term
- Allows Repurchase Payments to Gradually Grow Mirroring Projected Growth in Customers
- Matches Use to Payments
- State Gets All Of the Principal Back to Recycle in Program
- “Right-Sizes” the Project = $Savings
Total Capital Costs Required

Total capital costs for:
- water supplies
- water treatment and distribution
- wastewater treatment and collection
- flood control

Figure 11.1. Total capital costs for water supplies, water treatment and distribution, wastewater treatment and collection, and flood control.
Financial Assistance

<table>
<thead>
<tr>
<th>Funding for project implementation</th>
<th>Fiscal year</th>
<th>2008</th>
<th>2009</th>
<th>Biennium totals</th>
<th>2010-2020</th>
<th>Total (2008-2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and payment deferrals for construction for excess project capacity (State Participation Program)</td>
<td>158.0</td>
<td>158.0</td>
<td>316.0</td>
<td>410.7</td>
<td>726.7</td>
<td></td>
</tr>
<tr>
<td>Loans and payment deferrals for construction of nonexcess capacity and support for design and permitting costs and loans for projects that do not meet criteria of the State Participation Program (Water Infrastructure Fund)</td>
<td>352.9</td>
<td>214.0</td>
<td>566.9</td>
<td>355.7</td>
<td>922.6</td>
<td></td>
</tr>
<tr>
<td>Grants for economically distressed areas (Water Infrastructure Fund)</td>
<td>9.8</td>
<td>18.1</td>
<td>27.9</td>
<td>0</td>
<td>27.9</td>
<td></td>
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<tr>
<td>Grants and loans for projects in rural areas (Water Infrastructure Fund)</td>
<td>6.6</td>
<td>12.2</td>
<td>18.8</td>
<td>0</td>
<td>18.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>527.3</strong></td>
<td><strong>402.3</strong></td>
<td><strong>929.6</strong></td>
<td><strong>766.4</strong></td>
<td><strong>1,696.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Additional financial assistance needed through 2020 for water supply projects identified in the 2007 State Water Plan
### Appropriations Required

**Recommended additional appropriations for water supply projects through 2020 as identified in the 2007 State Water Plan**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Projected appropriations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Loans and payment deferrals for construction for excess project capacity (State Participation Program)</td>
<td>8.1</td>
<td>16.2</td>
<td>24.3</td>
<td>183.0</td>
<td>207.3</td>
<td>4.5</td>
<td>211.8</td>
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<tr>
<td>Loans and payment deferrals for construction of nonexcess capacity and support for design and permitting costs and loans for projects that do not meet criteria of the State Participation Program (Water Infrastructure Fund)</td>
<td>23.1</td>
<td>24.8</td>
<td>47.9</td>
<td>315.4</td>
<td>363.3</td>
<td>26.9</td>
<td>390.2</td>
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<tr>
<td>Grants for economically distressed areas (Water Infrastructure Fund)</td>
<td>0.9</td>
<td>2.5</td>
<td>3.4</td>
<td>27.5</td>
<td>30.9</td>
<td>19.1</td>
<td>50.0</td>
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<tr>
<td>Grants and loans for projects in rural areas (Water Infrastructure Fund)</td>
<td>0.6</td>
<td>1.3</td>
<td>1.9</td>
<td>11.9</td>
<td>13.8</td>
<td>8.1</td>
<td>21.9</td>
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<tr>
<td>Total</td>
<td>32.7</td>
<td>44.8</td>
<td>77.5</td>
<td>537.8</td>
<td>615.3</td>
<td>58.6</td>
<td>673.9</td>
</tr>
</tbody>
</table>
Investment vs. Cost

Investment of $211M yields $726M in project financing for State Participation

Investment of $462M yields $969M in project financing for Water Infrastructure Fund
Today’s Cost

$474,422,824.00
Conclusion & Questions